

Pinnacle Value Fund Annual Report

December 31, 2004



PINNACLE VALUE FUND
A SERIES OF
BERTOLET CAPITAL TRUST

ANNUAL REPORT

December 31, 2004

Dear Fellow Shareholders,

A rising tide lifted virtually all investment boats in 2004. Almost every asset class did well including large and small cap stocks, bonds (investment grade & high yield), real estate, commodities and emerging markets. The pessimism and despair of a few years ago yielded to unbridled investor enthusiasm, an embrace of risk and lofty security valuations. The Russell 2000 index of small companies (our benchmark) recovered all ground lost during the previous decline and closed the year near an all time high. The larger cap S&P 500 is still off about 20% from its high set in mid 2000 but trades at 22 times earnings, and 3.5 times book value with a dividend yield of 1.7%. Not inexpensive.

This backdrop made our job of finding undervalued securities (with minimal risk to capital) especially challenging. We found a few, especially during the 6 week period in mid Summer when the Russell 2000 collapsed by almost 20%. During that period sellers far outnumbered buyers, bids were nonexistent and the number of stocks making 52 week new lows dwarfed the number making new highs. We were able to purchase a moderate number of securities at reasonable valuations. But optimism soon returned fueled by low interest rates, hopes for a sustained, robust economic recovery and excess liquidity.

RESULTS in 2004

Our 2004 results were respectable on both an absolute and relative basis:

Calendar Year Total Returns	<u>2004</u>	<u>2003</u>
Pinnacle Value Fund*	19.6%	13.7%
Russell 2000**	18.3	47.3
S&P 500**	10.9%	28.7%

* Fund inception: April 1, 2003; ** Includes dividend reinvestment

We ended the year 62% invested and were well below that for most of the year, averaging about 55% invested for the full 12 months. We ended the year with 42 positions where the average market cap is about \$160 million. We sold 4 positions that became takeover targets for a collective 42% gain: Edelbrock, Minuteman Intl., Price Legacy, and Prime Hospitality.

Our continual goal in managing Fund assets is to achieve a long term performance record superior to the that of the Russell 2000 with much less risk. Our objective is to match the Russell's performance during rising markets and significantly outperform it during flat or declining markets. One of the ways you "win" the investment game is by not losing. That is, preserving your capital on the downside, on which you can earn a nice return when things improve. We currently have more capital than investment ideas but are hopeful this will change as the year unfolds. We seek to acquire shares of companies with capable managers, strong balance sheets, large insider ownership and long term operating histories that are trading at significant discounts to underlining earnings power or asset values. At some point we'll have an attractive buying opportunity. We will be ready.

R.G. BARRY: WHAT CAN GO WRONG (AND RIGHT) FOR A STOCK

In last year's Annual, I mentioned we were accumulating shares of a company for which I had high hopes. This hope materialized in 2004.

R.G. Barry is a Columbus, Ohio based producer of women's slippers best known for their Dearfoams brand. Founded by the Zacks family in 1947, the company grew nicely to \$150 million in sales by the mid 1990s at which point they had about 40% US market share and a strong presence in most retail channels. However growth soon stalled and competitors (especially Far East based) began to make inroads. Barry reacted by pushing into additional distribution channels (supermarkets, Internet) which didn't work very well. They also ignored their high cost infrastructure consisting of operations in Ohio, Mexico, Texas and Europe. Results soon got seriously off track, losses mounted and liquidity issues with their bank became a concern.

By early 2004 the shares had collapsed from \$17 to \$1.70. At this point we bought a few shares- the balance sheet remained intact and visits to several retailers indicated that Dearfoams still had respectable shelf space. We were further encouraged when the Board fired the founder's son as CEO and replaced him with outsider Tom von Lehman. Tom had no experience in footwear and this would be his first shot at running a public company. He was a reorganization consultant and was hired earlier by Barry to help negotiate a new financing package. Tom worked behind the scenes for several months putting together a financing package to give Barry breathing room. During that time he gained an insider's view of the challenges and opportunities facing Barry. We concluded he wouldn't have become CEO unless he saw a real opportunity to return the Firm to profitability.

