

STATEMENT OF ADDITIONAL INFORMATION **May 1, 2010**
PINNACLE VALUE FUND, A SERIES OF THE BERTOLET CAPITAL TRUST

This Statement of Additional Information (SAI) is not a prospectus and should be read in conjunction with the Pinnacle Value Fund Prospectus dated May 1, 2010. This SAI incorporates by reference the Fund's Annual Report for the year end Dec.31, 2009. You may obtain a Prospectus or most recent Annual or Semi-annual Report free of charge by writing to the Fund c/o Mutual Shareholder Services, 8000 Towne Centre Dr.- 400, Broadview Hts., OH 44147 or calling 877-369-3705 (toll free).

TABLE OF CONTENTS

GENERAL

NON PRINCIPAL STRATEGIES

FUNDAMENTAL POLICIES

BOARD OF TRUSTEES

CODE OF ETHICS

INVESTMENT ADVISER

TRUSTEES AND OFFICERS

PRINCIPAL HOLDERS OF FUND SHARES

TAX INFORMATION

PORTFOLIO TRANSACTIONS AND BROKERAGE

CUSTODIAN

TRANSFER AGENT/ FUND ACCOUNTING/ SHAREHOLDER SERVICES

DISTRIBUTOR/ UNDERWRITER

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

DISTRIBUTION PLAN

CAPITAL STOCK INFORMATION

FINANCIAL STATEMENTS

PROXY VOTING POLICIES & PROCEDURES

PORTFOLIO HOLDINGS DISCLOSURE POLICY

GENERAL

The Pinnacle Value Fund (“Fund”) is a diversified, open-end investment management company and the only series of the Bertolet Capital Trust, a Delaware business trust organized on Jan. 1, 2003 (“Trust”). The Trust’s Declaration of Trust authorizes the Board of Trustees to issue an unlimited number of Fund shares. Each Fund share has equal voting, dividend, distribution and liquidation rights.

The Fund will not hold annual shareholder meetings nor will any share certificates be issued. Shareholders are entitled to the same limitation of personal liability extended to shareholders of private corporations for profit organized under Delaware law.

The Trust will call a meeting of shareholders for the purpose of voting upon the removal of any trustee(s) when requested in writing by record holders of at least 10% of the Fund’s outstanding shares. The Trust’s Declaration of Trust contains procedures for the removal of trustees by its shareholders. At any meeting of shareholders, duly called and at which a quorum is present, the shareholders may, by affirmative vote of the majority shares outstanding, remove any trustee(s) from office and may elect a successor or successors to fill any resulting vacancies for any unexpired directors terms.

NON PRINCIPAL STRATEGIES

The Fund’s principal investment objectives & strategies are discussed in the Prospectus. This section provides additional information on the types of securities the Fund may invest in and any restrictions thereon.

Short Term Investments. The Fund may invest in money market funds and short term high quality debt securities including commercial paper, repurchase agreements and certificates of deposit. A repurchase agreement is a form of lending whereby the Fund purchases a security with the condition that after a stated period of time the issuer will buy back (repurchase) the same security at a predetermined price or yield. As such, it is subject to counter party risk and the issuer’s inability to pay which may lead to default. The Fund will invest no more than 33 1/3% of assets in repurchase agreements. Money market funds typically invest in short term instruments and attempt to maintain a stable net asset value. While the risk is low, these funds may lose value.

Foreign Securities. The Fund may invest in the common stock of foreign issuers whether traded on U.S. or foreign exchanges. The Fund may also invest in ADRs (American Depositary Receipts) that are dollar denominated and issued by a U.S. bank or trust company and represent ownership interests in foreign companies. Investment risks include fluctuations in foreign currency exchange rates, political and economic instability, foreign taxation issues, different or lower standards of accounting, auditing and financial reporting, less developed securities regulation and trading systems and the risk that a country may impose controls on the exchange or reparation of foreign currency. Securities of foreign issuers may often be less liquid and exhibit greater volatility.

Securities traded on foreign exchanges are valued at the most recent reported sales price, or in the absence of a sale, at the current bid price adjusted for currency conversion.

Because of foreign currency fluctuations and changes in the value of the Fund's foreign holdings, the NAV may change on days that owners may not have access to the Fund.

For securities which trade primarily on exchanges in time zones different from the U.S., the Fund may fair value a security when the Adviser determines that a significant event has occurred after the close of a foreign exchange but before the close of the NYSE. Such significant event may impact an individual security, a particular industry or the market as a whole and result in market prices not being "readily available". The use of fair value pricing is intended to eliminate pricing inaccuracies which may be caused by a significant event occurring after a foreign exchange has closed but before the Fund's NAV is calculated. Use of fair value pricing may cause the Fund's NAV to differ from the NAV that would be calculated using closing market prices.

