

# TOWLE DEEP VALUE FUND

## **Towle Deep Value Fund** (Ticker Symbol: TDVFX)

**PROSPECTUS**  
**October 31, 2011**

The Securities and Exchange Commission ("SEC") has not approved or disapproved these securities or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

# **Towle Deep Value Fund**

*A series of the Investment Managers Series Trust (the "Trust")*

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**This Prospectus sets forth basic information about the Fund that you should know before investing. It should be read and retained for future reference.**

**The date of this Prospectus is October 31, 2011.**

## SUMMARY SECTION

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### Towle Deep Value Fund

#### Investment Objective

The Fund's investment objective is long-term capital appreciation.

#### Fees and Expenses

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

##### Shareholder Fees

*(fees paid directly from your investment)*

Maximum sales charge (load) imposed on purchases (as a percentage of offering price)	None
Maximum deferred sales charge (load) (as a percentage of the lesser of the value redeemed or the amount invested)	None
Redemption fee if redeemed within 90 days of purchase (as a percentage of amount redeemed)	2.00%
Wire fee	\$20
Overnight check delivery fee	\$15
Retirement account fees (annual maintenance and redemption requests)	\$15

##### Annual Fund Operating Expenses

*(expenses that you pay each year as a percentage of the value of your investment)*

Management fees	0.79%
Distribution (Rule 12b-1) Fee	None
Other expenses (includes shareholder service fee of up to 0.15%) <sup>1</sup>	0.73%
Total annual fund operating expenses	1.52%
Fee waiver and/or expense reimbursements <sup>2</sup>	(0.32%)
Total annual fund operating expenses after fee waiver and/or expense reimbursements <sup>2</sup>	1.20%

<sup>1</sup> "Other expenses" have been estimated for the current fiscal year.

<sup>2</sup> The Fund's advisor has contractually agreed to waive its fees and/or absorb expenses of the Fund to ensure that total annual fund operating expenses (excluding taxes, leverage interest, brokerage commissions, acquired fund fees and expenses as determined in accordance with Form N-1A, expenses incurred in connection with any merger or reorganization, or extraordinary expenses such as litigation) do not exceed 1.20% of average daily net assets of the Fund. This agreement is in effect until October 31, 2012, and may be terminated before that date only by the Trust's Board of Trustees. The Fund's advisor is permitted to seek reimbursement from the Fund, subject to limitations, for fees it waived and Fund expenses it paid for three years from the date of any such waiver or payment.

## SUMMARY SECTION

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### Example

This example is intended to help you compare the costs of investing in the Fund with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in the 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 the Fund's operating expenses remain the same.

Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>One Year</u>	<u>Three Years</u>
\$122	\$449

### **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. The Fund is newly-created and, as a result, does not yet have a portfolio turnover rate.

### **Principal Investment Strategies**

Under normal circumstances, the Fund will invest primarily in equity securities of U.S. issuers. The Fund may invest in common stocks of any capitalization, although it will primarily focus on smaller companies that the Fund's advisor views to be out-of-favor, under-appreciated, and under-valued. The Fund's advisor considers smaller capitalization companies to be those with market capitalization of \$5 billion or lower at the time of purchase. Due to the nature of investing in out-of-favor stocks, the Fund's investment approach typically has a long-term time horizon. The Fund will generally hold between 30 to 50 positions.

The Fund may also invest up to 20% of its total net assets in foreign securities, either directly or through the use of American Depository Receipts ("ADRs"), which are receipts that represent interests in foreign securities held on deposit by U.S. banks.

Neither Towle & Co. nor the Fund invests in tobacco, liquor, or gaming companies.

The Fund is a "non-diversified" fund, which means that the securities laws do not limit the percentage of assets that may invest in any one company (subject to certain limitations under the Internal Revenue Code).

### **Principal Risks of Investing**

The Fund's principal risks are mentioned below. Before you decide whether to invest in the Fund, carefully consider these risk factors and special considerations associated with investing in the Fund, which may cause investors to lose money.

**Market Risk.** Market risk is the risk that the Fund's share price may be affected by a sudden decline in the market value of an investment, or by an overall decline in the stock market.

**Equity Securities Risk.** Investment in equity securities involves substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

**Value-Oriented Investment Strategy Risk.** Value stocks are those that are undervalued in comparison to their peers due to adverse business developments or other factors. Value investing carries the risk that the market will not recognize a security's inherent value for a long time, or that a stock judged to be undervalued may actually be appropriately priced or overvalued. Therefore, the Fund is most suitable for long-term investors who are willing to hold their shares for extended periods of time through market fluctuations and the accompanying changes in share prices.

**Micro-Cap, Small-Cap, and Mid-Cap Company Risk.** The Fund may invest in equity securities of companies of any size capitalization, including micro-cap, small-cap, and mid-cap companies. These securities may be subject to more abrupt or volatile market movements and may have lower trading volumes or more erratic trading than securities of larger-sized companies or the market averages in general.

**Foreign Securities Risk.** The prices of foreign securities may be more volatile than those of U.S. securities because of economic conditions abroad, political developments, and changes in the regulatory environment of foreign countries.

**Currency Risk.** Foreign securities that trade in, and receive revenues in, foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.

**Management Risk.** The Fund is subject to management risk because it is an actively managed portfolio. The Fund's advisor applies investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

**Non-Diversification Risk.** The Fund is non-diversified, which means the Fund may focus its investments in the securities of a comparatively small number of issuers. Investment in securities of a limited number of issuers exposes the Fund to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers.

## **Performance**

The Fund is new and it does not have a full calendar year performance record to compare against other mutual funds or broad measures of securities market performance such as indices. Performance information will be available after the Fund has been in operation for one calendar year.

## **Investment Advisor**

Towle & Co. (the "Advisor" or "Towle")

## **Portfolio Managers**

J. Ellwood Towle, CEO, Christopher D. Towle, President, Peter J. Lewis, CFA, Director of Research, and Wesley R. Tibbetts, Associate, have been the portfolio managers of the Fund since its inception in October 2011.

## Purchase and Sale of Fund Shares

To purchase shares of the Fund, you must invest at least the minimum amount.

<u>Minimum Investments</u>	<u>To Open Your Account</u>	<u>To Add to Your Account</u>
Direct Regular Accounts	\$50,000	\$5,000
IRA Accounts	\$20,000	\$1,000
Automatic Investment Plan	\$20,000	\$500
Gift Account For Minors	\$20,000	\$1,000

Fund shares are redeemable on any business day by written request or by telephone.