At this point we had a conversation with Tom about his plans for the future and liked what we heard. We began buying additional shares. Of course, as often happens in a situation like this the shares continued to fall. The write-offs taken to restructure the firm and return it to profitability were larger than expected, wiping out much of their equity. Some customers, uncertain about Barry's future, went elsewhere. We monitored the situation closely and continued to buy at lower prices. Barry's results began to improve and in August, 2004, von Lehman bought 84,500 shs. for his own account on the open market at \$2.18/sh.

At Dec. 31, Barry's shares closed at \$3.52, a healthy premium to our \$2.05 cost. We are hopeful results will continue to improve. Morals of the story- 1) If you've done your homework properly, you'll have the conviction to buy more shares at lower prices; 2) Always try to buy securities as you would groceries- when they're on sale.

By now you should have received your Dec. 31 quarterly statement. As always, if you have any questions about your account or the Fund, don't hesitate to call or write.

Thank you for your continued support and enthusiasm.

John E. Deysher
President and Portfolio Manager
212-508-4537

Pinnacle Value Fund
1414 Sixth Ave.- 900
New York, NY 10019

TOP 10 POSITIONS

	% net assets
1. Regency Affiliates- Conglomerate	5.6 %
2. R.G. Barry- Women's footwear	4.3
3. United Retail- Mall based women's clothing retailer	4.2
4. Unifi- Polyester & nylon yarns/threads	4.1
5. Cadus - Cash rich corporate shell with large net operating loss carryforwards	4.0
6. MVC Capital- Business Development Co.	3.7
7. Aristotle Conv. Pfd- Education supplements & supplies K12	3.3
8. Southern Energy Homes- Manufactured homes & components	3.0
9. Ameritrans Capital Pfd.-Specialty finance	2.4
10. SCPIE Holdings- Medical malpractice insurer	2.2
Total	36.8%

TOP 5 WINNERS (realized & unrealized gains)

1. CFC International	\$ 262,000
2. United Retail Group	149,500
3. R.G. Barry	136,700
4. Southern Energy Homes	118,200
5. Cutter & Buck	\$ 88,700

TOP 5 SINNERS (realized & unrealized losses)

1. Regency Affiliates	\$ 35,500
2. Delta Woodside	27,900
3. Cadus	14,400
4. BRT Realty	8,900
5. Electro-Sensors	\$ 4,900

Industry Classifications

Auction Market Preferreds	5.2 %
Cash & Equivalents	33.1
Consumer Goods & Services	11.7
Financials	13.8
Holding Cos.	11.3
Industrial Goods & Services	23.0
Technology	1.9
	<hr/> 100.0 %

