

TFS Small Cap Fund TFS Market Neutral Fund

each a series of the
TFS Capital Investment Trust

PROSPECTUS
November 1, 2006



For more information or assistance in opening an account,
please call toll-free 1-888-534-2001.

This prospectus has information about the Funds that you should know before you invest. The Funds may not be suitable for all investors. Consequently, prospective investors should thoroughly review this prospectus, including all risks and considerations, before making an investment. In addition, this document should be kept with your investment records.

The Securities and Exchange Commission has not approved or disapproved the Funds' shares or determined if this Prospectus is accurate or complete. It is a criminal offense to state otherwise.

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RISK/RETURN SUMMARY

TFS MARKET NEUTRAL FUND

Investment Objective

TFS MARKET NEUTRAL FUND seeks to produce capital appreciation while having a low correlation to the U.S. equity market. The term “U.S. equity market” means the S&P 500 Index. In addition, it seeks to produce lower volatility than would result from a long-only investment in the U.S. equity market. “Long-only,” as used in this Prospectus, refers to a portfolio of common stocks that mimics the movement of the U.S. equity market, as opposed to one that attempts to hedge equity market risk through the use of short positions, equity options or futures contracts. There is no guarantee that the Fund will achieve its investment objectives.

Principal Investment Strategies

Market Neutral Definition: The Fund employs a “market neutral” strategy, which is defined by TFS Capital LLC (the “Adviser” or “TFS”) as a strategy designed to generate returns that have a low correlation to the U.S. equity market. Consequently, the Adviser will actively manage the Fund’s holdings in an effort to maintain a low correlation to the movements of the U.S. equity market. The Fund does not seek to adhere to any other definition of market neutrality including, but not limited to, dollar neutrality, beta neutrality, capitalization neutrality or sector neutrality.

Techniques for Maintaining Market Neutrality: The Fund seeks to minimize overall U.S. equity market risk by taking both long and short positions in U.S. common stocks. The Fund will generally own a diversified portfolio of common stocks and will maintain a short position in a different diversified portfolio of common stocks. The Fund will primarily invest in common stocks and, to a lesser degree, in registered investment companies. In addition, the Fund may invest in equity options, financial futures, and other types of equity derivatives. These additional securities would be used by the Adviser, in lieu of suitable common stock or because of liquidity constraints, to offset positions and maintain the desired level of market neutrality. The Fund expects to rarely utilize derivative securities, does not use derivatives for speculative purposes, and will not commit more than 20% of the Fund’s net assets to investments in derivative securities.

When the Fund is selling securities short it must maintain a segregated account with its custodian of cash or high-grade securities equal to (i) the greater of the current market value of the securities sold short or the market value of such securities at the time they were sold short, less (ii) any collateral deposited with the Fund’s broker (not including the proceeds from the short sales). As a result, the Fund may maintain high levels of cash or liquid assets (e.g. U.S. Treasury bills, money market accounts, repurchase agreements, certificates of deposit, high quality commercial paper and long equity positions) for collateral needs.

A long position represents an ordinary purchase of a common stock.

A short position (making a short sale) is established by selling borrowed shares and attempting to buy them back at a lower price.

Borrowed shares must be repaid (i.e., short positions must be “covered”) whether or not the stock price declines.

Types of Securities Utilized: The Fund will primarily invest in common stocks that are traded on U.S. exchanges. The Fund will not be limited to selecting common stocks within a specific market capitalization, sector or style (e.g., growth vs. value). The starting population of securities that will be analyzed by the Adviser may include all listed U.S. common stocks. Consequently, the portfolio of common stocks selected for investment by the Adviser is expected to contain a diverse range of equity styles, capitalizations, and sectors. The Fund expects that the average capitalization of the portfolio will be in the “Mid” capitalization range (\$1 to \$5 billion market capitalization). The sector weightings, average capitalization and style classification are not intended to be static and will vary over time. The Fund may also invest, on a limited basis, in equity options, financial futures, and other types of equity derivatives as described above in Techniques for Maintaining Market Neutrality.

The Fund may commit up to 25% of its net assets (with both long and short positions) in other registered investment companies (“RICs”). RICs include, among others, open-end mutual funds, closed-end funds and exchange traded funds, and incur management fees and other operating expenses. A closed-end fund is a fund that has a set number of shares outstanding and trades like a stock on a stock exchange. Exchange traded funds generally consist of portfolios of stocks which closely track the performance and dividend yield of an index, either broad based, sector or international. Exchange traded funds trade like common stocks and can be bought and sold throughout a trading day. The Fund expects at this time that the majority of its investments in RICs will be in closed-end funds. Closed-end funds may trade at their net asset value; however, they typically trade at either a discount or premium to the underlying net asset value of the securities held by the closed-end fund. The Adviser believes that certain inefficiencies exist in the marketplace with the pricing of closed-end funds and that these inefficiencies provide potential investment opportunities for the Fund. In the Adviser’s opinion these inefficiencies are likely the result of short-term imbalances in supply and demand for the shares of a closed-end fund. Based on these perceived imbalances, the Adviser will either buy the closed-end fund or, in the alternative, sell short the closed-end fund. For example, where the Adviser believes demand is going to increase the Adviser will buy the closed-end fund or in the situation where the Adviser believes demand is decreasing the Adviser will sell short the closed-end fund.

Quantitative Stock Selection Models: The Adviser utilizes a quantitative and objective investment decision-making process to select individual common stocks for the Fund. The Adviser has developed proprietary “stock-selection” models that are intended to predict the future performance of individual stocks relative to the overall U.S. equity market. These models were developed through extensive historical analysis of stock-screening variables. The models may include fundamental and technical variables, as well as macro-economic indicators. The exact variables utilized may be deemed to be proprietary and the Adviser believes it may be in the best interest of the Fund to not disclose these variables. With the assistance of multiple trading models, the Adviser will purchase common stocks (long positions) that it expects to outperform the overall U.S. equity market and will also sell short securities that it expects to underperform the overall U.S. equity market. While the Adviser will rely heavily on its proprietary models for making investment decisions, it does have the ability to exercise discretion and override the models when deemed appropriate.

Frequent Position Rebalancing: Each quantitative model developed by the Adviser is designed to rebalance at a predetermined time interval. However, not all models will

necessarily rebalance on the same time interval. Consequently, because multiple models may dictate trading decisions on a portion of the overall portfolio, different portions of the portfolio may rebalance at different time intervals. Moreover, the share of the overall portfolio assigned to each model may change over time resulting in more or less frequent rebalancing. It should be noted that although the models are designed to rebalance at a predetermined time interval, the Adviser may open and close positions, at its sole discretion, and will frequently do so for operational and other reasons. The models are generally designed to rebalance on a daily, weekly, monthly or quarterly basis. At each interval, each individual model will re-rank the target universe of U.S. common stocks in order to determine what trades are required on that portion of the overall portfolio. Typically, rebalancing results in the Adviser only selling, or covering in the case of short positions, a small portion of the Fund's portfolio and replacing them with new securities. The Adviser believes that there are significant benefits to frequently evaluating its models and rebalancing the Fund's portfolio as suggested by the models. Consequently, the Fund expects to engage in frequent portfolio transactions that will result in a portfolio turnover that is significantly higher than that of most other mutual funds. The Adviser anticipates that the Fund's annual portfolio turnover rate will not exceed 500%.

Leveraging: When the Adviser believes that market conditions are appropriate, the Fund may borrow money in order to take full advantage of available investment opportunities. This is the speculative activity known as "leveraging." The Fund may "leverage" up to one-third of the value of the Fund's total assets, which includes the value of the borrowed assets. The Fund may borrow money from a bank in a privately arranged transaction to increase the money available to the Fund to invest in common stock when the Fund believes the return from the common stock financed will be greater than the interest expense paid on the borrowing. The Adviser believes, given the Fund's market neutral strategy style, that the strategic use of leverage is valuable in producing attractive performance and is in the best interest of shareholders.