## Tax Information

The Fund intends to make distributions that may be taxed as ordinary income or capital gains.

## Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

### Investment Objective

The Fund's investment objective is long-term capital appreciation. It is highly recommended that investors in the Fund possess a long-term investment horizon, preferably a minimum of three years. The Fund's investment objective may be changed by the Board of Trustees without shareholder approval, upon at least 60 days' prior written notice to shareholders. There can be no guarantee that the Fund will achieve its investment objective.

### Principal Investment Strategies

Under normal circumstances, the Fund will invest primarily in equity securities of U.S. issuers. The Fund may invest in common stocks of any capitalization, although it will primarily focus on smaller companies that the Advisor views to be out-of-favor, under-appreciated, and under-valued. The Advisor considers smaller capitalization companies to be those with market capitalization of \$5 billion or lower at the time of purchase. Due to the nature of investing in out-of-favor stocks, the Fund's investment approach typically has a long-term time horizon. The Fund will generally hold between 30 to 50 positions.

The Fund may also invest up to 20% of its total net assets in foreign securities, either directly or through the use of American Depositary Receipts ("ADRs"). ADRs are receipts that represent interests in foreign securities held on deposit by U.S. banks.

Neither Towle nor the Fund invests in tobacco, liquor, or gaming companies.

The Fund is a “non-diversified” fund, which means that the securities laws do not limit the percentage of its assets that it may invest in any one company (subject to certain limitations under the Internal Revenue Code). Although the Fund may ordinarily satisfy the requirements to be a diversified fund and operate as diversified, the classification as a non-diversified fund gives the portfolio managers greater flexibility to hold larger positions in a smaller number of stocks if they deem such action to be prudent.

The Advisor uses a focused investment philosophy referred to as “Deep Value”. The strategy executes a fundamental, bottom-up, value discipline that emphasizes the purchase of companies believed by the Advisor to be significantly undervalued relative to private market worth. The Advisor regards private market worth as the price an informed buyer might pay for the entire company given the company’s long-term earnings potential. The Advisor looks for well-seasoned companies with strong market positions in industries such as financial services, manufacturing, distribution, consumer products, transportation, and energy, among others.

The Advisor may sell all or a portion of a Fund’s portfolio holding when, in its opinion, one or more of the following occurs: (1) a stock price reaches its approximate sell target; (2) the Advisor’s initial investment thesis deteriorates; (3) a company’s strategic direction changes; (4) a company’s fundamentals erode; or (5) the Advisor identifies a more compelling alternative investment.

When current market, economic, political or other conditions are unsuitable and would impair the pursuit of the Fund’s investment objective, the Fund may temporarily invest a large portion of its assets in cash or cash equivalents, including but not limited to, obligations of the U.S. Government, money market fund shares, commercial paper, repurchase agreements, certificates of deposit and/or bankers acceptances, as well as other interest bearing or discount obligations. When the Fund takes a temporary defensive position, it may not achieve its investment objective.

## **Who May Want to Invest in the Fund**

### ***Risk Tolerant Investors***

The Fund invests predominantly in smaller publicly-traded companies with market capitalizations under \$5 billion. The share prices of smaller companies can vary significantly from day-to-day due to factors such as lower trading volume, earnings volatility, unanticipated economic reports, and modest research coverage. Investors must be prepared for such unpredictability and be willing to withstand fluctuations in the value of their investment.

### ***Long-Term Investors***

The Fund is intended for investors possessing a minimum investment horizon of three years and preferably a longer horizon. The Fund is not designed to provide investors a way to speculate on short-term movements in the stock market.

### ***Diversified Investors***

The Fund does not provide broad sector exposure nor does it emulate the composition of a particular index. Investors should maintain diversified holdings of securities and not consider this Fund their sole source of equity exposure.

### ***Socially Responsible Investors***

The Fund does not invest in tobacco, liquor, or gaming companies and therefore may be suitable for investors that wish not to support these industries with their investment capital.

## **Principal Risks of Investing**

The Fund’s principal risks are mentioned below. Before you decide whether to invest in the Fund, carefully consider these risk factors and special considerations associated with investing in the Fund, which may cause investors to lose money.

- **Market Risk.** The Fund's share price may be affected by a sudden decline in the market value of an investment, or by an overall decline in the stock market. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole.
- **Equity Securities Risk.** The value of the equity securities, of U.S. or non-U.S. issuers, held by the Fund may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, or factors relating to specific companies in which the Fund invests. For example, an adverse event, such as an unfavorable earnings report, may depress the value of equity securities of an issuer held by the Fund; the price of common stock of an issuer may be particularly sensitive to general movements in the stock market; or a drop in the stock market may depress the price of most or all of the common stocks and other equity securities held by the Fund. Common stock of an issuer in the Fund's portfolio may decline in price if the issuer fails to make anticipated dividend payments because, among other reasons, the issuer of the security experiences a decline in its financial condition. Common stock is subordinated to preferred stocks, bonds and other debt instruments in a company's capital structure, and therefore will be subject to greater dividend risk than preferred stocks or debt instruments of such issuers. The stock market has been subject to significant volatility recently which has increased the risk associated with an investment in the Fund.
- **Value-Oriented Investment Strategies Risk.** Value-oriented investment strategies bring specific risks to a common stock portfolio. Due to its value orientation, the Fund may have a higher than average exposure to cyclical stocks. Cyclical stocks may tend to increase in value more quickly during economic upturns than non-cyclical stocks, but also lose value more quickly during economic downturns. Therefore, the Fund is most suitable for long-term investors who are willing to hold their shares for extended periods of time through market fluctuations and the accompanying changes in share prices.
- **Micro-Cap, Small-Cap and Mid-Cap Companies Risk.** The Fund may invest in equity securities of companies of any size capitalization, including micro-cap, small-cap and mid-cap companies. These securities may be subject to more abrupt or volatile market movements and may have lower trading volumes or more erratic trading than securities of larger-sized companies or the market averages in general. In addition, such companies typically are subject to a greater degree of change in earnings and business prospects than are larger-sized, more established companies.
- **Foreign Securities Risk.** Investments in foreign securities are affected by risk factors generally not thought to be present in the United States. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. The Fund's investments in ADRs are subject to these risks, even though ADRs are denominated in U.S. dollars, because changes in currency and exchange rates affect the value of the issuers of ADRs. In addition, the underlying issuers of certain depository receipts, particularly unsponsored or unregistered depository receipts, are under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities.
- **Currency Risk.** Foreign securities that trade in, and receive revenues in, foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time due to the imposition of currency controls or other political developments in the United States or abroad. As a result, the Fund's investments in non-U.S. dollar-denominated securities and currencies may reduce the returns of the Fund.