**PINNACLE VALUE FUND
BERTOLET CAPITAL TRUST**

Shares/Principal Amount	Schedule of Investments December 31, 2004		
	Basis	Market Value	% of
COMMON STOCKS			
Aerospace & Defense			
4,000 Sifco Industries, Inc. *	\$ 7,600	\$ 22,960	0.30%
Apparel/Accessories			
3,000 Delta Apparel	46,069	72,750	
200 Velcro Industries NV	2,449	2,652	
	<u>48,518</u>	<u>75,402</u>	0.99%
Business Development Cos.			
200 Capital Southwest	11,508	15,704	
31,000 MVC Capital	251,368	281,480	
	<u>262,876</u>	<u>297,184</u>	3.90%
Conglomerate			
2,500 Argan, Inc. *	14,825	14,825	
78,600 Regency Affiliates *	460,840	426,012	
5,400 United Capital Corp. *	103,571	122,310	
	<u>579,236</u>	<u>563,147</u>	7.38%
Chemical Distribution			
15,600 Arrow Magolia *	25,649	27,300	0.36%
Electric Housewares & Fans			
2,200 National Presto Industries, Inc.	89,068	100,100	1.31%
Financial Services			
198,310 Cadus Corp. *	317,838	303,414	
65,000 Cathay Merchant Group, Inc. *	41,050	50,700	
18,000 Ergo Science Corp. *	41,760	43,920	
48,300 Kent Financial Services, Inc. *	111,482	132,825	
15,200 Medallion Financial Corp.	114,745	147,440	
1,000 MFC BanCorp, Ltd. *	19,040	20,000	
18,700 Paulson Financial *	115,920	155,210	
3,000 Refac *	14,856	12,750	
10,700 Webfinancial Corp. *	25,263	26,643	
	<u>801,954</u>	<u>892,902</u>	11.70%
Food Processing			
4,500 Golden Enterprises, Inc.	9,900	12,420	0.16%
Footwear			
92,700 Barry R.G. Corp. *	189,621	326,304	4.28%
Furniture & Fixtures			
13,900 Reconditioned Systems *	24,980	22,935	0.30%
Industrial Instruments For Measurement, Display, and Control			
37,000 Electronic Sensors	155,516	150,591	1.97%
Insurance			
16,600 SCPIE Holdings, Inc. *	146,925	164,340	2.15%
IT Services			
34,000 Technology Solutions Company *	29,422	37,740	0.49%
Manufacturing Housing			
500 Liberty Homes, Inc.	2,085	2,400	
48,000 Southern Energy Homes *	106,489	226,080	
	<u>108,574</u>	<u>228,480</u>	2.99%
Miscellaneous Capital Goods			
5,900 Hardinge, Inc.	44,686	78,529	1.03%

* Non-Income producing securities, ** Dividend Yield The accompanying notes are an integral part of the financial statements.

**PINNACLE VALUE FUND
BERTOLET CAPITAL TRUST**

Shares/Principal Amount	Schedule of Investments December 31, 2004		
	Basis	Market Value	% of Assets
COMMON STOCKS			
Aerospace & Defense			
4,000 Sifco Industries, Inc. *	\$ 7,600	\$ 22,960	0.30%
Apparel/Accessories			
3,000 Delta Apparel	46,069	72,750	
200 Velcro Industries NV	2,449	2,652	
	<u>48,518</u>	<u>75,402</u>	0.99%
Business Development Cos.			
200 Capital Southwest	11,508	15,704	
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3,000 Refac *	14,856	12,750	
10,700 Webfinancial Corp. *	25,263	26,643	
	<u>801,954</u>	<u>892,902</u>	11.70%
Food Processing			
4,500 Golden Enterprises, Inc.	9,900	12,420	0.16%
Footwear			
92,700 Barry R.G. Corp. *	189,621	326,304	4.28%
Furniture & Fixtures			
13,900 Reconditioned Systems *	24,980	22,935	0.30%
Industrial Instruments For Measurement, Display, and Control			
37,000 Electronic Sensors	155,516	150,591	1.97%
Insurance			
16,600 SCPIE Holdings, Inc. *	146,925	164,340	2.15%
IT Services			
34,000 Technology Solutions Company *	29,422	37,740	0.49%
Manufacturing Housing			
500 Liberty Homes, Inc.	2,085	2,400	
48,000 Southern Energy Homes *	106,489	226,080	
	<u>108,574</u>	<u>228,480</u>	2.99%
Miscellaneous Capital Goods			
5,900 Hardinge, Inc.	44,686	78,529	1.03%
Patent Owners & Lessors			
68,500 Opti, Inc. *	101,770	104,120	1.36%

* Non-Income producing securities, ** Dividend Yield The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

December 31, 2004

Assets:

Investment Securities at Market Value	\$ 7,626,522
(Identified Cost -\$ 6,815,723)	

Receivables:

Cash	4,078
Dividends and Interest	15,004
Fund Shares Sold	250
Total Assets	7,645,854

Liabilities:

Payables:

Management Fees	192
Accrued Expenses	13,111
Total Liabilities	13,303

Net Assets	\$ 7,632,551
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Net Assets Consist of:

Paid-In Capital	\$ 6,520,409
Accumulated Realized Gain on Investments - Net	301,343
Unrealized Appreciation in Value of Investments Based on Identified Cost - Net	810,799

Net Assets	\$ 7,632,551
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Net Asset Value and Redemption Price

Per Share (\$7,632,551/594,496 shares outstanding) , no par value, unlimited shares authorized	\$ 12.84
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The accompanying notes are an integral part of the financial statements.

Statement of Operations

For the Year Ended December 31, 2004

Investment Income:

Dividends	\$ 75,187
Interest	23,338
Total Investment Income	98,525

Expenses: (Note 2)

Investment Advisor Fees	75,681
Transfer Agent & Fund Accounting Fees	22,236
Audit Fees	10,000
Insurance Fees	7,670
Custodial Fees	4,706
Legal Fees	2,986
Trustee Fees	2,962
Printing & Mailing Fees	2,444
Miscellaneous Fees	2,073
Registration Fees	500
Total Expenses	131,258
Reimbursed Expenses	(22,883)
Net Expenses	108,375

Net Investment Loss	(9,850)
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Realized and Unrealized Gain (Loss) on Investments:

Realized Gain on Investments	596,346
Change in Unrealized Appreciation on Investments	571,336
Net Realized and Unrealized Gain on Investments	1,167,682

Net Increase in Net Assets from Operations	\$ 1,157,832
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The accompanying notes are an integral part of the financial statements.

Statement of Changes in Net Assets

	Year Ended <u>12/31/2004</u>	4/1/2003* to <u>12/31/2003</u>
From Operations:		
Net Investment Loss	\$ (9,850)	\$ (23,221)
Net Realized Gain on Investments	596,346	124,337
Net Unrealized Appreciation	571,336	239,463
Increase in Net Assets from Operations	<u>1,157,832</u>	<u>340,579</u>
From Distributions to Shareholders:		
Net Realized Gain from Security Transactions	<u>(346,674)</u>	<u>(39,595)</u>
From Capital Share Transactions:		
Proceeds From Sale of Shares	2,091,288	4,285,322
Shares issued in Reinvestment of Dividends	339,414	38,470
Cost of Shares Redeemed	<u>(334,085)</u>	<u>-</u>
Net Increase from Shareholder Activity	<u>2,096,617</u>	<u>4,323,792</u>
Net Increase in Net Assets	<u>2,907,775</u>	<u>4,624,776</u>
Net Assets at Beginning of Period	4,724,776	100,000
Net Assets at End of Period	<u>\$ 7,632,551</u>	<u>\$ 4,724,776</u>
Share Transactions:		
Issued	176,425	405,899
Reinvested	26,853	3,441
Redeemed	<u>(28,122)</u>	<u>-</u>
Net increase in shares	175,156	409,340
Shares outstanding beginning of period	<u>419,340</u>	<u>10,000</u>
Shares outstanding end of period	<u>594,496</u>	<u>419,340</u>

*commencement of operations

Financial Highlights

Selected data for a share outstanding throughout the period.