Principal Risks

An investment in the TFS Market Neutral Fund carries risk and, if you invest in the Fund, you may lose money. Keep in mind that the investment strategies used by the Fund are highly speculative and involve a high degree of risk. Below are the primary risks unique to an investment in this Fund. Please see the section "Principal Risks Related to Both Funds" below for additional risk information.

Market Neutral style risk – During a "bull" market, when most equity securities and long-only mutual funds are increasing in value, the Fund's short positions will likely cause the Fund to underperform the overall U.S. equity market and many other mutual funds. This underperformance is an expected effect of the ongoing hedging techniques that are a core component of the Fund's strategy.

Short sale risk – Short sales are transactions in which the Fund sells a stock it does not own. To complete the transaction, the Fund must borrow the stock to make delivery to the buyer. The Fund is then obligated to replace the stock borrowed by purchasing the stock at the market price at the time of replacement. The price at such time may be higher or lower than the price at which the stock was sold by the Fund. If the underlying stock goes up in price during the period during which the short position is outstanding, the Fund will realize a loss on the transaction. The risk of such price increases is the principal risk of engaging in short sales.

Keep in mind that the Fund's investments in shorted stocks are more risky than its investments in its long positions. With a long position, the maximum sustainable loss is limited to the amount paid for the security plus the transaction costs, whereas there is no maximum attainable price of the shorted security. Therefore, there is no limit on the amount of losses that the Fund could incur with respect to securities sold short. Before investing in the Fund, make sure you completely consider these risks.

The Fund will incur increased transaction costs associated with selling securities short. In addition, when the Fund is selling stocks short, it must maintain a segregated account with its custodian of cash or high-grade securities equal to (i) the greater of the current market value of the stocks sold short or the market value of such securities at the time they were sold short, less (ii) any collateral deposited with the Fund's broker (not including the proceeds from the short sales). As a result, the Fund may maintain high levels of cash or liquid assets (such as U.S. Treasury bills, money market accounts, repurchase agreements, certificates of deposit, high quality commercial paper and long equity positions) for collateral needs.

Risks of Investments in RICs – To the extent that it invests in other RICs, the Fund incurs greater expenses, such as its own management fees and other operating expenses, than an investor would incur who invested directly in the RICs. The Fund's investments in other RICs are subject to all of the underlying risks of such RICs. These include such general risks as market risk and management risk. In addition to these risks, the Fund's investment in a closed-end or exchange traded fund is subject to the risk that the fund may trade at prices significantly different from the fund's net asset value. Investments in a closed-end fund may be subject to liquidity risk (that is, the potential that the Fund may be unable to dispose of the closed-end fund shares promptly or at a reasonable price).

Derivative risk – The Fund may invest, on a limited basis, in derivatives consisting primarily of equity options and financial futures. The use of such instruments requires special skills and knowledge of investment techniques that are different than those normally required for purchasing and selling common stock. If the Adviser uses a derivative instrument at the wrong time or incorrectly identifies market conditions, or if the derivative instrument does not perform as expected, these strategies may significantly reduce the Fund's return. In addition, the Fund may be unable to close out a position because the market for an option or futures contract may become illiquid.

Leveraging risk – When utilized, the Fund's leveraging activities will exaggerate any increase or decrease in the net asset value of the Fund. By using leverage, the Fund may lose more than the amount invested. In addition, the interest which the Fund must pay on borrowed money, together with any additional fees to maintain a line of credit or any minimum average balances required to be maintained, are additional costs which may reduce or eliminate any net investment profits. Unless profits on assets acquired with borrowed funds exceed the costs of borrowing, the use of borrowing will diminish the investment performance of the Fund. The Fund may lose money as a result of its leveraging activities.

High Management Fee – It should be noted that the Fund's management fees are higher than the fees charged to manage most other mutual funds. The Adviser believes that the fees are reasonable in relation to the operationally intensive and highly complex strategies used in managing the Fund's assets. For a basic understanding of the costs of investing in the Fund, please review the cost information described in the "Fees and Expenses" section of this Prospectus.

Investment Objective

TFS SMALL CAP FUND seeks long-term capital appreciation. In addition, it seeks to outperform the Russell 2000® Index. The Fund's performance relative to the Russell 2000® Index will impact management fees. There is no guarantee that the Fund will achieve its investment objective.

Principal Investment Strategies

The Fund invests primarily in common stocks of U.S. companies. Under normal market conditions, the Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in the common stocks of “small cap companies.” A small cap company is defined by the Adviser as a company whose market capitalization, at the time of purchase, is no larger than that of the largest company included in the Russell 2000® Index and no smaller than that of the smallest company included in the Russell 2000® Index. The Fund is not managed to maintain a dollar weighted average market capitalization. Therefore, the Fund may have a greater percentage of its assets in companies at the upper or lower range for small cap companies, as defined by the Fund.

The Fund may continue to hold investments in companies whose market capitalizations appreciate or depreciate to levels outside of the range of the Fund's investment focus. If greater than 20% of the Fund's net assets fall outside of the range for small cap companies, the Adviser will adjust the Fund's holdings accordingly.

Types of Securities Utilized: The Fund will primarily invest in common stocks of small cap companies that are traded on U.S. exchanges. The starting population of securities that will be analyzed by the Adviser may include all listed U.S. common stocks that are no larger than the upper end of the universe of “small cap companies” as defined above. The Fund is not sector or style (e.g., growth vs. value) specific. Consequently, the portfolio of common stocks selected for investment by the Adviser is expected to contain a diverse range of equity styles and sectors. The sector weightings and style classification are not intended to be static and will vary over time.

Quantitative Stock Selection Models: The Adviser utilizes a quantitative and objective investment decision-making process to select individual common stocks for the Fund. The Adviser has developed proprietary “stock-selection” models that are intended to predict the future performance of individual stocks relative to the Russell 2000® Index. These models were developed through extensive historical analysis of stock-screening variables. The models may include fundamental and technical variables, as well as macro-economic indicators. The exact variables utilized may be deemed to be proprietary and the Adviser believes it may be in the best interest of the Fund to not disclose these variables. With the assistance of multiple trading models, the Adviser will purchase common stocks that it expects to outperform the Russell 2000® Index. While the Adviser will rely heavily on its proprietary models for making investment decisions, it does have the ability to exercise discretion and override the models when deemed appropriate.

Principal Risks

An investment in the TFS Small Cap Fund carries risk and, if you invest in the Fund, you may lose money. Please see the section “Principal Risks Related to Both Funds” below for additional risk information. The primary risk unique to an investment in this Fund is:

Small Cap Stocks – Small cap stocks typically are more volatile and less liquid than larger cap stocks. Small cap companies may have a shorter history of operations and may lack depth of management. Small cap companies may be unable to generate funds necessary for growth or potential development, or be developing or marketing new products or services for markets that are not yet firmly established. In addition, such companies may become subject to intense competition from larger more established companies. Securities of smaller companies may have more limited trading markets than the larger companies. These risks are more prominent in the lower end of the capitalization range for the Fund’s small cap companies. The opposite is true when the Fund’s investments are primarily in companies found in the higher end of the capitalization range for the Fund’s small cap companies.

Principal Risks Related to Both Funds

Market risk – The risk of losing money due to general market movements is called market risk. Given that stock prices can be extremely volatile, a Fund’s share price may be subject to extreme fluctuations. In a declining stock market, stock prices for all companies may decline, regardless of any one particular company’s own unique prospects.

Special Note to Market Neutral Fund Investors: The TFS Market Neutral Fund’s use of short sales is intended to cause its performance to fluctuate with a low correlation to the U.S. equity market.

Management risk – The success of a Fund’s strategy is dependent on the Adviser’s ability and stock selection process to correctly identify a Fund’s investments. If the Adviser is unsuccessful, a Fund will likely experience losses regardless of the overall performance of the U.S. equity market.