Preferred Stocks. Generally, preferred stocks pay dividends at a specified rate and holders of such shares usually have preference over common stock holders in payments of dividends and liquidation of assets. Certain preferred stocks may pay a variable rate dividend including securities commonly referred to as auction rate or auction market preferreds, whose dividend rate is set through periodic reverse auctions. Dividends on preferred stocks are generally payable at the discretion of issuer's board of directors and Fund shareholders may lose money if dividends are not paid. Preferred stock prices may fall if interest rates rise or the issuer's creditworthiness becomes impaired and it cannot make dividend payments.

Real Estate Investment Trusts (REITs). Equity REITs invest directly in real property while mortgage REITs invest in mortgages on real property. REITs are subject to declines in real estate values, adverse changes in economic conditions and rental income, overbuilding, increased competition, increases in property taxes and operating expenses. REITs pay dividends to shareholders based on available funds from operations. Often the dividends exceed the REIT's taxable earnings resulting in the excess portion of such dividends being treated as return of capital. The Fund intends to include the gross dividends from REITs in its distribution to shareholders and, accordingly, a portion of Fund's distributions may also be designated a return of capital. Fund shareholders will be subject to management and other fees charged by the REITs in which the Fund invests.

Options on Equities. The Fund may occasionally invest in (buy) or write (sell) options on stocks or indexes to reduce volatility, hedge the portfolio, or generate additional income when the option contract is priced more attractively than the underlying security. Options contracts may be volatile and could have durations up to three years.

Fund may enter into these transactions so long as the value of underlying securities on which the option contracts may be written at any one time does not exceed 100% of the Fund's net assets, and so long as the initial margin required to enter into such contracts does not exceed 5% of the Fund's total assets. Fund will do no "naked" call/ put writing. If the Fund purchases an option and the price of the underlying stock or index fails to move in the anticipated direction, the Fund may lose most or all of the amount paid for the option plus commissions. If the Fund writes (sells) an option and the price of the

underlying stock or index fails to move in the direction expected, the Fund's losses could exceed the proceeds from the options written.

The Fund may purchase put and call options. Put options are purchased to hedge against a decline in value of Fund securities. If a decline occurs, put options permit the Fund to sell securities underlying such options at exercise price or to close out options at a profit. Premiums paid for put or call options plus commissions will reduce the benefit, if any, realized upon option exercise and unless price of underlying security rises or declines sufficiently, option may expire worthless. In addition, in the event that price of security in connection with option was purchased moves in a direction favorable to the Fund, benefits realized as result of such favorable movement will be reduced by premium paid for option and related commissions. Written and purchased options produce no income.

Debt Securities. The Fund may invest in corporate (including convertible securities), U.S. Government and Agency debt securities including zero coupon bonds. Debt securities will fall in value if interest rates rise or the issuer's creditworthiness becomes impaired and it is unable to make interest or principal payments.

Zero coupon bonds do not provide for cash interest payments but instead are issued at discount from face value. Each year, holders of such bonds must accrue a portion of discount as income. Because zero coupon issuers do not make periodic interest payments, zero coupon bond prices tend to be more volatile when interest rates change.

Unaffiliated Mutual Funds. The Fund may invest in securities of other registered investment companies (mutual funds). Fund shareholders will bear, albeit indirectly, a pro rata share of advisory fees and expenses charged by such mutual fund investments. The Fund may not invest more than 5% of its total assets in the securities of a single investment company issuer or more than 10% of its total assets in the securities of all investment company issuers. However, the Fund may invest beyond the 5 and 10 percent limits provided it does not own more than 3% of the total outstanding stock of any individual fund or impose a sales load of more than 1.5% on its shares and follows certain proxy voting requirements imposed by the Investment Company Act of 1940. Presently, the Fund imposes no sales load and has no intention of doing so.

Illiquid or Fair Valued Securities. Illiquid securities are securities that may be difficult to sell promptly at acceptable prices because of the lack of an available market. The price quoted for illiquid securities shall be the fair value determined by a method approved by the Board of Trustees. Because of the thin market for these securities, the Fund may not be able to dispose of them at the most favorable time or price. The Fund will not hold more than 15% of assets in illiquid or fair valued securities.