	Year Ended <u>12/31/2004</u>	4/1/2003* to <u>12/31/2003</u>
Net Asset Value -		
Beginning of Period	\$ 11.27	\$ 10.00
Net Investment Loss	(0.02)	(0.09)
Net Gains or Losses on Securities (realized and unrealized)	2.23	1.46
Total from Investment Operations	<u>2.21</u>	<u>1.37</u>
Distributions from Capital Gains	<u>(0.64)</u>	<u>(0.10)</u>
Paid-in Capital from Redemption Fees (Note 2) (a)	<u>0.00</u>	<u>0.00</u>
Net Asset Value -		
End of Period	<u>\$ 12.84</u>	<u>\$ 11.27</u>
Total Return	19.65 %	13.71 %
Ratios/Supplemental Data		
Net Assets - End of Period (Thousands)	\$ 7,633	\$ 4,725
Before Reimbursement		
Ratio of Expenses to Average Net Assets	2.17%	4.00%
Ratio of Net Loss to Average Net Assets	(0.54)%	(3.38)%
After Reimbursement		
Ratio of Expenses to Average Net Assets	1.79%	1.78%
Ratio of Net Loss to Average Net Assets	(0.16)%	(1.16)%
Portfolio Turnover Rate	71.66%	68.44%

* Commencement of operations.

** Annualized

(a) Less than \$0.01 per share

The accompanying notes are an integral part of the financial statements.

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Notes to Financial Statements

December 31, 2004

1.) ORGANIZATION:

Pinnacle Value Fund ("Fund") is registered under the Investment Company Act of 1940 as an open-end investment management company and is the only series of the Bertolet Capital Trust, a Delaware business trust organized on January 1, 2003 ("Trust"). The Trust's Declaration of Trust authorizes the Board of Trustees ("Board") to issue an unlimited number of Fund shares. Each share of the Fund has equal voting, dividend, distribution, and liquidation rights. The Fund's investment objective is long term capital appreciation with income as a secondary objective.

2.) SIGNIFICANT ACCOUNTING POLICIES

SECURITY VALUATION:

The Fund will primarily invest in equities and convertible securities. Investments in securities are carried at market value. Securities traded on any exchange or on the NASDAQ over-the-counter market are valued at the last quoted sale price. Lacking a last sale price, a security is valued at its last bid price except when, in the Adviser's opinion, the last bid price does not accurately reflect the current value of the security. When market quotations are not readily available, when Adviser determines the last bid price does not accurately reflect current value or when restricted securities are being valued, securities are valued as determined in good faith by Adviser, in conformity with guidelines adopted by and subject to review of the Board.

Fixed income securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when Adviser believes such prices accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. When prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued as determined in good faith by Adviser, subject to review of the Board. Short term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued using the amortized cost method.

SHORT TERM INVESTMENTS:

The Fund may invest in money market funds and short term high quality debt securities such as commercial paper, repurchase agreements and CDs. Money market funds typically invest in short term instruments and attempt to maintain a stable NAV. While the risk is low, these funds may lose value.

SECURITY TRANSACTIONS AND INVESTMENT INCOME:

The Company records security transactions based on a trade date. Dividend income is recognized on the ex-dividend date, and interest income is recognized on an accrual basis. Discounts and premiums on securities purchased are amortized over the lives of the respective securities.

INCOME TAXES:

Federal income taxes. The Company's policy is to continue to comply with the requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute all its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Distribution to shareholders. Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date.

ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification of Capital Accounts. The Fund account and reports for distributions to shareholders in accordance with the American Institute of Certified Public Accountant's Statement of Position 93-2; Determination, Disclosure and Financial Statement Presentation of Income, Capital and Return of Capital Distributions by Investment Companies. For the year ended December 31, 2004, the Fund reclassified \$9,850 from net investment loss to accumulated realized gain, due to certain permanent book and tax differences. Net assets of the Fund were not affected by this change.

The Fund imposes a redemption fee of 1.00% on shares redeemed within one year of purchase. The charge is assessed on an amount equal to the Net Asset Value of the shares at the time of redemption. The redemption fee is deducted from the proceeds otherwise payable to the shareholder. For the year ended December 31, 2004, redemption fees of \$805 were returned to the Fund.

3.) INVESTMENT ADVISORY AGREEMENT

The Fund has entered into an investment advisory agreement with Bertolet Capital LLC (Adviser). Under the Agreement, Adviser receives a fee equal to the annual rate of 1.25% of the Fund's average daily net assets. For the yearend Dec. 31, 2004, Adviser waived \$22,883 of its fee. An officer and trustee of the Fund is also an officer of the Adviser.