Other Portfolio Management Activities of the Adviser – The Adviser is not restrained from engaging in other business activities. Currently, it also serves as managing member or portfolio manager to the following two private investment companies: Huntrise Capital Partners LLC and Huntrise Global Partners Ltd. The objectives and strategies used in these private funds may be similar to the objectives and strategies utilized in the Funds. As a result, there is the potential for conflicts of interest to arise. To avoid conflicts of interest, the Adviser actively monitors its trading activity across all of its clients to ensure no client is advantaged or disadvantaged over another. This includes the rotating of trades between clients and/or the placement of trades at different points during the day. In addition, it is possible that laws could be passed or regulations adopted that would limit or restrict the Adviser’s ability to manage both the Fund and the private investment companies.

Redemption Fee – Each Fund accepts requests for purchases and redemptions of Fund shares daily, however, it does impose a 2% fee on redemptions of Fund shares that occur within 180 days of the date of their purchase (see “How to Redeem Shares” for more information). Each Fund is designed to be a long term investment and, if you do not intend to hold your shares of a Fund for at least 180 days, it may not be a suitable investment for

you. The Adviser, along with the Board of Trustees, believes that the 2% redemption fee should reduce the risk of frequent trading in a Fund's shares.

Transaction Costs – Transaction costs refer to the charges that are associated with buying and selling securities. As a result of each Fund's expected high rate of portfolio turnover, the Funds will likely incur higher brokerage and custody charges than those associated with an average equity fund. These costs will directly and indirectly increase the cost of your investment in a Fund.

Special Note to Market Neutral Investors: The Market Neutral Fund's use of short selling may result in greater transaction costs than those associated with an investment in the Small Cap Fund.

High portfolio turnover risk – Mutual funds are required to distribute their net realized capital gains annually under federal tax laws. Each Fund's investment strategies are expected to involve frequent trading which leads to high portfolio turnover and could generate potentially large amounts of net realized capital gains in a given year. It is possible that each Fund may distribute sizable taxable capital gains to its shareholders, regardless of a Fund's net performance.

Tax Inefficiency – In addition to the potential for large capital gain distributions, it is expected that most or all of the gains distributed will be categorized as short-term capital gains, which are subject to higher tax rates than long-term capital gains. Given the tax-inefficiency of the Funds, shareholders should consider investing through a tax-deferred account and carefully consider the tax consequences before investing.

Additional Non-Principal Risks and Considerations

Schedule of Holdings – Given the expected high portfolio turnover of the Funds, a Fund's holdings at quarter-end may be materially different than securities held by a Fund throughout the quarter. Consequently, you should recognize that the holdings described on any quarterly reports may be significantly different than the holdings of a Fund at any given point in time.

Limited Capacity – The strategies utilized by the Adviser have limited capacity which means that there is a limit on the amount of assets that can be accepted by a Fund. Consequently, it is expected that the Funds will eventually stop accepting new shareholders or subsequent investments from existing shareholders. The Adviser cannot determine in advance how quickly this will occur or at what asset level the Funds will choose to close.

Temporary defensive positions – From time to time, the Funds may take temporary defensive positions in attempting to respond to adverse market, economic, political or other conditions. For example, the Funds may hold all or a portion of their assets in money market instruments, including money market funds or repurchase agreements. As a result of engaging in these temporary measures, a Fund may not achieve its investment objective.

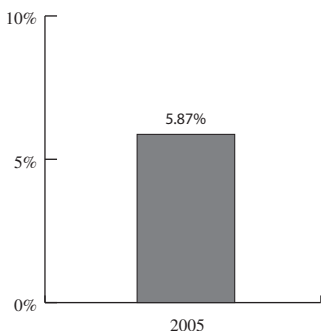
Change in Objective

Each Fund's investment objective may not be changed by the Board of Trustees without shareholder approval.

Performance History

The bar and performance table shown provide some indication of the risks of investing in the Market Neutral Fund by showing the Fund's performance for its first full calendar year, and by showing how the Fund's average annual total returns compare with those of a broad measure of market performance. How the Market Neutral Fund has performed in the past (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. The Small Cap Fund commenced operations on March 7, 2006 and therefore does not have a performance history for a full calendar year.

Market Neutral Fund



The Market Neutral Fund's year-to-date return through September 30, 2006 was 12.61%.

During the period shown in the bar chart, the highest return for a quarter was 3.57% during the quarter ended September 30, 2005 and the lowest return for a quarter was -0.48% during the quarter ended March 31, 2005.

The impact of taxes is not reflected in the bar chart; if reflected, returns would be less than those shown.

Average Annual Total Returns for Periods Ended December 31, 2005

The table below shows how the Market Neutral Fund's average annual total returns compare with those of the Standard & Poor's 500 Index. The table also presents the impact of taxes on the Market Neutral Fund's returns. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

| | 1 Year | Since Inception (September 7, 2004) |
|--|---------------|--|
| TFS Market Neutral Fund | | |
| Return Before Taxes | 5.87% | 7.18% |
| Return After Taxes on Distributions | 5.86% | 7.16% |
| Return After Taxes on Distributions and Sale of Fund Shares | 3.83% | 6.11% |
| Standard & Poor's 500 Index* (reflects no deduction for fees, expenses, or taxes) | 4.91% | 10.50% |

* The Standard and Poor's 500 Index is an unmanaged index of common stock prices of 500 widely held U.S. stocks.

FEES AND EXPENSES

This table describes the fees and expenses that you will pay if you buy and hold shares of the Funds.

Shareholder Fees (fees paid directly from your investment)

| | |
|---|-------------------------|
| Sales Charge (Load) Imposed on Purchases | None |
| Contingent Deferred Sales Charge (Load) | None |
| Sales Charge (Load) Imposed on Reinvested Dividends | None |
| Redemption Fee (as a percentage of the amount redeemed) | 2.0% ^{(1) (2)} |

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)

| | TFS Market Neutral Fund | TFS Small Cap Fund |
|---|------------------------------------|-------------------------------|
| Management Fees | 2.25% | 1.25% ⁽³⁾ |
| Distribution (12b-1) Fees | None | None |
| Dividend Expense ⁽⁴⁾ | 0.72% | None |
| Other Expenses | <u>2.13%</u> | <u>3.88%</u> ⁽⁵⁾ |
| Total Annual Fund Operating Expenses | 5.10% | 5.13% |
| Less Management Fee Reductions and Expense Reimbursements ⁽⁶⁾ | (1.89%) | (3.38%) |
| Net Annual Fund Operating Expenses | <u>3.21%</u> | <u>1.75%</u> |

⁽¹⁾ The redemption fee is imposed only on redemptions of shares within 180 days of the date of purchase and does not apply to the redemption of shares acquired through reinvestment of dividends and other distributions.

⁽²⁾ A wire transfer fee of \$15 is charged in the case of redemptions paid by wire transfer. This fee is subject to change.

⁽³⁾ The base management fee of the Small Cap Fund is 1.25%. Beginning on the first day of the month following the first twelve months of operations of the Fund, an adjustment will occur that will increase or decrease advisory fees by as much as 1.25% (the "Performance Fee Adjustment") if the Fund outperforms or underperforms its benchmark, the Russell 2000® Index + 2.50%. The maximum advisory fee is 2.50% and the minimum advisory fee is 0% under this fee structure. See "Fund Management" for additional information on how the management fee is calculated. The Russell 2000® Index is a trademark of the Frank Russell Company.

⁽⁴⁾ Dividends on the Market Neutral Fund's short positions are categorized as an expense for accounting purposes. The Small Cap Fund does not anticipate incurring any dividend expense.

⁽⁵⁾ Other Expenses for the Small Cap Fund are based on estimated amounts for the current fiscal year.