Restricted Securities. The Fund may invest in securities which are subject to resale restrictions because they have not been registered with the Securities and Exchange Commission ("SEC") and are not readily marketable. Resale limitations may adversely impact their marketability and may prevent the Fund from disposing of them at

reasonable prices. The Fund may bear the expense and time delays of registering such securities for resale and may lose money because prompt divestiture is not possible.

Rule 144A Securities. The Fund may purchase Rule 144A securities, which are not registered with the SEC and are often illiquid but are eligible for purchase and sale without limitation by qualified institutions.

Short Sales. The Fund may occasionally engage in short sales as a hedging technique to reduce investment risks and/or taxes. A short sale is a transaction in which the Fund sells a security it does not own by borrowing it from a broker-dealer, and consequently becomes obligated to replace that security. A short sale “against the box” is a short sale where the Fund owns an identical security to the one sold short thereby eliminating the risk of not being able to replace the shares borrowed. The effect of selling a security short against the box is to insulate that security from any future gain or loss.

The Fund may make short sales “not against the box”, meaning the Fund does not own securities identical to those sold short. For example, if the Fund owns a security that becomes the target for an acquisition offer calling for the exchange of common stock of the acquirer, an equivalent amount of the acquirer’s shares may be borrowed and sold short. Any such short sale will be made with the intention of later closing out (covering) the short position with the stock of the acquiring firm received upon consummation of the acquisition. The purpose of the short sale is to protect against a decline in the market value of the acquirer’s stock prior to the acquisition’s completion. However, should the transaction be called off or otherwise not completed, the Fund may realize losses on both its long position in the target company and its short position in the acquirer.

When the Fund does not own securities which are sold short, the Fund will maintain collateral consisting of cash, cash equivalents or liquid securities equal in value on a daily marked-to-market basis to the securities sold short. The Fund does not intend to sell short as a core portfolio strategy or for speculative purposes. The Fund may occasionally attempt to hedge its portfolio by initiating short positions on Exchange Traded Funds (ETFs) of popular security indexes such as the Russell 2000.

The Fund is a diversified fund, meaning that with respect to 75% of its assets (valued at the time of investment), the Fund will not invest more than 5% of its assets in securities of any one issuer, except for obligations of the U.S. Government and its agencies, and the Fund may not acquire more than 10% of the voting securities of any one issuer.

FUNDAMENTAL POLICIES

Unless otherwise indicated, the following restrictions are fundamental meaning they may be changed only with the approval of a “majority vote of the outstanding shares” of the Fund as defined by the Investment Company Act of 1940. The Fund will not:

1. Invest more than 25% of total assets in one industry or group of related industries.
2. Borrow money, except (1) in an amount not exceeding 33-1/3% of Fund total assets (including the amount borrowed) less liabilities (other than borrowings) or (2) by entering into reverse repurchase agreements.
3. Engage in the business of underwriting the securities of other issuers, except as

permitted by the 1940 Act. This restriction does not prevent the Fund from engaging in transactions involving the acquisition, disposition or resale of portfolio securities, regardless of whether the Fund may be considered to be an underwriter under the Securities Act of 1933, as amended (the “1933 Act”).

4. Issue senior securities.
5. Purchase or sell real estate unless acquired as a result of ownership of securities or other instruments. This restriction does not prevent the Fund from investing in issuers that invest, deal or otherwise engage in transactions in or hold real estate or interest therein, investing in instruments that are secured by real estate or interests therein, or exercising rights under agreements relating to such securities, including the rights to enforce security interests.
6. Purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments. This restriction does not prevent the Fund from engaging in transactions involving foreign currency, futures contracts and options, forward contracts, swaps, caps, floors, collars, securities purchased or sold on a forward-commitment or delayed delivery basis or other financial instruments, or investing in securities or other instruments that are secured by physical commodities.
7. Lend money or other assets, except to the extent permitted by the 1940 Act. This restriction does not prevent the Fund from purchasing debt obligations in pursuit of its investment program, or for defensive or cash management purposes, entering into repurchase agreements, loaning its portfolio securities to financial intermediaries or institutional investors, or investing in loans, including assignments and participations.

With regard to 2. above, the Fund has no current intention of borrowing via reverse repurchase agreements. The Fund will not make additional investments when borrowings exceed 5% of Fund assets. With regard to 7. above, the Fund will not loan out securities.

Temporary Defensive Position. Fund may invest a large portion of assets in money market funds or short term investments for defensive purposes in response to market, economic, political or other conditions. In doing so, it may not achieve its objectives.