Advisory Agreement also provides for expense reimbursement from Adviser, if Fund's total expenses, exclusive of taxes, interest on borrowings, dividends on securities sold short, brokerage commissions and extraordinary expenses exceed 1.79% of Fund's average daily net assets through Dec. 31, 2005.

Adviser will be entitled to reimbursement of fees waived or reimbursed by Adviser to the Fund. Fees waived or expenses reimbursed during a given year may be paid to Adviser during the following 3 year period to the extent that payment of such expenses does not cause the Fund to exceed the expense limitation. At Dec. 31, 2004, cumulative unreimbursed amount paid/or waived by Adviser on behalf of the Fund is \$67,454. Adviser may recapture \$44,571 no later than Dec. 31, 2006 and \$22,883 no later than Dec. 31, 2007.

4.) PURCHASES AND SALES OF SECURITIES

For the year end Dec.31, 2004, purchases and sales of investment securities other than U.S. Government obligations and short-term investments were \$4,338,598 and \$2,618,024 respectively.

5.) FEDERAL TAX INFORMATION

Net investment income/(loss) and net realized gains/(losses) differ for financial statement and tax purposes due to differing treatments of wash sale losses deferred and losses realized subsequent to Oct. 31 on the sale of securities.

The tax character of distributions paid during the year ended December 31, 2004 is as follows:

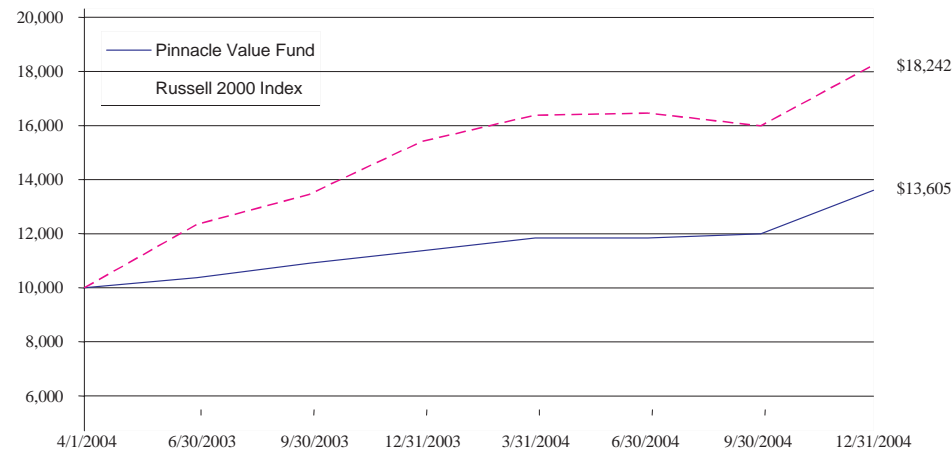
	<u>2004</u>
Short Term Capital Gain	\$ 182,841
Long Term Capital Gain	\$ 163,833

At Dec. 31, 2004, the components of accumulated earnings/(losses) on a tax basis were as follows:

Costs of investments for federal income tax purposes	<u>\$ 6,815,723</u>
Gross tax unrealized appreciation	\$ 921,610
Gross tax unrealized depreciation	<u>(110,811)</u>
Net tax unrealized appreciation	810,799
Accumulated realized gain on investments -net	<u>\$ 301,343</u>
Accumulated Earnings	<u>\$ 1,112,142</u>

AVERAGE ANNUAL RATE OF RETURN (%) FOR PERIOD ENDED DECEMBER 31, 2004

	<u>1 Year</u>	<u>Since Inception</u>
Pinnacle Value Fund	19.65%	19.24%
Russell 2000 Index	18.32%	40.90%