⁽⁶⁾ The Adviser has contractually agreed to reduce its management fees and to absorb the Funds' operating expenses (for the life of Funds) to the extent necessary to limit annual ordinary operating expenses to an amount not exceeding 2.50% of the Market Neutral Fund's average daily net assets and 1.75% of the Small Cap Fund's average daily net assets. With respect to the Small Cap Fund, this cap is calculated prior to any adjustment in the Small Cap Fund's base management fee of 1.25%. As a result of the cap being calculated prior to any adjustment in the Small Cap Fund's base management fee, it is possible (assuming performance in excess of the Benchmark) that an investor could pay expenses in excess of 1.75%. The Performance Fee Adjustment will not be applied until the Small Cap Fund has completed twelve months of operations. Management fee reductions and expenses absorbed by the

Adviser are subject to repayment by the Funds for a period of three years after such fees and expenses were incurred, provided that the repayments do not cause the respective Fund's ordinary operating expenses to exceed the 2.50% or 1.75% limits, respectively. Ordinary operating expenses includes all fund expenses except brokerage, taxes, borrowing costs such as interest and dividend expenses on securities sold short and extraordinary expenses. The Adviser's right to receive repayment for any fee reductions and/or expense reimbursements terminates if the Adviser ceases to serve as investment adviser to a Fund. Extraordinary expenses would include the costs of a merger involving the Funds.

Example:

This Example is intended to help you compare the cost of investing in the Funds with the cost of investing in other mutual funds. It assumes that you invest \$10,000 in a Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that a Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

TFS Market Neutral Fund

| | | | |
|---------------|----------------|----------------|-----------------|
| <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> | <u>10 Years</u> |
| \$325 | \$992 | \$1,683 | \$3,522 |

TFS Small Cap Fund*

| | |
|---------------|-----------------|
| <u>1 Year</u> | <u>3 Years*</u> |
| \$178 | \$551 |

* New funds must report only a 1 year and 3 years expense example.

Portfolio Holdings and Disclosure Policy

A description of the Funds' policies and procedures with respect to the disclosure of their portfolio securities is available in the Statement of Additional Information.

FUND MANAGEMENT

The Investment Adviser

TFS Capital LLC (“TFS”), 1800 Bayberry Court, Suite 103, Richmond, Virginia 23226, serves as the investment adviser to the Funds. Larry S. Eiben, Kevin J. Gates, and Richard J. Gates are the Principals of TFS and each serves on the Portfolio Management Committee that will be responsible for determining the investments of the Funds. Mr. Eiben also serves as the President and a Trustee of the Trust. Messrs. Eiben, Gates, and Gates formed TFS in October of 1997 and have been managing various investment products on behalf of their clients since that date. Mr. Eric Newman also serves on the Portfolio Management Committee. In addition, Messrs. Eiben, Gates, Gates and Newman serve on the Portfolio Management Committee for the following two private investment companies managed by TFS: Huntrise Capital Partners LLC and Huntrise Global Partners Ltd.

The Market Neutral Fund pays TFS an investment advisory fee computed at the annual rate of 2.25% of its average daily net assets, less any fee reductions. The Small Cap Fund pays TFS an investment advisory fee computed at the annual rate of 1.25% of its average daily net assets, which may be increased or decreased by 1.25% according to the Performance Fee Adjustment described below. For the first twelve months of operations, the Adviser will receive from the Small Cap Fund the full base fee of 1.25%, less any fee reductions.

TFS has agreed (for the life of the Funds) to reduce its investment advisory fees and to absorb a Fund’s expenses to the extent necessary to limit aggregate annual ordinary operating expenses (with respect to the Small Cap Fund, prior to the Performance Fee Adjustment described below) to 2.50% of Market Neutral Fund’s average daily net assets and 1.75% of the Small Cap Fund’s average daily net assets. Any such fee reductions by TFS, or payments by TFS of expenses which are a Fund’s obligation, are subject to repayment by the respective Fund, provided that the repayment does not cause the Fund’s ordinary operating expenses to exceed the 2.50% limit for the Market Neutral Fund or 1.75% limit for the Small Cap Fund, and provided further that the fees and expenses which are the subject of the repayment were incurred within three years of the repayment. This agreement may be terminated by either the Funds or the Adviser upon not less than 60 days prior written notice to the other party, provided, however, that (1) the Adviser may not terminate this agreement without the approval of the Board of Trustees, and (2) this agreement will terminate automatically as to a Fund if, and when, the Adviser ceases to serve as investment adviser of the Fund.

Small Cap Fund – Performance Fee Adjustment

The Small Cap Fund pays TFS an advisory fee equal to the annual rate of 1.25% of the average value of its daily net assets (the “Base Fee”). Adjustments to the Base Advisory Fee will be made by comparison of the Fund’s investment performance for the applicable performance period to the investment performance of the Fund’s “Benchmark” (the Russell 2000® Index + 2.50%) over the same period (the “Performance Fee Adjustment”). The applicable performance period is a rolling twelve month period whereby the most recent calendar month is substituted for the earliest month as time passes. The Performance Fee Adjustment will be applied to average net assets of the Fund over the performance period. The Base Fee with respect to the Fund will be increased by one basis point (0.01%) for every two basis points (0.02%) of outperformance, to a maximum fee of 2.50% per annum.

However, if the Fund underperforms its Benchmark the fee will be decreased one basis point (0.01%) for every two basis points (0.02%) of underperformance, to a minimum fee of 0.00% per annum. TFS may receive the Performance Fee Adjustment for periods during which the Fund has negative investment performance.

The maximum monthly fee rate as adjusted for performance will be 1/12 of 2.50% and will be payable if the Fund's performance exceeds the Fund's Benchmark by 2.50% for the performance period. Therefore, to achieve the maximum rate, the Fund's performance must exceed the performance of the Russell 2000® Index by 5% or more over the performance period.

The minimum monthly fee rate as adjusted for performance will be 0.00%, if the investment performance of the Fund is equal to or less than the performance of the Russell 2000® Index which equates to underperforming the Benchmark index by 2.50%. As discussed below, assuming a constant asset level in the Fund, the Adviser will not receive any of the Base Fee if the Fund performs at or below the Russell 2000® Index.

It is not possible to predict the effect of the Performance Fee Adjustment on future overall compensation paid to the Adviser since it will depend on the performance of the Fund relative to the performance record of the Benchmark and future changes to the size of the Fund.

If the average daily net assets of the Fund remain constant over the rolling twelve month performance period, current net assets will be the same as average net assets over the performance period and the maximum Performance Fee Adjustment will be equivalent to 1.25% of current net assets. However, when current net assets vary from net assets over the twelve month performance period, the Performance Fee Adjustment, as a percentage of current assets, may vary significantly, including at a rate more or less than 1.25%, depending upon whether the net assets of the Fund had been increasing or decreasing and the amount of such increase or decrease during the performance period. For example, if net assets for the Fund were increasing during the performance period, the Performance Fee Adjustment, measured in dollars, would be more than if the Fund had not increased its net assets during the performance period.

In a period involving significant underperformance accompanied by a rapidly shrinking Fund, the dollar amount of the Performance Fee Adjustment could be more than the dollar amount of the Base Fee. In such circumstances, the Adviser would be obligated to repay the Fund.

Calculations of the investment performance of the Fund and the investment performance of the Fund's Benchmark index shall be in accordance with any then applicable rules of the Securities and Exchange Commission. The Performance Fee Adjustment will not be applied until the Fund has completed twelve months of operations. Until such date, TFS will receive the Base Fee. In addition, the Fund's selected Benchmark may not be changed except by shareholder approval.

How does the performance fee of the TFS Small Cap Fund impact the Expense Cap Agreement between the TFS Small Cap Fund and the Adviser?