- **Management Risk.** The Fund is subject to management risk because it is an actively managed portfolio. The Advisor applies investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.
- **Non-Diversification Risk.** The Fund is non-diversified, which means the Fund may focus its investments in the securities of a comparatively small number of issuers. Investment in securities of a limited number of issuers exposes the Fund to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers.

### Portfolio Holdings Information

A description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the Fund's Statement of Additional Information ("SAI") dated October 31, 2011. Currently, disclosure of the Fund's holdings is required to be made quarterly within 60 days of the end of each fiscal quarter, in the Fund's Annual Report and Semi-Annual Report to Fund shareholders, and in the quarterly holdings report on Form N-Q.

## MANAGEMENT OF THE FUND

### Investment Advisor

The Advisor, Towle & Co., provides investment advisory services to the Fund pursuant to an investment advisory agreement between the Advisor and the Trust (the "Advisory Agreement"). Founded in 1981, the Advisor's principal address is 1610 Des Peres Road, Suite 250, St. Louis, Missouri 63131. Towle is registered with the U.S. Securities and Exchange Commission and provides investment advice to institutional and private investors. Towle had approximately \$360 million in assets under management as of June 30, 2011.

Pursuant to the Advisory Agreement, the Fund pays the Advisor an annual advisory fee of 0.79% of the Fund's average daily net assets for the services and facilities it provides, payable on a monthly basis.

A discussion regarding the basis for the Board's approval of the Advisory Agreement will be available in the Fund's Semi-Annual Report to shareholders dated as of March 31, 2012.

### Portfolio Managers

J. Ellwood Towle and Christopher D. Towle are jointly and primarily responsible for the day-to-day management of the Fund's portfolio. Analytical and research duties critical to the investment process are shared across the investment team, including Peter J. Lewis, CFA, and Wesley R. Tibbetts.

**J. Ellwood Towle** has over 30 years of investment experience. He has served as Chief Executive Officer and Portfolio Manager since he founded the firm in 1981. Mr. Towle graduated from Principia College with a BA in history and business administration and earned an MBA from the University of Missouri.

**Christopher D. Towle** has over 17 years of investment experience. He has served as President and Portfolio Manager for the Advisor since 1994. Mr. Towle graduated from Williams College with a BA in history and earned an MBA from Washington University in St. Louis.

**Peter J. Lewis, CFA**, has 23 years of investment experience. He has served as the Director of Research for the Advisor since 2001. Mr. Lewis is a CFA charterholder, a graduate of Principia College with degrees in chemistry and business administration and earned an MBA from Washington University in St. Louis.

**Wesley R. Tibbetts** has served as Associate and Analyst for the Advisor since 2010. Prior to joining the Advisor, Mr. Tibbetts was an analyst at Neuberger Berman within the NB Alternative group (formerly Lehman Brothers Private Equity division) from 2008 to 2010. He holds a BBA degree in finance from Southern Methodist University and is a Level III candidate for the Chartered Financial Analyst designation.

The SAI provides additional information about each Portfolio Manager’s method of compensation, other accounts managed by the Portfolio Manager and the Portfolio Manager’s ownership of Fund securities.

**Prior Performance for Similar Accounts Managed by the Advisor**

The following tables set forth performance data relating to the historical performance of all private accounts managed by the Advisor for the periods indicated that have investment objectives, policies, strategies and risks substantially similar to those of the Fund. The data is provided to illustrate the past performance of the Advisor in managing substantially similar accounts as measured against market indices and does not represent the performance of the Fund. You should not consider this performance data as an indication of future performance of the Fund.

The private accounts that are included in the performance data set forth below are not subject to the same types of expenses to which the Fund is subject, nor to the diversification requirements, specific tax restrictions and investment limitations imposed on the Fund by the Investment Company Act of 1940 (the “1940 Act”) or Subchapter M of the Internal Revenue Code of 1986. Consequently, the performance results for these private accounts could have been adversely affected if the private accounts had been regulated as investment companies under the federal securities laws.

**Average Annual Total Returns  
For the Periods Ended December 31, 2010**

	<b>One Year</b>	<b>Three Years</b>	<b>Five Years</b>	<b>Ten Years</b>
<b>Towle Deep Value Composite</b>				
Net Returns, after fees/expenses*	27.77%	8.12%	5.73%	16.29%
Gross Returns	28.64%	9.01%	6.58%	17.22%
Russell 2000 Value Index	24.50%	2.19%	3.52%	8.42%
S&P 500 Index	15.06%	-2.86%	2.29%	1.41%

\*The fees and expenses are lower than the anticipated operating expenses of the Fund and accordingly, the performance results of the composite are higher than what the Fund’s performance would have been.

**Towle Deep Value Composite  
Annual Disclosure Presentation for Ten Years**

	Deep Value Composite (Net)	Deep Value Composite (Gross)	Russell 2000 Value (R2KV) Index	Number of Portfolios in Composite	Composite Dispersion	Composite Assets (\$MM)	Total Firm Assets (\$MM)	Composite Assets as % of Firm Assets	% of Composite Assets in Non-Fee Paying Portfolios	Composite Ex-Post Standard Deviation	R2KV Ex-Post Standard Deviation
2010	27.77%	28.64%	24.50%	47	0.54	\$343.42	\$354.83	96.79	8.09	44.05	28.37
2009	99.26	100.81	20.58	42	2.10	249.09	257.17	96.86	8.85	42.39	25.62
2008	-50.35	-49.85	-28.92	35	0.62	137.66	156.57	87.92	3.61	29.36	19.14
2007	-10.77	-10.04	-9.78	44	0.51	278.82	321.71	86.67	2.83	17.12	12.59
2006	17.13	18.00	23.48	49	0.77	279.08	334.02	83.55	2.09	14.54	12.33
2005	7.99	8.85	4.71	49	1.32	217.60	272.51	79.85	2.30	14.91	14.09
2004	38.31	39.43	22.25	54	2.25	178.58	242.21	73.73	1.58	16.23	17.51
2003	59.58	60.80	46.03	56	3.14	130.64	174.83	74.72	0.87	19.03	18.43
2002	1.25	2.11	-11.42	50	1.42	48.69	76.06	64.01	1.38	18.33	17.40
2001	41.85	42.88	14.02	47	1.89	47.60	67.97	70.03	3.96	19.40	14.66

**The Advisor has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®) which differs from the SEC method of calculating performance.**

Towle Deep Value Composite performance has been independently verified for the periods 01/01/2000 – 6/30/2011. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Deep Value composite has been examined for the periods 01/01/2000 – 6/30/2011. The verification and performance examination reports are available upon request.