THE BOARD OF TRUSTEES

The Trust’s affairs are managed by the Board of Trustees (Board) which approves all significant agreements between the Trust and persons or companies doing business with the Fund, including agreements with the Fund’s custodian, transfer agent, investment adviser and administrator. All agreements are subject to limitations imposed by state and/or federal securities law and to the extent any contract contradicts such statutes, the contract would be unenforceable. Daily Fund operations are managed by the Adviser.

The Trust is led by John E. Deysher who has served as Chairman (principal executive officer) and Chief Compliance Officer (CCO) since Trust inception in April 2003. Mr. Deysher is an interested person by virtue of his controlling interest in Bertolet Capital LLC, investment adviser to the Trust. The Board is comprised of Mr. Deysher and 3 independent trustees. The Trust does not have a lead independent trustee but the independent trustees have the ability to meet in executive session when appropriate. The

Audit Committee is comprised of all independent trustees and oversees the financial reporting of the Trust. All independent trustees have been trustees since the Trust's inception in April, 2003 and are actively engaged in oversight of the Trust. The Chairman is responsible for chairing board meetings, setting agendas and providing information to Board members ahead of each board meeting. The Board believes it best to have a single leader who understands all aspects of the Trust's operations and can provide effective leadership that is in the best interests of the Trust and its shareholders. The existing Board leadership structure has been in effect since inception.

The Board is responsible for overseeing risk management and the full Board regularly discusses risk management and receives CCO compliance reports at quarterly meetings and on an ad hoc basis if necessary. The Audit Committee considers financial reporting risk to be within its area of responsibilities. Generally the Board believes that its oversight of material risks is adequately maintained through the risk reporting chain where the CCO is the primary recipient and communicator of such risk-related information.

In order to serve on the Board, a person must be at least 21 years of age and have the ability to communicate with other Board members and management. Additional qualifications include, among other factors, capability, availability to serve, the absence of conflicts of interest and moral character. Additional criteria may apply to trustees being considered to serve on a specific Board committee. For example, members of the audit committee must have the ability to read and understand financial statements. All trustees should have the ability to review information from a variety of sources, to interact with Trust service providers and to use effective business judgement in exercising their duties.

In addition to the above criteria, individual Board members have the following experience and abilities. Edward Breau has many years experience as a value oriented institutional securities analyst and portfolio manager. Richard Connelly has many years experience as general counsel for a financial services firm and brings a strong legal background to oversight of the Trust. James Denney has many years experience as a retail investment advisor and has a strong background in all aspects of Trust operations. John Deysher has been responsible for supervising the Trust's daily activities since inception including portfolio, marketing, administrative and compliance functions.

No trustee serves on the board of any other fund or public company except for James Denney who has served as a Director of the Electric City Funds for the last 5 years.

CODE OF ETHICS

The Board has approved a Code of Ethics (Code) for the Fund and Adviser as required by the Investment Company Act of 1940. The Code governs the personal activities of persons who may have knowledge of the Fund's investment activities (access persons), requires that they file regular reports concerning their personal securities trades and prohibits activities that may harm the Fund. The Code generally prohibits access persons from purchasing securities for their own accounts that may be purchased or held by the Fund. The Board is responsible for overseeing implementation of the Code.

INVESTMENT ADVISER

The Fund's adviser, Bertolet Capital LLC ("Adviser") is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act").

John E. Deysher, an affiliated person of the Fund is the Managing Member of the Adviser (a limited liability company), and therefore controls Adviser.

Mr. Deysher, Portfolio Manager, oversees the Fund's daily investment activities. In addition to the Fund, Mr. Deysher manages one institutional account ("Account") with approximately \$11.1 million in assets at Dec.31, 2009. Adviser believes management of Account does not present any material conflicts of interest in either devotion of time or allocation of investment opportunities. Both Fund and Account have the similar investment objectives and restrictions. The Fund has adopted procedures for the allocation of portfolio transactions and investment opportunities across client accounts on a fair and equitable basis over time. Advisory fees for Fund and Account are based on percentage of net assets and are not tied in any way to account performance. While every effort will be made to manage the Fund and Account in parallel fashion, due to cash flows, types of investments and other factors, it is possible that performances may differ.

Mr. Deysher receives no salary, bonus or deferred/retirement compensation from Fund on a regular basis. As sole owner of Bertolet Capital LLC, adviser to the Fund and Account, Mr. Deysher is entitled to the net profit or loss after expenses of Adviser each year. Mr. Deysher intends to remain a major Fund shareholder and at Dec. 31, 2009, owned Fund shares with a dollar value in excess of \$1,000,000.