As stated above, the Adviser has agreed (for the life of the Fund) to reduce its investment advisory fees and to absorb the Fund's expenses to the extent necessary to limit the Fund's aggregate annual ordinary operating expenses to 1.75% of the Fund's average daily net

assets. However, the 1.75% expense cap is calculated prior to the application of a Performance Fee Adjustment. Consequently, if the Base Fee is increased or decreased according to the Performance Fee Adjustment, the expense cap will effectively adjust by an equal amount such that the cap, on an annualized basis, will always be 50 basis points above the Base Fee plus or minus the Performance Fee Adjustment.

A discussion regarding the basis for the Board of Trustees approving the Funds investment advisory contracts with TFS is available in the Funds' annual report for the fiscal period ended June 30, 2006.

Portfolio Management Committee

The Adviser employs a team of investment professionals to manage the Funds' investments. The members of the Portfolio Management Committee are:

Larry Eiben – Mr. Eiben serves as the Chief Operations Officer and the Chief Compliance Officer for the Adviser and serves the Committee in an oversight role. He provides input into strategy development but does not perform security analysis or execute trades. He has served in this capacity since the Adviser's inception in October of 1997.

Kevin Gates – Mr. Gates is primarily responsible for strategy development. As part of this role, he performs security analysis as well as assists with the execution of trades. Mr. Gates has served in this capacity since the Adviser's inception in October of 1997.

Richard Gates - Mr. Gates is primarily responsible for strategy development. As part of this role, he performs security analysis as well as assists with the execution of trades. Mr. Gates also is responsible for managing the Adviser's various brokerage relationships. He has served in these roles since the Adviser's inception in October of 1997.

Eric Newman - Mr. Newman is primarily responsible for strategy development. As part of this role, he performs security analysis as well as assists with the execution of trades. Mr. Newman has served in this capacity since February of 2003. Prior to that date, Mr. Newman served as an analyst for Capital One Financial Corporation. Mr. Newman was employed by Capital One Financial Corporation from December 2000 through February 2003.

The Funds' Statement of Additional Information contains additional information about the members of the Portfolio Management Committee, including the basis for their compensation, other accounts managed by them, and their ownership of Fund shares.

The Administrator

Ultimus Fund Solutions, LLC (referred to as "Ultimus" or the "Transfer Agent"), 225 Pictoria Drive, Suite 450, Cincinnati, Ohio 45246, serves as the Fund's administrator, transfer agent and fund accounting agent. Management and administrative services of Ultimus include (i) providing office space, equipment and officers and clerical personnel to the Fund, (ii) obtaining valuations, calculating net asset values and performing other accounting, tax and financial services, (iii) recordkeeping, (iv) regulatory, compliance and reporting services, (v) processing shareholder account transactions and disbursing dividends and distributions, and (vi) supervising custodial and other third party services.

The Statement of Additional Information has more detailed information about TFS and other service providers to the Fund.

HOW THE FUNDS VALUE THEIR SHARES

The net asset value (“NAV”) of each Fund’s shares is calculated at the close of regular trading on the New York Stock Exchange (generally 4:00 p.m., Eastern time) on each day that the New York Stock Exchange (“NYSE”) is open for business. To calculate a Fund’s NAV, its assets are valued and totaled, liabilities are subtracted, and the balance is divided by the number of shares outstanding. For purposes of computing the NAV of a Fund, securities are valued at market value as of the close on the NYSE on each business day the NYSE is open. Securities listed on the NYSE or other exchanges are valued on the basis of their last sale prices on the exchanges on which they are primarily traded. However, if the last sale price on the NYSE is different than the last sale price on any other exchange, the NYSE price will be used. If there are no sales on that day, the securities are valued at the closing bid price on the NYSE or other primary exchange for long positions and at the closing ask price for short positions for that day. Securities which are quoted by NASDAQ are valued at the NASDAQ Official Closing Price. If there are no sales on that day, the securities are valued at the mean between the closing bid and ask prices as reported by NASDAQ.

When reliable market quotations are not readily available, securities are priced at their fair value, calculated according to procedures adopted by the Board of Trustees. A Fund also may use fair value pricing if the value of a security it holds has been materially affected by events occurring before a Fund’s pricing time but after the close of the primary markets or exchanges on which the security is traded. When fair value pricing is used, the prices of the securities used to calculate the Fund’s NAV may differ from quoted or published prices for the same securities.

If a Fund holds securities listed primarily on a foreign exchange that trades on days on which a Fund is not open for business, the value of your Fund shares may change on a day during which you cannot buy or sell shares.

With respect to any portion of a Fund’s assets that are invested in one or more open-end registered management investment companies (known as RICs), the Fund’s NAV will be calculated based upon the NAVs of such RICs. These RICs are required by law to explain the circumstances under which they will use fair value pricing and the effects of using fair value pricing in their prospectuses.

HOW TO BUY SHARES

The Funds are no-load. This means that shares may be purchased without imposition of a sales charge. Shares of each Fund are available for purchase every day the New York Stock Exchange is open for business, at the Fund's NAV next calculated after receipt of a purchase order in proper form. Purchase orders must be received prior to 4:00 p.m. Eastern time. Each Fund reserves the right to reject any purchase request. Shareholders who purchase and redeem shares through a broker or other financial intermediary may be charged a fee by such broker or intermediary.

The Transfer Agent mails you confirmations of all purchases, redemptions, or exchanges of Fund shares unless the shares are purchased through a broker or financial intermediary. If shares are purchased in this manner, transaction confirmations are generally the responsibility of such broker or intermediary. Certificates representing shares are not issued.

Minimum Initial Investment

The minimum initial investment in each Fund is \$5,000 for all types of accounts. The minimum investment requirements may be waived or reduced for any reason at the discretion of the Adviser.

Opening an Account

Shares may be purchased directly through the Transfer Agent or through a third-party broker provided that the Funds are available for distribution on the broker's platform.

Purchasing Through the Fund's Transfer Agent:

The first step to opening an account directly with the Transfer Agent is to complete the appropriate account application. Applications vary depending on the account type (e.g., personal taxable account, IRA, SEP-IRA, etc.) so please contact the Transfer Agent or Adviser to ensure that you have the required paperwork.

Upon completing the required paperwork, an account may be funded by check or bank wire, as follows:

By Check

Mail the account application, along with a check payable to the "TFS (insert fund name) Fund" to the Transfer Agent at the following address:

TFS Capital Investment Trust
c/o Ultimus Fund Solutions, LLC
P.O. Box 46707
Cincinnati, Ohio 45246-0707

All purchases must be made in U.S. dollars and checks must be drawn on U.S. financial institutions. The Funds do not accept cash, credit card checks, drafts, "starter" checks, travelers checks, cashiers checks under \$10,000, or money orders. In addition, to protect the Funds from check fraud, the Funds do not accept checks made payable to third parties. A fee will be charged against your account for any payment check returned to the Transfer Agent or for any incomplete electronic funds transfer, or for insufficient funds, stop payment, closed account, or other reasons.

By sending your check to the Transfer Agent, please be aware that you are authorizing the Transfer Agent to make a one-time electronic debit from your account at the financial institution indicated on your check. Your bank account will be debited as early as the same day the Transfer Agent receives your payment in the amount of your check; no additional amount will be added to your total. The transaction will appear on your bank statement. Your original check will be destroyed once processed, and you will not receive your cancelled check back. If the Transfer Agent cannot post your transaction electronically, you authorize the Transfer Agent to present an image copy of your check for payment.

When shares are purchased by check and you decide to redeem shares very soon after your purchase, the proceeds from the redemption of those shares will not be made available to you until the Fund collects payment for your purchase. If an order to purchase shares is canceled because your check does not clear, you will be responsible for any resulting losses or other fees incurred by the Fund or the Transfer Agent in the transaction. In the event the Fund cannot recover these losses or fees from the investor, a determination will be made by Fund management as to who bears the costs. It is possible that the Fund (i.e., shareholders) could end up paying for these costs.