**Definition of Firm:** Formed in 1981, Towle & Co. (the Firm) is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 as a registered investment advisor. The Firm provides investment management services to both institutional and private clients via separate accounts and two commingled investment partnerships: Towle Capital Partners, L.P. and Towle Capital Partners II, L.P.

**Composite Definition:** Portfolios included in this composite seek above-average capital appreciation over the long-term by investing in publicly-traded common stocks of companies that are trading at significant discounts to their intrinsic values. The Advisor’s search for absolute value usually leads it to smaller capitalization stocks, a market segment in which the Advisor believes a majority of investment firms neglect thousands of well-seasoned, “main street” companies. Consequently, many portfolio companies held by accounts in the composite have market capitalizations under \$5 billion, though a number may exceed that amount.

The composite includes all fully-discretionary, taxable and tax-exempt portfolios that have been under the Firm’s management for at least one entire month, as well as two commingled investment partnerships: Towle Capital Partners, L.P. and Towle Capital Partners II, L.P. The composite was created in January 1982. A complete list of Firm composites, descriptions, and performance results is available upon request.

**Composite Dispersion:** Towle & Co. utilizes an asset-weighted standard deviation calculation to measure dispersion. Only portfolios that have been managed for an entire period have been included in the dispersion calculation for the respective period.

**Performance Results:** Past performance is no guarantee of future outcome. Results reported reflect the deduction of trading expenses, custodial fees, and other expenses. Results are calculated using a time-weighted total-rate-of-return method and are expressed in U.S. dollars. Results are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Although Towle & Co. makes no attempt to manage against the composition of a specific benchmark, the Firm provides the Russell 2000 Value Index as a readily accessible indicator of comparative performance. Policies for

valuing portfolios, calculating performance, and preparing GIPS compliant presentations are available upon request.

**Fees:** Gross performance results do not reflect the deduction of investment advisory fees, which would reduce an investor's actual return. The Firm's investment advisory fee for separate accounts is billed quarterly at an annual rate of 1% of assets. Advisory fees for Towle Capital Partners, L.P. and Towle Capital Partners II, L.P. accrue monthly at an annual rate of 1% of assets.

### **Fund Expenses**

The Fund is responsible for its own operating expenses. The Advisor has contractually agreed, however, to waive its fees and/or absorb expenses of the Fund to ensure that the total annual fund operating expenses (excluding taxes, leverage interest, brokerage commissions, acquired fund fees and expenses as determined in accordance with Form N-1A, expenses incurred in connection with any merger or reorganization, or extraordinary expenses such as litigation) do not exceed the percentage stated in the Fund's expense table.

Any reduction in advisory fees or payment of expenses made by the Advisor may be reimbursed by the Fund in subsequent fiscal years if the Advisor so requests. This reimbursement may be requested if the aggregate amount actually paid by the Fund toward operating expenses for such fiscal year (taking into account the reimbursement) does not exceed the lower of the current limitation on Fund expenses and the limitation on Fund expenses in place at the time of the fee waiver or expense reimbursement. The Advisor is permitted to be reimbursed for fee reductions and/or expense payments made for a period of three years from the date the expenses were waived and/or Fund expenses were reimbursed. Any such reimbursement is contingent upon the Board's subsequent review and ratification of the reimbursed amounts and will not cause the total fee paid to exceed the applicable limitation on Fund expenses. The Fund must pay current ordinary operating expenses before the Advisor is entitled to any reimbursement of fees and/or expenses.

## **SHAREHOLDER SERVICE FEES – OTHER PAYMENTS TO THIRD PARTIES**

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### **Shareholder Servicing Fee**

The Fund may pay a fee at an annual rate of up to 0.15% of its average daily net assets to shareholder servicing agents. Shareholder servicing agents provide administrative and support services to their customers, which may include establishing and maintaining accounts and records relating to shareholders, processing dividend and distribution payments from the Fund on behalf of shareholders, responding to routine inquiries from shareholders concerning their investments, assisting shareholders in changing dividend options, account designations and addresses, and other similar services.

### **Additional Payments to Broker-Dealers and Other Financial Intermediaries**

The Advisor, out of its own resources, and without additional cost to the Fund or its shareholders, may provide additional cash payments or non-cash compensation to broker-dealers or intermediaries that sell shares of the Fund. These additional cash payments are generally made to intermediaries that provide shareholder servicing, marketing support and/or access to sales meetings, sales representatives and management representatives of the intermediary. The Advisor may pay cash compensation for inclusion of the Fund on a sales list, including a preferred or select sales list, or in other sales programs, or may pay an expense reimbursement in cases where the intermediary provides shareholder services to the Fund's shareholders. The Advisor may also pay cash compensation in the form of finder's fees that vary depending on the dollar amount of the shares sold.

## **YOUR ACCOUNT WITH THE FUND**

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### **Share Price**

The offering price of the Fund's shares is based upon the net asset value per share ("NAV"). The NAV is determined by dividing (a) the difference between the value of the Fund's securities, cash and other assets and the amount of the Fund's expenses and liabilities by (b) the number of shares outstanding (assets – liabilities / # of shares = NAV). The NAV takes into account all of the expenses and fees of the Fund, including management fees and administration fees, which are accrued daily. The Fund's NAV is typically calculated as of the close of regular trading (generally, 4:00 p.m. Eastern Time) on each day that the New York Stock Exchange ("NYSE") is open for unrestricted business. The Fund's NAV may be calculated earlier if trading on the NYSE is restricted or if permitted by the SEC. The NYSE is closed on weekends and most U.S. national holidays. However, foreign securities listed primarily on non-U.S. markets may trade on weekends or other days on which the Fund does not value its shares, which may significantly affect the Fund's NAV on days when you are not able to buy or sell Fund shares.

In certain circumstances, the Fund employs fair value pricing to ensure greater accuracy in determining daily NAVs and to prevent dilution by frequent traders or market timers who seek to exploit temporary market anomalies. The Board has adopted procedures in the event that the Fund must utilize fair value pricing, including when reliable market quotations are not readily available, when the Fund's pricing service does not provide a valuation (or provides a valuation that, in the judgment of the Advisor, does not represent the security's fair value), or when, in the judgment of the Advisor, events have rendered the market value unreliable (see the discussion of fair value pricing of foreign securities in the paragraph below). Valuing securities at fair value involves reliance on the judgment of the Board (or a committee thereof), and may result in a different price being used in the calculation of the Fund's NAV from quoted or published prices for the same securities. Fair value determinations are made in good faith in accordance with procedures adopted by the Board. There can be no assurance that the Fund will obtain the fair value assigned to a security if it sells the security.