As described in the Prospectus, the Fund pays Adviser an advisory fee which is accrued daily and paid monthly at an annual rate of 1.25% of Fund average net assets up to \$300 million and an annual rate of 1.00% of Fund average net assets thereafter. For 2008, 2007 and 2006 Adviser agreed to waive fees and reimburse expenses so the Fund's total operating expenses did not exceed 1.49% of its average net assets.

For the year end Dec.31, 2009, Adviser earned \$768,865 in fees. At Dec.31, 2009, Adviser may recapture no prior expense waivers. In 2009, Adviser received \$19,036 of \$27,914 available for recapture of prior expense waivers. For year end Dec. 31, 2008, Adviser earned \$795,679 in fees and received \$32,093 of \$51,592 available for recapture of prior expense waivers. For the year end Dec. 31, 2007 Adviser earned \$581,855 in fees and received \$6,095 of \$22,883 available for recapture of prior expense waivers.

Subject to the direction and supervision of the Board, Adviser manages the Fund's portfolio in accordance with stated policies and objectives. Adviser makes investment decisions and places purchase and sale orders for security transactions. Adviser furnishes office facilities, clerical and administrative services and is responsible for the business affairs of the Fund including providing personnel for record keeping, preparation of government reports and responding to shareholder communications.

Adviser has agreed to waive its fees and reimburse Fund expenses in order to limit operating expenses to 1.49% of Fund average net assets through May 1, 2011. Adviser will be entitled to fees waived or expenses reimbursed by the Adviser to the Fund. Fees waived and expenses reimbursed during a given year may be paid to the Adviser during the following 3 years to the extent that payment of such expenses does not cause the Fund to exceed the 1.49% limitation. If the 12b-1 Plan is implemented, the operating expense limit will be adjusted to 1.74% of average net assets.

TRUSTEES AND OFFICERS

The Board has overall responsibility for conduct of the Trust's affairs. Day to day Fund operations are managed by the Adviser subject to review by the Board of Trustees shown below along with their positions for the last 5 years.

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

Name, Address, Age	Position with Trust	Term of Office Length of Time Served	Principal Occupation During Past 5 Years	Other Directorships
Interested Trustee				
John E. Deysher (age 55)	CFA* Trustee President Treasurer Secretary	Indefinite since inception	Managing member, Adviser since 2003	None
Independent Trustees				
Edward P. Breau (age 77)	CFA Trustee	Indefinite since inception	Private Investor since 1997	None
Richard M. Connelly (age 54)	Trustee	Indefinite since inception	General Counsel, JG Wentworth since 1999	None
James W. Denney (age 45)	Trustee	Indefinite since inception	President, Mohawk Asset Management since 1999	Director, Electric City Funds

There is only one fund in the fund complex.

*Interested person of Fund who is Portfolio Manager and Managing Member of Adviser. Address of each Trustee is c/o Bertolet Capital Trust, 745 Fifth Ave.-2400 NYNY 10151. The Audit Committee consists of the independent trustees, Mr. Breau, Mr. Connelly and Mr. Denney. The committee meets at least annually with the independent auditors and Fund executives to review the accounting principles applied by the Fund in financial reporting, the scope and adequacy of internal controls, the responsibilities and fees of the independent accountants. Committee recommendations are made to the full Board. The Audit Committee met one time during the year end Dec. 31, 2009.

The table below shows compensation to Trustees for the year ended Dec. 31, 2009.

Name	Aggregate Compensation from Fund	Retirement Benefits Accrued as Trust Expense	Total Compensation from Fund
Interested Trustee			
John E. Deysher, CFA	\$0	\$0	\$0

Independent Trustees

Edward P. Breau, CFA	\$ 2,400	\$0	\$2,400
Richard M. Connelly	\$ 2,400	\$0	\$2,400
James W. Denney	\$ 2,400	\$0	\$2,400

The Fund does not offer retirement benefits to Fund Trustees or Officers.
The table below shows the value of Trustee Fund ownership at Dec. 31, 2009.

Name	Aggregate Dollar Range of Ownership in Fund
Edward P. Breau	Over \$100,000
Richard M. Connelly	\$50,001-100,000
James W. Denney	\$0-10,000
John E. Deysher	Over \$100,000

PRINCIPAL HOLDERS OF FUND SHARES

At March 1, 2010 the following persons were known to the Fund to be the record and/or beneficial owners of 5% or more of outstanding Fund shares.

Name & address	Number of Shares	Type of Ownership	Percentage of Outstanding Shs.
TD Ameritrade For Exclusive Benefit of Our Customers PO Box 2226 Omaha, NE 68103	1,543,516	Record	33.6%
Weiller Value Fund LP 663 Mourning Dove Dr. Sarasota, FL 34236	345,745	Record	7.5%

At March 1, 2010 Fund Trustees and Officers as a group owned 5% of Fund shares.