By Wire

Once an account application is submitted and accepted, an account number is created. The account number can then be used to process a wire transfer into the account according to the instructions below.

| | |
|------------------------|--|
| Bank: | US Bank, N.A. |
| Bank City & State: | Cincinnati, OH |
| Federal ABA Number: | 042000013 |
| Account Name: | TFS (insert fund name) Fund |
| Account Number: | 130100789515 |
| For Further Credit To: | [Insert Name(s) on Your Account] [Insert Your Account Number] |

An order is considered received when US Bank receives payment. However, the completed account application must be received and approved by the Transfer Agent before the wire payment is made. Your financial institution may charge a fee for wiring funds.

To expedite the new account set up process, the Transfer Agent may accept, at its discretion, a facsimile copy of the required account application. Upon receipt of such application, the Transfer Agent may assign an account number to be used for wiring purposes. The Transfer Agent will require that the original application with signature be mailed to the Transfer Agent.

If you have any questions, please call the Transfer Agent at 1-888-534-2001. A representative will assist you.

Purchasing Through Your Broker or Financial Institution:

Shares of the Funds may be purchased through brokerage firms or financial institutions. These organizations may or may not be authorized to accept purchase orders on behalf of the Funds. If your brokerage firm or financial institution has not been authorized by the Funds to accept orders on their behalf you may be required to submit your purchase order at an earlier time during the day in order for your purchase order to be forwarded to the Transfer Agent prior to the 4:00 p.m. Eastern time close. These organizations may charge you transaction fees on purchases of Fund shares and may impose other charges or restrictions or account options that differ from those applicable to shareholders who purchase shares directly through the Funds' Transfer Agent. These organizations may be the shareholders of record of your shares. The Funds are not responsible for ensuring that the organizations carry out their obligations to their customers. Shareholders investing in this manner should look to the organization through which they invest for specific instructions on how to purchase and redeem shares.

Subsequent Investments

Once an account is open, additional purchases of Fund shares may be made at any time in minimum amounts of \$100. Additional purchases may be made:

- By sending a check, made payable to the "TFS (insert fund name) Fund", to Ultimus Fund Solutions, LLC, P.O. Box 46707, Cincinnati, Ohio 45246-0707. The shareholder will be responsible for any fees incurred or losses suffered by a Fund as a result of any check returned for insufficient funds. Please include your account number in the 'memo' section of the check.
- By wire to the Fund account as described under "Opening an Account – By Wire." Shareholders should notify the Transfer Agent by calling 1-888-534-2001 before wiring funds.
- Through your brokerage firm or other financial institution.
- By electronic funds transfer from a financial institution through the Automated Clearing House ("ACH"), as described below.

By Automated Clearing House (ACH). Once an account is open, shares may be purchased or redeemed through ACH in minimum amounts of \$100. ACH electronically transfers funds directly from an account you maintain with a financial institution to the Fund. In order to use the ACH service, the ACH Authorization section of the account application must be completed. For existing accounts, an ACH Authorization Form may be obtained by calling the Transfer Agent at 1-888-534-2001. Allow at least two weeks for preparation before using ACH. To place a purchase or redemption order by ACH, call the Transfer Agent at 1-888-534-2001. There are no charges for ACH transactions imposed by the Funds or the Transfer Agent. ACH share purchase transactions are completed when payment is received, approximately two business days following the placement of your order. When shares are purchased through ACH, the proceeds from the redemption of those shares may not be paid until the ACH transfer has been converted to federal funds, which could take up to 15 calendar days.

ACH may be used to make direct investments into the Funds of part or all of recurring payments made to a shareholder by his or her employer (corporate, federal, military, or other) or by the Social Security Administration.

Automatic Investment Plan

You may make automatic monthly investments in the Funds from your bank, savings and loan or other depository institution account. The Transfer Agent currently pays the costs of this service, but reserves the right, upon 30 days written notice, to make reasonable charges. Your depository institution may impose its own charge for making transfers from your account.

Frequent Trading Policies

Frequent purchases and redemptions of a Fund's shares by a shareholder may harm other Fund shareholders by interfering with the efficient management of a Fund's portfolio, increasing brokerage and administrative costs, and potentially diluting the value of their shares. When monitoring shareholder purchases and redemptions the Funds do not apply a quantitative definition to frequent trading. Instead the Funds use a subjective approach which in itself could lead to inconsistent application of the Funds' frequent trading policies and may result in frequent trading of a Fund's shares.

In its efforts to curb frequent trading in the Funds, the Board of Trustees has taken the following actions:

- Reserving the right of the Funds to reject any purchase order for any reason or no reason, including purchase orders from potential investors that a Fund believes might engage in frequent purchases and redemptions of Fund shares. The right to reject an order applies to any order, including an order placed by financial intermediaries;
- Reserving the right to limit the number of exchanges between the Funds; and
- Imposing a 2% redemption fee on redemptions that occur within 180 days of the share purchase. The redemption fee will be used by the Funds to defray the expenses associated with the redemption.

The Funds do not accommodate frequent purchases or redemptions of their shares.

When financial intermediaries establish omnibus accounts in the Funds for their clients, the Funds' service providers review trading activity at the omnibus account level, and look for activity that may indicate potential frequent trading or market timing. If the Funds detect suspicious trading activity, the Funds will seek the assistance of the intermediary to investigate that trading activity and take appropriate action, including prohibiting additional purchases of Fund shares by the intermediary and/or its client. Each intermediary that offers a Fund's shares through an omnibus account has entered into, or will enter into, an information sharing agreement with the Fund designed to assist the Funds' in stopping future disruptive trading. Intermediaries may apply frequent trading policies that differ from those described in this Prospectus. If you invest through an intermediary, please read that firm's program materials carefully to learn of any rules or fees that may apply.

Although the Funds have taken steps to discourage frequent purchases and redemptions of their shares, the Funds cannot guarantee that such trading will not occur.

Exchanges

Shareholders may exchange their Fund shares for shares of another TFS Fund. No transaction fees or redemption fees are charged on exchanges between the Funds. Each Fund reserves the right to reject exchanges for any reason.

You may request an exchange by sending a written request to the Transfer Agent. The request must be signed exactly as your name appears on the Funds' account records. Exchanges also may be requested by telephone. If you are unable to execute your exchange by telephone (for example during times of unusual market activity), consider requesting your exchange by mail. An exchange will be effected at the next determined net asset value after receipt of a request by the Transfer Agent.

Exchanges are subject to the applicable minimum initial investment requirements, and may only be made for shares then offered for sale in your state of residence. The exchange privilege may be modified or terminated by the Board of Trustees upon 60 days prior notice to shareholders. An exchange results in a sale of Fund shares, which may cause you to recognize a capital gain or loss.

HOW TO REDEEM SHARES

Shares of each Fund may be redeemed on any day on which the Fund computes its net asset value. Shares are redeemed at the NAV next determined after the Transfer Agent receives your redemption request in proper form. Redemption requests may be made by mail or by telephone. Redemption orders must be received in "proper form" prior to 4:00 p.m. Eastern time in order to receive that day's NAV.

By Mail. You may redeem shares by mailing a written request to TFS Capital Investment Trust, c/o Ultimus Fund Solutions, LLC, P.O. Box 46707, Cincinnati, Ohio 45246-0707. To be considered in "proper form", written requests must state the shareholder's name, the name of the Fund, the account number and the shares or dollar amount to be redeemed and be signed exactly as the shares are registered.

Signatures. You will need to have your signature in certain situations, such as:

- If the shares redeemed over any 30-day period have a value of more than \$25,000.
- If the payment of redemption proceeds (of any amount) are to be sent to any person, address or bank account not on record.
- If the redemption is requested within 30 days of a name or address change to your account.
- If you are transferring redemption proceeds to another TFS fund account with a different registration (name or ownership) from yours.