Fair value pricing may be applied to foreign securities held by the Fund upon the occurrence of an event after the close of trading on non-U.S. markets but before the close of trading on the NYSE when the Fund's NAV is determined. If the event may result in a material adjustment to the price of the Fund's foreign securities once non-U.S. markets open on the following business day (such as, for example, a significant surge or decline in the U.S. market), the Fund may value such foreign securities at fair value, taking into account the effect of such event, in order to calculate the Fund's NAV. Other types of portfolio securities that the Fund may fair value include, but are not limited to: (1) investments that are illiquid or traded infrequently, including "restricted" securities and private placements for which there is no public market; (2) investments for which, in the judgment of the Advisor, the market price is stale; (3) securities of an issuer that has entered into a restructuring; (4) securities for which trading has been halted or suspended; and (5) fixed income securities for which there is not a current market value quotation.

### **Buying Fund Shares**

To purchase shares of the Fund, you must invest at least the minimum amount indicated in the following table.

<b><u>Minimum Investments</u></b>	<b><u>To Open Your Account</u></b>	<b><u>To Add to Your Account</u></b>
Direct Regular Accounts	\$50,000	\$5,000
IRA Accounts	\$20,000	\$1,000
Automatic Investment Plan	\$20,000	\$500
Gift Account For Minors	\$20,000	\$1,000

Shares of the Fund may be purchased by check, by wire transfer of funds via a bank or through an approved financial intermediary (*i.e.*, a supermarket, investment advisor, financial planner or consultant, broker, dealer or other investment professional and their agents) authorized by the Fund to receive purchase orders. A financial intermediary may charge additional fees and may require higher minimum investments or impose other limitations on buying and selling Fund shares. You may make an initial investment in an amount greater than the minimum amounts shown in the preceding table and the Fund may, from time to time, reduce or waive the minimum initial investment amounts. The minimum initial investment amount is automatically waived for Fund shares purchased by Trustees of the Trust and current or retired directors and employees of the Advisor and its affiliates.

### **In-Kind Purchases and Redemptions**

The Fund reserves the right to accept payment for shares in the form of securities that are permissible investments for the Fund. The Fund also reserves the right to pay redemptions by an “in-kind” distribution of securities (instead of cash) from the Fund. In-kind purchases and redemptions are taxable events and may result in the recognition of gain or loss for federal income tax purposes. See the SAI for further information about the terms of these purchases and redemptions.

### **Additional Investments**

Additional subscriptions in the Fund generally may be made by investing at least the minimum amount shown in the table above. Exceptions may be made at the Fund’s discretion. You may purchase additional shares of the Fund by sending a check together with the investment stub from your most recent account statement to the Fund at the applicable address on page. Please ensure that you include your account number on the check. If you do not have the investment stub from your account statement, list your name, address and account number on a separate sheet of paper and include it with your check. You may also make additional investments in the Fund by wire transfer of funds or through an approved financial intermediary. The minimum additional investment amount is automatically waived for shares purchased by Trustees of the Trust and current or retired directors and employees of the Advisor and its affiliates. Please follow the procedures described in this Prospectus.

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. When you open an account, you will be asked for your name, date of birth (for a natural person), your residential address or principal place of business, and mailing address, if different, as well as your social security number or taxpayer identification number. Additional information is required for corporations, partnerships and other entities. Applications without such information will not be considered in good order. The Fund reserves the right to deny applications if the application is not in good order.

This Prospectus should not be considered a solicitation to purchase or as an offer to sell shares of the Fund in any jurisdiction where it would be unlawful to do so under the laws of that jurisdiction.

### **Automatic Investment Plan**

If you intend to use the Automatic Investment Plan (“AIP”), you may open your account with the initial minimum investment amount. Once an account has been opened, you may make additional investments in the Fund at regular intervals through the AIP. If elected on your account application, funds can be automatically transferred from your checking or savings account on the 5<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup>, 20<sup>th</sup> or 25<sup>th</sup> of each month. In order to participate in the AIP, each additional subscription must be at least \$500, and your financial institution must be a member of the Automated Clearing House (“ACH”) network. The first AIP purchase will be made 15 days after the Fund’s transfer agent (the “Transfer Agent”) receives your request in good order. The Transfer Agent will charge a \$25 fee for any ACH payment that is rejected by your bank. Your AIP will be terminated if two successive mailings we send to you are returned by the U.S. Postal Service as undeliverable. You may terminate your participation in the AIP at any time by notifying the Transfer Agent at 1-888-99TOWLE (888-998-6953) at least five days prior to the date of the next AIP transfer. The Fund may modify or terminate the AIP at any time without notice.

## Timing and Nature of Requests

The purchase price you will pay for the Fund's shares will be the next NAV calculated after the Transfer Agent or your authorized financial intermediary receives your request in good order. "Good order" means that your purchase request includes: (1) the name of the Fund, (2) the dollar amount of shares to be purchased, (3) your purchase application or investment stub, and (4) a check payable to **Towle Fund**. All requests received in good order before 4:00 p.m. (Eastern Time) will be processed on that same day. Requests received after 4:00 p.m. (Eastern Time) will be transacted at the next business day's NAV. All purchases must be made in U.S. dollars and drawn on U.S. financial institutions.

## Methods of Buying

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### ***Through a broker-dealer or other financial intermediary***

The Fund is offered through certain approved financial intermediaries (and their agents). The Fund is also offered directly. An order placed with a financial intermediary or its authorized agent is treated as if such order was placed directly with the Fund, and will be executed at the next NAV calculated by the Fund. Your financial intermediary will hold your shares in a pooled account in its (or its agent's) name. The Fund may pay your financial intermediary (or its agent) to maintain your individual ownership information, maintain required records, and provide other shareholder services. The financial intermediary which offers shares may require payment of additional fees from its individual clients. If you invest through your financial intermediary, the policies and fees may be different than those described in this Prospectus. For example, the financial intermediary may charge transaction fees or set different minimum investments. Your financial intermediary is responsible for processing your order correctly and promptly, keeping you advised of the status of your account, confirming your transactions and ensuring that you receive copies of the Fund's Prospectus. Please contact your financial intermediary to determine whether it is an approved financial intermediary of the Fund or for additional information.