TAX INFORMATION

The Fund qualifies and intends to continue to qualify as regulated investment company under Subchapter M of the Internal Revenue Code so as to be relieved of the federal income tax on its net gain and net investment income distributions. To qualify as regulated investment company, the Fund must, among other things, distribute to shareholders substantially all of its income from dividends, interest, net realized capital gains and all other income derived from its business of investing in securities. Shareholder distributions are reinvested in additional Fund shares unless shareholder has requested in writing to have them paid by check.

The Fund will attempt to be tax efficient on the sale of securities to minimize the impact of taxes on shareholders. The Fund will attempt to hold portfolio turnover to a minimum

to limit the amount of short-term capital gains and brokerage commissions. However, the Fund will rarely let tax or turnover considerations take priority over investment merits.

For federal income tax purposes, Fund distributions, whether received in cash or reinvested in additional shares, from net investment income and any net realized short term gains are taxable to you as ordinary income, except that distributions of qualifying dividends from domestic corporations and qualified foreign corporations are taxable at 15% (0% for 15% tax bracket or below). Distributions of net long-term gains are taxable as long term gains regardless of length of time Fund shares are held. Distributions are taxable whether received in cash or reinvested in Fund shares.

Each shareholder is advised annually of the source of distributions for federal income tax purposes. Shareholders not subject to income taxes will not pay taxes on distributions.

If shares are purchased shortly before a distribution, the shareholder will pay the full price for the shares and then receive a portion of the price back in the form of a taxable distribution whether or not the distribution is reinvested. A shareholder should carefully consider the tax implication of purchasing shares just before a distribution record date.

If a shareholder fails to furnish his social security number or taxpayer ID number, the Fund may be required to withhold federal income tax (backup withholding) on all distributions. Distributions may also be subject to backup withholding if the shareholder fails to certify that he is not subject to backup withholding.

A redemption of shares is a taxable event and a capital gain or loss may be recognized. A shareholder may wish to consult a tax advisor for further specifics of tax related issues.

For Federal income tax purposes, distributions of net investment income (but not short term capital gains) to U.S. corporate shareholders may qualify in part for the 70% dividends received deduction. The Fund will notify all shareholders annually of the percentage of Fund dividend distributions qualifying for preferential tax treatment. A portion of the Fund's distributions derived from interest on certain U.S. Government obligations may be exempt from state and local taxes.

PORTFOLIO TRANSACTIONS AND BROKERAGE

Decisions to buy and sell securities are made by Adviser subject to review by the Board. In placing orders with brokers it is Adviser's policy to seek the best execution at the most favorable price taking into account execution capability, financial integrity and research services provided by the broker-dealer. Adviser is specifically authorized to pay a broker-dealer a commission in excess of what another broker-dealer might charge if Adviser determines in good faith that the commission is reasonable in relation to the value of the execution or research services provided. Research services may include general economic, industry or company research, market and statistical information, and advice on the availability, purchasers or sellers of a particular security. Research services may be used by Adviser in servicing other accounts in addition to the Fund and not all services may be used in connection with the Fund. For periods ended Dec 31, 2009, 2008

and 2007 the Fund paid \$120,400, \$142,330 and \$65,450 respectively in brokerage commissions.

Over the counter securities and fixed income securities are generally purchased through market makers on either a principal or agency basis.

CUSTODIAN

U.S. Bank NA ,425 Walnut Street, Cincinnati OH 45202 acts as Fund custodian. It holds all securities and cash of the Fund, delivers and receives payment for securities sold, receives and pays for securities purchased, collects income from investments and performs other duties as directed by the Adviser. U.S. Bank NA has no supervisory function over management of the Fund.

TRANSFER AGENT/ FUND ACCOUNTING/ SHAREHOLDER SERVICES

Mutual Shareholder Services(“MSS”), 8000 Towne Centre Dr-400,Broadview Hts, OH 44141 acts as transfer agent, fund accountant, and shareholder servicing agent for the Fund pursuant to a written agreement with the Trust and Fund. Under the agreement, MSS is responsible for administering and performing transfer agent functions, distribution payment, shareholder administration, and maintaining all Fund records.