A signature guarantee may be obtained from a domestic bank or trust company, broker, dealer, clearing agency, savings association, or other financial institution which participates in the STAMP Medallion program sponsored by the Securities Transfer Association. Signature guarantees from financial institutions which do not participate in the STAMP Medallion program will not be accepted. A notary public cannot provide a signature guarantee.

Redemption requests by corporate and fiduciary shareholders must be accompanied by appropriate documentation establishing the authority of the person seeking to act on behalf of the account. Forms of resolutions and other documentation to assist in compliance with the Transfer Agent's procedures may be obtained by calling the Transfer Agent.

By Telephone. You may also redeem shares having a value of \$25,000 or less by telephone by calling the Transfer Agent at 1-888-534-2001. In order to make redemption requests by telephone, the Telephone Privileges section of the account application must be completed. For existing accounts, a Telephone Privileges form may be obtained by calling the Transfer Agent at 1-888-534-2001.

Telephone redemptions may be requested only if the proceeds are to be sent to the shareholder of record and mailed to the address on record with the Fund. Upon request, redemption proceeds of \$100 or more may be transferred by ACH, and proceeds of \$1,000 or more may be transferred by wire, in either case to the account stated on, the account application. Shareholders will be charged a fee of \$15 for outgoing wires.

Telephone redemption privileges and account designations may be changed by sending the Transfer Agent a written request with all signatures guaranteed as described above.

The Transfer Agent requires personal identification before accepting any redemption request by telephone, and telephone redemption instructions may be recorded. If reasonable procedures are followed by the Transfer Agent and the Transfer Agent believes the telephone instructions to be genuine, neither the Transfer Agent nor the Funds will be liable for losses due to unauthorized or fraudulent telephone instructions. In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming shares by telephone. If such a case should occur, redemption by mail should be considered.

Through Your Broker or Financial Institution. You may also redeem shares through a brokerage firm or financial institution that has been authorized to accept orders on behalf of the Funds at the NAV next determined after your order is received by such organization in proper form. The NAV is normally determined at 4:00 p.m. Eastern time. If your brokerage firm or financial institution has not been authorized by the Funds to accept orders on their behalf you may be required to submit your redemption request at an earlier time during the day in order for your redemption to be forwarded to the Transfer Agent prior to the 4:00 pm Eastern time close. These organizations may be authorized to designate other intermediaries to act in this capacity. Such an organization may charge you transaction fees on redemptions of Fund shares and may impose other charges or restrictions or account options that differ from those applicable to shareholders who redeem shares directly through the Transfer Agent. Be sure and read their program materials closely to ensure proper handling of your orders.

Receiving Payment

The Funds normally make payment for all shares redeemed within seven days after receipt by the Transfer Agent of a redemption request in proper form. Under unusual circumstances, as provided by the rules of the Securities and Exchange Commission, the Funds may suspend the right of redemption or delay payment of redemption proceeds for more than seven days. A requested wire of redemption proceeds normally will be sent on the business day following a redemption. However, when shares are purchased by check or through ACH, the proceeds from the redemption of those shares may not be paid until the purchase check or ACH transfer has been converted to federal funds, which could take up to 15 calendar days.

Redemption Fee

A redemption fee of 2% of the dollar value of the shares redeemed, payable to a Fund, is imposed on any redemption of shares within 180 days of the date of purchase. No

redemption fee will be imposed on the redemption of shares representing reinvested dividends or capital gains distributions. In determining whether a redemption fee is applicable to a particular redemption, it is assumed that the redemption is first of shares acquired pursuant to the reinvestment of dividends and capital gains distributions, and next of other shares held by the shareholder for the longest period of time.

Currently, the Funds do not charge a redemption fee on exchanges between the Funds. However, the Adviser has been authorized to reject any exchange request that it deems potentially disruptive to the Funds. This in no way impacts your right to redeem your Fund shares. In addition, the Funds have reserved the right, at any time, to implement a redemption fee on exchanges between the Funds. Also, the Funds have reserved the right to institute a policy limiting the number of exchanges permitted.

The redemption fee will not apply to certain types of accounts held through intermediaries, including: (1) certain employer-sponsored retirement plans; and (2) certain omnibus accounts where the omnibus account holder does not have the operational capability to impose a redemption fee on its underlying customers' accounts.

In addition, the redemption fee does not apply to (i) premature distributions from retirement accounts due to the disability or health of the shareholder; (ii) minimum required distributions from retirement accounts; (iii) return of excess contributions in retirement accounts; and (iv) redemptions resulting from the settlement of an estate due to the death of the shareholder.

Minimum Account Balance

The Funds may redeem shares in an account without prior approval of the shareholder, and pay the proceeds to the shareholder, if the shareholder's account balance falls below \$5,000 due to shareholder redemptions. This does not apply, however, if the balance falls below the minimum solely because of a decline in a Fund's NAV. Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum account balance requirement. Redemptions that are performed pursuant to this provision may be charged the redemption fee described above if the shares have not been held for 180 days.

Automatic Withdrawal Plan

If the shares in your account have a value of at least \$10,000, you (or another person you have designated) may receive monthly or quarterly payments in a specified amount of not less than \$100 each. There is currently no charge for this service, but the Transfer Agent reserves the right, upon 30 days' written notice, to make reasonable charges. Telephone the Transfer Agent toll-free at 1-888-534-2001 for additional information.

Redemptions in Kind

The Funds reserve the right to make payment for a redemption in securities rather than cash, which is known as a "redemption in kind." However, each Fund has committed to pay in cash all redemption requests limited in amount during any 90-day period to the lesser of \$250,000 or 1% of the value of its net assets at the beginning of such period. If you receive a redemption in kind it will consist of securities equal in market value to your Fund shares. When you convert these securities to cash, you will pay brokerage charges. Please keep in mind that until you sell the received securities you are subject to market risk.

DIVIDENDS, DISTRIBUTIONS AND TAXES

Income dividends and net capital gain distributions, if any, are normally declared and paid annually in December. Your distributions of dividends and capital gains will be automatically reinvested in additional shares of the Funds unless you elect to receive them in cash. The Funds' distributions of income and capital gains, whether received in cash or reinvested in additional shares, will be subject to federal income tax.

Each Fund intends to qualify as a regulated investment company for federal income tax purposes, and as such, it will not be subject to federal income tax on its taxable income and gains that it distributes to its shareholders. Each Fund intends to distribute its income and gains in such a way that it will not be subject to a federal excise tax on certain undistributed amounts.

Distributions attributable to ordinary income and short-term capital gains are generally taxed as ordinary income, although certain income dividends may be taxed to non-corporate shareholders at long-term capital gains rates. In the case of corporations which hold shares of a Fund, certain income from the Funds may qualify for a 70% dividends-received deduction. Distributions of long-term capital gains are generally taxed as long-term capital gains, regardless of how long you have held your Fund shares.

A Fund's transactions in options and futures contracts are subject to special tax rules. These rules and the rules applicable to wash sales, straddle transactions and certain other types of transactions can affect the amount, timing and characteristics of distributions to shareholders.

When you redeem or exchange Fund shares, you generally realize a capital gain or loss as long as you hold the shares as capital assets. Except for tax-deferred accounts and tax-exempt investors, any gain realized on a redemption or exchange of Fund shares will be subject to federal income tax.

You will be notified in January each year about the federal tax status of distributions made by the Funds during the prior year. Depending on your residence for tax purposes, distributions also may be subject to state and local taxes.

Federal law requires the Funds to withhold taxes on distributions paid to shareholders who fail to provide a social security number or taxpayer identification number or fail to certify that such number is correct. Foreign shareholders may be subject to special withholding requirements. Because everyone's tax situation is not the same, you should consult your tax professional about federal, state and local tax consequences of an investment in the Funds.

FINANCIAL HIGHLIGHTS

The financial highlights tables are intended to help you understand each Fund's financial performance for the period of the Fund's operations. Certain information reflects financial results for a single Fund share. The total return in the tables represent the rate that an investor would have earned on an investment in the Funds (assuming reinvestment of all dividends and distributions). This information has been audited by Deloitte & Touche LLP, whose report, along with the Funds' financial statements, are included in the annual report, which is available upon request.

TFS Market Neutral Fund

| Per share data for a share outstanding throughout each period: | Year Ended June 30, 2006 | Period Ended June 30, 2005 ^(a) |
|--|---|--|
| Net asset value at beginning of period | \$ 10.37 | \$ 10.00 |
| Income (loss) from investment operations: | | |
| Net investment loss | (0.04) | (0.11) |
| Net realized and unrealized gains on investments | <u>2.12</u> | <u>0.49</u> |
| Total from investment operations | <u>2.08</u> | <u>0.38</u> |
| Less distributions: | | |
| Distributions from net realized gains from security transactions | (0.01) | — |
| Distributions in excess of net realized gains (losses) from security transactions | <u>—</u> | <u>(0.01)</u> |
| Total distributions..... | <u>(0.01)</u> | <u>(0.01)</u> |
| Proceeds from redemption fees collected | <u>0.00 ^(b)</u> | <u>0.00 ^(b)</u> |
| Net asset value at end of period | <u>\$ 12.44</u> | <u>\$ 10.37</u> |
| Ratios and supplemental data: | | |
| Total return ^(c) | <u>20.04%</u> | <u>3.77% ^(d)</u> |
| Net assets at end of period (000's) | <u>\$ 22,478</u> | <u>\$ 8,101</u> |
| Ratio of gross expenses to average net assets | 5.10% | 6.82% ^(e) |
| Ratio of net expenses to average net assets ^(e) | 3.21% | 3.26% ^(e) |
| Ratio of net expenses to average net assets excluding dividend expense ^{(e) (f)} | 2.49% | 2.49% ^(e) |
| Ratio of net investment loss to average net assets ^(f) | -0.69% | -1.77% ^(e) |
| Portfolio turnover rate | 398% | 368% ^(e) |

^(a) Represents the period from the commencement of operations (September 7, 2004) through June 30, 2005.

^(b) Amount rounds to less than \$0.01 per share.

^(c) Total return is a measure of the change in value of an investment in the Fund over the period covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. The return shown does not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

^(d) Not annualized.

^(e) Ratio was determined after advisory fee waivers and expense reimbursements.

^(f) Dividend expense totaled 0.72% and 0.77% ^(e) of average net assets for the periods ended June 30, 2006 and June 30, 2005, respectively.

^(g) Annualized.

TFS Small Cap Fund

Per share data for a share outstanding throughout each period:

**Period
Ended
June 30,
2006 ^(a)**

| | |
|---|-----------------------------|
| Net asset value at beginning of period | \$ 10.00 |
| Income (loss) from investment operations: | |
| Net investment loss | (0.01) |
| Net realized and unrealized gains on investments | 0.40 |
| Total from investment operations | <u>0.39</u> |
| Net asset value at end of period | <u>\$ 10.39</u> |
| Ratios and supplemental data: | |
| Total return ^(b) | <u>3.90%</u> ^(c) |
| Net assets at end of period (000's) | <u>\$ 3,932</u> |
| Ratio of gross expenses to average net assets..... | 8.18% ^(e) |
| Ratio of net expenses to average net assets ^(d) | 1.72% ^(e) |
| Ratio of net investment loss to average net assets | -0.69% ^(e) |
| Portfolio turnover rate | 184% ^(e) |
| ^(a) Represents the period from the commencement of operations (March 7, 2006) through June 30, 2006. | |
| ^(b) Total return is a measure of the change in value of an investment in the Fund over the period covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. The return shown does not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares. | |
| ^(c) Not annualized. | |
| ^(d) Ratio was determined after advisory fee waivers and expense reimbursements. | |
| ^(e) Annualized. | |

CUSTOMER PRIVACY POLICY

We collect only information that is needed to serve you and administer your account.

In the process of serving you, we become stewards of your “nonpublic personal information” – information about you that is not available publicly. This information comes to us from the following sources:

- Information you provide directly to us on applications or other forms, correspondence or through conversations (such as your name, social security number, address, phone number, assets, income, date of birth, occupation, etc.).
- Information about your transactions with us, our affiliates or others (such as your account numbers, account balances, transaction details and other financial information).
- Information we receive from third parties (such as your broker, financial planner or other intermediary you hire).

We limit the collection and use of nonpublic personal information to that which is necessary to serve you and administer your account.

We carefully limit and control the sharing of your information.

To protect your privacy, we carefully control the way in which any information about you is shared. It is our policy not to disclose any nonpublic personal information about customers or former customers to anyone, except as permitted to serve your account or required by law.

We are permitted by law to disclose all of the information we collect as described above to our affiliates, advisers, transfer agents, broker-dealers, administrators or any firms that assist us in maintaining and supporting the financial products and services provided to you. For example, our transfer agent needs information to process your transactions, and our outside vendors need information so that your account statements can be printed and mailed.

However, these parties are not authorized to release, use or transfer your information to any other party for their own purpose.

We are committed to the privacy of your nonpublic personal information and will use strict security standards to safeguard it.

We are committed to the security of your nonpublic personal information. Our employees and others hired to work for us are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information. Employees are bound by this privacy policy and are educated on implementing our security principles and practices.

We maintain safeguards that we believe are reasonably designed to comply with federal standards to guard your nonpublic personal information. This privacy policy explains how we handle nonpublic personal information; however, you should also review the privacy policies adopted by any of your financial intermediaries, such as a broker-dealer, bank, or trust company to understand how they protect your nonpublic personal information in accordance with our internal security standards.

This privacy policy notice is for TFS Capital Investment Trust (the “Trust”), TFS Capital LLC, the Trust’s investment adviser, and Ultimus Fund Distributors, LLC, the Trust’s principal underwriter.

TFS Capital LLC does maintain a different privacy policy for other clients that it services, however, this policy will be the policy adhered to for all shareholders of the TFS Market Neutral Fund and TFS Small Cap Fund.

If you have any questions about the confidentiality of your customer information, please call 1-888-534-2001 to talk to a shareholder services representative.

FOR MORE INFORMATION

In addition to the information contained in the Prospectus, the following documents are available free upon request:

- **Annual and Semiannual Reports**

The Funds distribute annual and semiannual reports to shareholders that contain detailed information on the Funds' investments. The annual report will contain a discussion of the market conditions and investment strategies that significantly affected a Fund's performance during the last fiscal year.

- **Statement of Additional Information (SAI)**

The SAI provides more detailed information about the Funds. It is incorporated by reference and is legally considered a part of this Prospectus.

You may request copies of these materials and other information, without charge, or make inquiries to the Funds by writing to Ultimus Fund Solutions, P.O. Box 46707, Cincinnati, Ohio 45246-0707. The Funds' SAI and annual and semiannual reports are available, free of charge, at the Funds' website at www.tfscapital.com. You may also call toll-free:

1-888-534-2001

You may also contact us through our web site on the Internet at www.tfscapital.com.

Only one copy of a Prospectus or an annual or semiannual report will be sent to each household address. This process, known as "Householding," is used for most required mailings. (It does not apply to confirmations of transactions and account statements, however.) You may, of course, request an additional copy of the Prospectus or an annual or semiannual report at any time by calling or writing the Funds. You may also request that Householding be eliminated from all your required mailings.

Information about the Funds (including the SAI) can be reviewed and copied at the Securities and Exchange Commission's Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room can be obtained by calling the Commission at 202-551-8090. Reports and other information about the Fund are available on the EDGAR Database on the Commission's Internet site at <http://www.sec.gov>. Copies of information on the Commission's Internet site may be obtained, upon payment of a duplicating fee, by writing to the Securities and Exchange Commission, Public Reference Section, Washington, D.C. 20549-0102, or by sending your request electronically to the following e-mail address: publicinfo@sec.gov.