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### ***By mail***

The Fund will not accept payment in cash, including cashier's checks. Also, to prevent check fraud, the Fund will not accept third party checks, Treasury checks, credit card checks, traveler's checks, money orders or starter checks for the purchase of shares. All checks must be made in U.S. dollars and drawn on U.S. financial institutions.

To buy shares of the Fund, complete an account application and send it together with your check for the amount you wish to invest in the Fund to the address indicated below. To make additional investments once you have opened your account, write your account number on the check and send it together with the most recent confirmation statement received from the Transfer Agent. If your check is returned for insufficient funds, your purchase will be canceled and a \$25 fee will be assessed against your account by the Transfer Agent.

#### **Regular Mail**

***Towle Deep Value Fund***  
P.O. Box 2175  
Milwaukee, WI 53201-2175

#### **Overnight Delivery**

***Towle Deep Value Fund***  
803 West Michigan Street  
Milwaukee, WI 53233-2301

***The Fund does not consider the U.S. Postal Service or other independent delivery services to be its agents.***

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***By telephone*** To make additional investments by telephone, you must authorize telephone purchases on your account application. If you have given authorization for telephone transactions and your account has been open for at least 15 days, call the Transfer Agent toll-free at 1-888-99TOWLE (888-998-6953) and you will be allowed to move money in amounts of at least \$5,000 but not greater than \$50,000, from your bank account to the Fund account upon request. Only bank accounts held at U.S. institutions that are ACH members may be used for telephone transactions. If your order is placed before 4:00 p.m. (Eastern Time) shares will be purchased in your account at the NAV determined on that day. For security reasons, requests by telephone will be recorded.

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***By wire*** To open an account by wire, a completed account application is required before your wire can be accepted. You may mail or send by overnight delivery your account application to the Transfer Agent. Upon receipt of your completed account application form, an account will be established for you. The account number assigned will be required as part of the instruction that should be provided to your bank to send the wire. Your bank must include the name of the Fund, the account number, and your name so that monies can be correctly applied. Your bank should transmit funds by wire to:

**UMB Bank, n.a.**

ABA Number: 10 1000 695

**For credit to Towle Deep Value Fund**

A/C # 987 1976319

**For further credit to:**

Your account number

Fund Name

Name(s) of investor(s)

Social security or taxpayer ID number

Before sending your wire, please contact the Transfer Agent at 1-888-99TOWLE (888-998-6953) to notify it of your intention to wire funds. This will ensure prompt and accurate credit upon receipt of your wire. Your bank may charge a fee for its wiring service.

Wired funds must be received prior to 4:00 p.m. (Eastern Time) to be eligible for same day pricing. **The Fund and UMB Bank, n.a. are not responsible for the consequences of delays resulting from the banking or Federal Reserve wire system, or from incomplete wiring instructions.**

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**Selling (Redeeming) Fund Shares**

***Through a broker-dealer or other financial intermediary***

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If you purchased your shares through an approved financial intermediary, your redemption order must be placed through the same financial intermediary. The financial intermediary must receive and transmit your redemption order to the Transfer Agent prior to 4:00 p.m. (Eastern Time) for the redemption to be processed at the current day's NAV. Orders received after 4:00 p.m. (Eastern Time) will be transacted at the next business day's NAV. Please keep in mind that your financial intermediary may charge additional fees for its services.

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***By mail***

You may redeem shares purchased directly from the Fund by mail. Send your written redemption request to **Towle Deep Value Fund** at the address indicated below. Your request must be in good order and contain the Fund name, the name(s) on the account, your account number and the dollar amount or the number of shares to be redeemed. The redemption request must be signed by all shareholders listed on the account. Additional documents are required for certain types of shareholders, such as corporations, partnerships, executors, trustees, administrators, or guardians (*i.e.*, corporate resolutions dated within 60 days, or trust documents indicating proper authorization).

**Regular Mail**  
***Towle Deep Value Fund***  
P.O. Box 2175  
Milwaukee, WI 53201-2175

**Overnight Delivery**  
***Towle Deep Value Fund***  
803 West Michigan Street  
Milwaukee, WI 53233-2301

A Medallion signature guarantee must be included if any of the following situations apply:

- You wish to redeem more than \$50,000 worth of shares;
- When redemption proceeds are sent to any person, address or bank account not on record;
- If a change of address was received by the Transfer Agent within the last 15 days;
- If ownership is changed on your account; or
- When establishing or modifying certain services on your account.

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***By telephone***

To redeem shares by telephone, call the Fund at 1-888-99TOWLE (888-998-6953) and specify the amount of money you wish to redeem. You may have a check sent to the address of record, or, if previously established on your account, you may have proceeds sent by wire or electronic funds transfer through the ACH network directly to your bank account. Wire transfers are subject to a \$20 fee paid by the shareholder and your bank may charge a fee to receive wired funds. Checks sent via overnight delivery are also subject to a \$15 charge (\$20 for Saturday delivery). You do not incur any charge when proceeds are sent via the ACH network; however, credit may not be available for two to three business days.

If you are authorized to perform telephone transactions (either through your account application form or by subsequent arrangement in writing with the Fund), you may redeem shares worth up to \$50,000, by instructing the Fund by phone at 1-888-99TOWLE (888-998-6953). Unless noted on the initial account application, a Medallion signature guarantee is required of all shareholders in order to qualify for or to change telephone redemption privileges.

Note: The Fund and all of its service providers will not be liable for any loss or expense in acting upon instructions that are reasonably believed to be genuine. To confirm that all telephone instructions are genuine, the caller must verify the following:

- The Fund account number;
  - The name in which his or her account is registered;
  - The social security or tax identification number under which the account is registered; and
  - The address of the account holder, as stated in the account application form.
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## **Medallion Signature Guarantee**

In addition to the situations described above, the Fund reserves the right to require a Medallion signature guarantee in other instances based on the circumstances relative to the particular situation.