MSS also acts as fund accountant and performs limited administrative services pursuant to a written agreement with the Trust and Fund. MSS supervises all Fund operations except those performed by Adviser under the Fund’s advisory agreement, including:

- (a) calculating Fund’s net asset value.
- (b) preparing and maintaining the books and accounts specified in Rule 31a-1 and 31a-2 of the Investment Company Act of 1940.
- (c) preparing financial statements contained in Fund’s shareholder reports.
- (d) preparing reports and filings for the SEC.
- (e) maintaining the Fund’s financial accounts and records.

For services rendered, the Fund pays MSS an annual fee as a percentage of average net assets paid monthly as determined by valuations made at the close of each business day. For the years ending Dec. 31, 2009, 2008 and 2007 the Fund paid MSS fund accounting and transfer agency fees of \$41,751, \$45,557, and \$40,450 respectively.

DISTRIBUTOR/UNDERWRITER

The Fund directly distributes its shares and assesses no distribution charges.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Tait, Weller & Baker LLP, 1818 Market St-2400, Phila. PA 19103 serves as the Fund’s independent registered public accountants providing audit services, tax return preparation and assistance and consultation in connection with review of various regulatory filings.

DISTRIBUTION PLAN

The Fund has adopted, but not implemented, a plan pursuant to Rule 12b-1 under the 1940 Act (the Plan) whereby the Fund may pay a monthly fee at the annual rate of 0.25% of the Fund’s average daily net assets to Adviser and others for providing

distribution services and/or maintaining shareholder accounts related to the distribution of Fund shares. Adviser may use such fees to pay for expenses incurred in the distribution and promotion of the Fund's shares, including but not limited to, printing prospectuses and reports used for sales purposes, preparation and printing of sales literature and related expenses, advertisements, other distribution related expenses and any distribution or service fees paid to broker-dealers or others who have executed selling agreements with the Fund. Any distribution expenses in excess of 0.25% per annum will be borne by the Adviser. It is possible that Plan accruals may exceed actual Adviser expenditures for eligible services and such fees are not strictly tied to the provision of such services.

The Plan also provides that to the extent the Fund, Adviser or other parties on behalf of the Fund make payments that are deemed to be payments for the financing of any activity primarily intended to result in sale of Fund shares within context of Rule 12b-1, such payments shall be deemed to have been made pursuant to the Plan. In no event shall payments made under the Plan exceed the amount permitted to be paid pursuant to the Conduct Rules of the Financial Industry Regulatory Authority (FINRA).

The Board has determined that consistent cash flow from the sales of new shares is necessary and appropriate to meet redemptions and to exploit buying opportunities without having to make unwanted liquidations of portfolio securities. The Board believes it will benefit the Fund to have monies available for the direct distribution activities of Adviser in promoting the sale of the Fund's shares and to avoid any uncertainties on whether other payments constitute distribution expenses on the Fund's behalf. The Board, including non interested Trustees, has concluded that in the exercise of their reasonable business judgment and fiduciary duties, there is reasonable likelihood the Plan will benefit the Fund and its shareholders.

The Plan has been approved by the Board, including all non-interested Trustees as defined in the 1940 Act. The Plan must be renewed annually by the Board, including the majority of non-interested Trustees and who have no direct or indirect financial interest in the Plan's operation. Votes must be cast in person at a meeting called for that purpose. The Plan and any related agreements may be terminated at any time, without penalty by a majority vote of non-interested Trustees or by majority vote of all outstanding Fund shares. Adviser, broker-dealer or other firms may also terminate their respective agreements at any time upon written notice.

The Plan may not be amended to increase materially the amounts to be spent for distribution expenses without approval by a majority of the Fund's outstanding shares. All material amendments to the Plan shall be approved by majority vote of the non-interested Trustees, cast in person at a Board meeting.

Adviser is required to report in writing to the Board at least quarterly on the amounts and purposes of any payments made under the Plan. Adviser shall furnish the Board with any other information reasonably requested to enable the Board to make an informed decision of whether the Plan should be continued.

Although the Plan has been adopted by the Board, the Plan will not be implemented while the Prospectus dated May 1, 2010 is in effect.

CAPITAL STOCK INFORMATION

The Board has the power to designate one or more series of shares of common stock (each a “series” or “Fund”) and to classify or reclassify any unissued shares with respect to such series. The Fund is the only series offered by the Trust. The Fund offers only one class of shares but the Board is authorized to create additional classes.

Shareholders are entitled to:

- (i) one vote per full share;
- (ii) a pro-rata share of distributions declared by the Board out of funds legally available;
- (iii) upon liquidation, to participate ratably in assets available for distribution.

There are no conversion or sinking fund provisions applicable to the shares and shareholders have no preemptive or cumulative voting rights. Shares are redeemable and fully transferable. All shares issued by the Fund will be fully paid and non assessable.