This chart assumes an initial investment of \$10,000 made on 4/1/2003 (commencement of operations). Total return is based on the net change in NAV assuming reinvestment of all distributions. Performance figures represent past performance which is not predictive of future performance. Investment return and principal value will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Throughout the period shown, the investment adviser has voluntarily waived and reimbursed certain expenses of the Fund. Without such waivers and reimbursements returns would be lower.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Shareholders and Board of Trustees
Bertolet Capital Trust
New York, New York**

We have audited the accompanying statement of assets and liabilities of Pinnacle Value Fund, a series of shares of Bertolet Capital Trust, including the schedule of investments, as of December 31, 2004, and the related statement of operations for the year then ended, and the statements of changes in net assets and the financial highlights for the year ended December 31, 2004 and the period April 1, 2003 (commencement of operations) to December 31, 2003. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2004, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Pinnacle Value Fund as of December 31, 2004, the results of its operations for the year then ended, and the changes in its net assets and its financial highlights for the year ended December 31, 2004 and the period April 1, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

**TAIT, WELLER & BAKER
Philadelphia, Pennsylvania
February 8, 2005**

SUPPLEMENTAL INFORMATION (unaudited)

CONTROL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the Investment Company Act of 1940. At Dec. 31, 2004, the Deysher family held, in aggregate, more than 11% of the Fund.

PROXY VOTING

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted those proxies during the twelve month period ended June 30, 2004, are available without charge upon request by (1) by calling the Fund at 1-877-369-3705 or visiting www.pinnaclevaluefund.com or www.sec.gov.

QUARTERLY PORTFOLIO HOLDINGS

The Fund files a complete schedule of investments with the SEC for the first quarter (end Mar.31) and third quarter (end Sept 30) of each year on Form N-Q. Form N-Q filing must be made within 60 days of the end of the quarter, and the Fund's first Form N-Q was filed with the SEC on November 29, 2004. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov>, or may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (call 1-800-732-0330 for information on this public service.) You may also obtain copies by calling the Fund at 1-877-369-3705.

The following table provides biographical information with respect to each Trustee.

Name, Age	Position with Fund	Term of Office Length of Time Served	Principal Occupation During Past 5 Years	Other Directorships
Interested Trustee				
John E. Deysher, CFA (50)	Trustee	Unlimited Since Inception	President, Secretary, Treasurer Pinnacle Value Fund Principal, Portfolio Manager Royce & Associates	None
Independent Trustees				
Edward P. Breay, CFA (72)	Trustee	Unlimited Since Inception	Private Investor	None
Richard M. Connelly (49)	Trustee	Unlimited Since Inception	Associate General Counsel JG Wentworth (finance)	None
James W. Denney (40)	Trustee	Unlimited Since Inception	President, Mohawk Asset Management	Dir., Electric City Funds

SERVICE PROVIDERS

Transfer Agent: Mutual Shareholder Services, 8869 Brecksville Rd-C, Brecksville OH 44141

Custodian: US Bank, 425 Walnut St., Cincinnati OH 45202

Independent Auditors: Tait, Weller & Baker, 1818 Market St, Suite 2400, Philadelphia PA 19103

Legal Counsel: Law Offices of Stephanie A. Djinis, 1749 Old Meadow Rd.-310, McLean, VA 22102

Expense Example

As a shareholder of the Fund, you pay ongoing expenses, including management fees. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. You may also incur redemption fees, which are not shown in this section but may result in higher total costs.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, July 1, 2004 through Dec. 31, 2004.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratios and an assumed rate of return of 5% per year before expenses, which are not the Fund's actual returns. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in this Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Pinnacle Value Fund	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	July 1, 2004	December 31, 2004	July 1, 2004 to December 31, 2004
Actual	\$1,000.00	\$1,148.64	\$9.67
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,016.18	\$9.07

* Expenses are equal to the Fund's annualized expense ratio of 1.79%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).