Shareholders redeeming more than \$50,000 worth of shares by mail should submit written instructions with a Medallion signature guarantee from an eligible institution acceptable to the Transfer Agent, such as a domestic bank or trust company, broker, dealer, clearing agency or savings association, or from any participant in a Medallion program recognized by the Securities Transfer Association. The three recognized Medallion programs are Securities Transfer Agents Medallion Program, Stock Exchanges Medallion Program and New York Stock Exchange, Inc. Medallion Signature Program. Signature guarantees that are not part of these programs will not be accepted. Participants in Medallion programs are subject to dollar limitations which must be considered when requesting their guarantee. The Transfer Agent may reject any signature guarantee if it believes the transaction would otherwise be improper. *A notary public cannot provide a signature guarantee.*

## **Payment of Redemption Proceeds**

You may redeem shares of the Fund at a price equal to the NAV next determined after the Transfer Agent and/or authorized agent receives your redemption request in good order. Generally, your redemption request cannot be processed on days the NYSE is closed. All requests received in good order by the Transfer Agent and/or authorized agent before the close of the regular trading session of the NYSE (generally, 4:00 p.m. Eastern Time) will usually be sent to the bank you indicate or mailed on the following day to the address of record. In all cases, proceeds will be processed within seven calendar days and sent to you after your redemption request has been received.

If you purchase shares using a check and soon after request a redemption, the Fund will honor the redemption request, but will not mail the proceeds until your purchase check has cleared (usually within 12 days). Furthermore, there are certain times when you may be unable to sell Fund shares or receive proceeds. Specifically, the Fund may suspend the right to redeem shares or postpone the date of payment upon redemption for more than three business days: (1) for any period during which the NYSE is closed (other than customary weekend or holiday closings) or trading on the NYSE is restricted; (2) for any period during which an emergency exists affecting the sale of the Fund's securities or making such sale or the fair determination of the value of the Fund's net assets not reasonably practicable; or (3) for such other periods as the SEC may permit for the protection of the Fund's shareholders.

## **Other Redemption Information**

Shareholders who have an IRA or other retirement plan must indicate on their redemption request whether to withhold federal income tax. Redemption requests failing to indicate an election not to have taxes withheld will generally be subject to a 10% federal income tax withholding.

The Fund generally pays sale (redemption) proceeds in cash. However, under unusual conditions that make the payment of cash unwise (and for the protection of the Fund's remaining shareholders), the Fund may pay all or part of a shareholder's redemption proceeds in liquid securities with a market value equal to the redemption price (redemption-in-kind).

## **Cost Basis Information**

As of January 1, 2012, federal law requires that mutual fund companies report their shareholders' cost basis, gain/loss, and holding period to the IRS on the shareholders' Consolidated Form 1099s when "covered" shares of the mutual funds are sold. Covered shares are any fund and/or dividend reinvestment plan shares acquired on or after January 1, 2012.

The Fund has chosen “first-in, first-out” (FIFO) as its standing (default) tax lot identification method for all shareholders, which means this is the method the Fund will use to determine which specific shares are deemed to be sold when there are multiple purchases on different dates at differing net asset values, and the entire position is not sold at one time. The Fund’s standing tax lot identification method is the method it will use to report the sale of covered shares on your Consolidated Form 1099 if you do not select a specific tax lot identification method. You may choose a method other than the Fund’s standing method at the time of your purchase or upon the sale of covered shares. Please refer to the appropriate Internal Revenue Service regulations or consult your tax advisor with regard to your personal circumstances.

### **Tools to Combat Frequent Transactions**

The Fund discourages excessive, short-term trading and other abusive trading practices that may disrupt portfolio management strategies and harm the Fund’s performance. The Fund takes steps to reduce the frequency and effect of these activities in the Fund. These steps may include monitoring trading activity and using fair value pricing. Although these efforts (which are described in more detail below) are designed to discourage abusive trading practices, these tools cannot eliminate the possibility that such activity may occur. Further, while the Fund makes efforts to identify and restrict frequent trading, the Fund receives purchase and sale orders through financial intermediaries and cannot always know or detect frequent trading that may be facilitated by the use of intermediaries or the use of group or omnibus accounts by those intermediaries. The Fund seeks to exercise its judgment in implementing these tools to the best of its ability in a manner that the Fund believes is consistent with shareholder interests.

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#### ***Redemption Fee***

You will be charged a redemption fee of 2.00% of the value of the shares being redeemed if you redeem your shares of the Fund within 90 days of purchase. The “first in, first out” (“FIFO”) method is used to determine the holding period; this means that if you bought shares on different days, the shares purchased first will be redeemed first for the purpose of determining whether the redemption fee applies. The redemption fee is deducted from the sale proceeds and is retained by the Fund for the benefit of its remaining shareholders. The fee will not apply to redemptions (i) due to shareholder’s death or disability, (ii) from certain omnibus accounts with systematic or contractual limitations, (iii) of shares acquired through reinvestments of dividends or capital gains distributions, (iv) through certain employer-sponsored retirement plans or employee benefit plans or, with respect to any plan, to comply with minimum distribution requirements, (v) effected pursuant to asset allocation programs, wrap fee programs, and other investment programs offered by financial institutions where investment decisions are made on a discretionary basis by investment professionals, (vi) effected pursuant to an automatic non-discretionary rebalancing program, (vii) pursuant to the SWP, or (viii) by the Fund of accounts falling below the minimum initial investment amount. The Fund reserves the right to waive this fee in other circumstances if the Advisor determines that doing so is in the best interests of the Fund.

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#### ***Monitoring Trading Practices***

The Fund may monitor trades in an effort to detect short-term trading activities. If, as a result of this monitoring, the Fund believes that a shareholder has engaged in excessive short-term trading, it may, in its discretion, ask the shareholder to stop such activities or refuse to process purchases in the shareholder’s accounts. In making such judgments, the Fund seeks to act in a manner that it believes is consistent with the best interest of shareholders. Due to the complexity and subjectivity involved in identifying abusive trading activity, there can be no assurance that the Fund’s efforts will identify all trades or trading practices that may be considered abusive.

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## General Transaction Policies

Some of the following policies are mentioned above. In general, the Fund reserves the right to:

- vary or waive any minimum investment requirement;
- refuse, change, discontinue, or temporarily suspend account services, including purchase or telephone redemption privileges, for any reason;
- redeem all shares in your account if your balance falls below the account minimum due to redemption activity. In these circumstances, the Fund will notify you in writing and request that you increase your balance above the minimum initial investment amount within 60 days of the date of the notice. If, within 60 days of the Fund's written request, you have not increased your account balance, your shares may be redeemed. The Fund will not require that your shares be redeemed if the value of your account drops below the investment minimum due to fluctuations of a Fund's NAV;
- reject any purchase request for any reason (generally, the Fund does this if the purchase is disruptive to the efficient management of the Fund due to the timing of the investment or an investor's history of excessive trading);
- delay paying redemption proceeds for up to seven calendar days after receiving a request, if an earlier payment could adversely affect the Fund; and
- reject any purchase or redemption request that does not contain all required documentation.