FINANCIAL STATEMENTS

Financial statements and independent auditor’s opinion required to be included in the SAI are incorporated herein by reference to Fund’s Annual Report dated Dec. 31, 2009. Fund Annual and Semi-annual reports are available without charge by calling 877-369-3705 toll free or by visiting the Fund’s website at www.pinnaclevaluefund.com.

PROXY VOTING POLICIES & PROCEDURES

The Board has adopted the following proxy voting policies and procedures. The Board has delegated all proxy voting decisions to Bertolet Capital LLC, Fund Adviser. In voting proxies, Adviser is guided by general fiduciary duties to act solely in the best interest of Fund shareholders and avoid any material conflicts of interest. If a material conflict of interest arises, the proxy will be voted in accordance with the recommendation of an independent third party research firm. Adviser will attempt to consider all relevant factors and will vote proxies to enhance and/or protect shareholder value.

Adviser is responsible for monitoring receipt of all proxies and ensuring that proxies are received for all securities owned. All proxies are logged in upon receipt and reviewed to assess issues presented. Adviser divides proxies into “routine” and “non-routine” matters.

1. Routine matters (non-contested elections, CPA approval, etc.) will usually be voted as proposed by the issuer’s Board of Directors.
2. Non-routine matters (contested elections, shareholder proposals, etc.) will be examined on an issue by issue basis and voted in the best interests of shareholders.
3. Adviser may occasionally abstain from voting a proxy or specific proxy item when it concludes that the potential benefit of voting is outweighed by the cost or when it is not in the client’s best interest to vote.

The Fund treats corporate governance seriously and will generally vote against proposals involving excessive compensation, unusual stock options, preferential voting, poison pills and other management entrenching devices.

Copies of executed proxy statements and cards are kept at the Adviser's office.

The Fund's most recent Annual Proxy Voting Record and Proxy Voting Policy is available free by calling/writing Mutual Shareholder Services, at 877-369-3705 toll free.

PORTFOLIO HOLDINGS DISCLOSURE POLICY

The Board has adopted the following policies and procedures concerning disclosure of Fund portfolio holdings. It is the Fund's policy to prevent selective disclosure of non-public information concerning Fund portfolio holdings. The Fund's Chief Compliance Officer (CCO) has sole discretion regarding this disclosure. Unless specifically authorized by the CCO, no portfolio holdings information may be provided to anyone except in accordance with the following:

Public Disclosure of Portfolio Holdings

The Fund will distribute complete portfolio holdings information to retail and institutional shareholders through annual and semi-annual reports mailed within 60 days of period end. Such reports are also made available to the public through postings at the same time to the Fund's website www.pinnaclevaluefund.com. Complete portfolio holdings are filed with the SEC on Form NQ for the first and third quarters within 60 days of quarter end and may be accessed at the SEC's website <http://www.sec.gov>.

Non-Public Dissemination of Portfolio Holdings Information

Periodically, portfolio holdings information not publicly available may be required by the Fund's service providers in order to perform various services for the Fund including, but not limited to custodian, pricing, auditing, printing, legal, and compliance services. Service providers may be provided with such information if it serves a legitimate business purpose and service provider has agreed in writing to keep such information confidential. At present, the Fund has ongoing arrangements with the following service providers to provide them with non-public portfolio holdings information:

Mutual Shareholder Services: information provided daily with no time lag.

U.S. Bank NA: information provided daily with no time lag.

Bertolet Capital LLC: information provided daily with no time lag.

Tait, Weller & Baker LLP: information provided as needed with no time lag.

Thompson Hine LLP: information provided as needed with no time lag.

The Fund may occasionally reveal certain portfolio holdings to broker-dealers who execute securities transactions on behalf of the Fund. Also, Fund trustees and certain officers and employees may have access to non public portfolio holdings information.

While the Fund does not enter into confidentiality agreements, all such persons are required by Fund and Adviser under general fiduciary principals to keep such information confidential. In addition, Fund employees and Trustees are bound by a Code of Ethics.

The Fund generally does not provide non-public portfolio holdings information to rating or ranking organizations.

Nothing herein is intended to prevent disclosure of portfolio holdings information as required by law such as request from regulators or to comply with subpoenas

Other

Neither the Fund, Adviser nor any other party will enter into any arrangement providing for selective disclosure of non-public portfolio holding information for compensation or consideration of any kind.

As part of the annual review of the Fund's compliance program and report to the Trustees, the CCO will report on (1) the operation and effectiveness of policies and procedures and (2) any changes to policies and procedures that are recommended.