If you elect telephone privileges on the account application or in a letter to the Fund, you may be responsible for any fraudulent telephone orders as long as the Fund and/or its service providers have taken reasonable precautions to verify your identity. In addition, once you place a telephone transaction request, it cannot be canceled or modified.

During periods of significant economic or market change, telephone transactions may be difficult to complete. If you are unable to contact the Fund by telephone, you may also mail your request to the Fund at the address listed under "Methods of Buying."

Your broker or other financial intermediary may establish policies that differ from those of the Fund. For example, the organization may charge transaction fees, set higher minimum investments, or impose certain limitations on buying or selling shares in addition to those identified in this Prospectus. Contact your broker or other financial intermediary for details.

Please note that the value of your account may be transferred to the appropriate state if no activity occurs in the account within the time period specified by state law.

## **DIVIDENDS AND DISTRIBUTIONS**

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The Fund will make distributions of net investment income and net capital gains, if any, at least annually, typically in December. The Fund may make an additional payment of dividends or distributions if it deems it desirable at any other time during the year.

All dividends and distributions will be reinvested in Fund shares unless you choose one of the following options: (1) receive net investment income dividends in cash, while reinvesting capital gain distributions in additional Fund shares; or (2) receive all dividends and distributions in cash. If you wish to change your distribution option, please write to the Transfer Agent before the payment date of the distribution.

If you elect to receive distributions in cash and the U.S. Postal Service cannot deliver your check, or if your distribution check has not been cashed for six months, the Fund reserves the right to reinvest the distribution check in your account at the Fund's then current NAV and to reinvest all subsequent distributions.

## **FEDERAL INCOME TAX CONSEQUENCES**

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The following discussion is very general. Because each shareholder's circumstances are different and special tax rules may apply, you should consult your tax advisor about your investment in the Fund.

You will generally have to pay federal income taxes, as well as any state or local taxes, on distributions received from the Fund, whether paid in cash or reinvested in additional shares. If you sell Fund shares, it is generally considered a taxable event.

Distributions of net investment income, other than "qualified dividend income," and distributions of short-term capital gains, are taxable for federal income tax purposes at ordinary income tax rates. Distributions of net capital gain (*i.e.*, the excess of net long-term capital gain over net short-term capital loss) are taxable for federal income tax purposes as long-term capital gain, regardless of how long the shareholder has held Fund shares. For taxable years beginning on or before December 31, 2012, distributions reported as qualified dividend income are taxed to individuals and other non-corporate investors at rates applicable to long-term capital gains, provided certain holding period and other requirements are satisfied. Dividends paid by a Fund may qualify in part for the dividend deduction available to corporate shareholders, provided certain holding period and other requirements are satisfied.

You may want to avoid buying shares of the Fund just before it declares a distribution (on or before the record date), because such a distribution will be taxable to you even though it may effectively be a return of a portion of your investment.

Dividends declared in October, November or December to shareholders of record as of a date in such month and paid during the following January are treated as if received on December 31 of the calendar year when the dividends were declared. Information on the federal income tax status of dividends and distributions is provided annually.

If you are neither a citizen nor a resident of the United States, certain dividends you receive from the Fund may be subject to federal withholding tax. To the extent that the Fund's distributions are subject to such withholding, the Fund will withhold federal income tax at the rate of 30% (or such lower rate as may be determined in accordance with any applicable treaty). Dividends that are reported by the Fund as "interest-related dividends" or "short-term capital gain dividends" are generally exempt from such withholding for taxable years of the Fund beginning before January 1, 2012.

If you do not provide the Fund with your correct taxpayer identification number and any required certifications, you will be subject to backup withholding on your redemption proceeds, dividends and other distributions. Backup withholding will not, however, be applied to payments that have been subject to the 30% withholding tax on shareholders who are neither citizens nor residents of the United States. The backup withholding rate is currently 28% and is scheduled to increase to 31% in 2013.

## **FINANCIAL HIGHLIGHTS**

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Because the Fund has not commenced operations as of the date of this Prospectus, no financial information is available.

# TOWLE DEEP VALUE FUND

***Investment Advisor***

Towle & Co.  
1610 Des Peres Road, Suite 250  
St. Louis, MO 63131

***Independent Registered Public Accounting Firm***

Tait, Weller & Baker LLP  
1818 Market Street, Suite 2400  
Philadelphia, PA 19103

***Custodian***

UMB Bank, n.a.  
928 Grand Boulevard, 5<sup>th</sup> Floor  
Kansas City, MO 64106

***Fund Co-Administrator***

Mutual Fund Administration Corporation  
2220 E. Route 66, Suite 226  
Glendora, CA 91740

***Fund Co-Administrator, Transfer Agent and Fund Accountant***

UMB Fund Services, Inc.  
803 West Michigan Street  
Milwaukee, WI 53233-2301

***Distributor***

Grand Distribution Services, LLC  
803 West Michigan Street  
Milwaukee, WI 53233-2301

**Towle Deep Value Fund**  
A series of the Investment Managers Series Trust

**FOR MORE INFORMATION**

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You can find more information about the Fund in the following documents:

**Statement of Additional Information (SAI)**

The SAI provides additional details about the investments and techniques of the Fund and certain other additional information. A current SAI is on file with the SEC and is incorporated into this Prospectus by reference. This means that the SAI is legally considered a part of this Prospectus even though it is not physically within this Prospectus.

Additional information about the Fund's investments will be available in the Fund's annual and semi-annual reports to shareholders. In the Fund's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its most recent fiscal year.

The SAI is available and the Fund's annual and semi-annual reports will be available free of charge on the Fund's website at [www.towlefund.com](http://www.towlefund.com). You can obtain a free copy of the Fund's SAI, request other information, or inquire about the Fund by contacting a broker that sells the Fund or by calling the Fund (toll-free) at 1-888-99TOWLE (888-998-6953) or by writing to:

**Towle Deep Value Fund**  
P.O. Box 2175  
Milwaukee, WI 53201-2175

The SAI and Fund shareholder reports are not available on a Fund website because the Fund does not currently have a website. You may review and copy information including the shareholder reports and SAI at the Public Reference Room of the SEC in Washington, DC. You can obtain information on the operation of the Public Reference Room by calling (202) 551-8090. Reports and other information about the Fund are also available:

- Free of charge from the SEC's EDGAR database on the SEC's Internet website at <http://www.sec.gov>;
- For a fee, by writing to the Public Reference Section of the SEC, Washington, DC 20549-1520; or
- For a fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov).