PINNACLE VALUE FUND
A SERIES OF THE
BERTOLET CAPITAL TRUST

ANNUAL REPORT

December 31, 2011

www.pinnaclevaluefund.com

Pinnacle Value Fund Annual Report **Dec. 31, 2011**

Dear Fellow Shareholders,

Our Fund lost 4.9% during 2011. We ended the year at 51 positions with a weighted average market cap of $300 million, a dividend yield of 1.4% and a price to book value ratio of 70%. We have been adding dividend paying stocks to help build our yield. As you can see from the box scores below, we underperformed the benchmark R2000 for reasons to be explained in a moment.

2011 was the year of the yo-yo. Extraordinary volatility was driven by an array of well known concerns- sovereign debt woes, slowing worldwide economies, the waning influence of fiscal and monetary stimulus, stagnant home prices, persistent unemployment, and the sustainability of robust corporate profits to name a few. We expect the resulting volatility to continue and will use it to our advantage. On big down days we are typically buying quality names for the portfolio while big up days often allow us to reposition our holdings if necessary.

Turning to the markets and the small cap corner we work in, the first 6 months saw the benchmark R2000 advance 6.2%. The last 6 months saw a decline of 10% leading to a 2011 decline of 4.2%. While we are disappointed with the Fund's negative results, we take a longer term perspective of several years. This is generally how long we give a portfolio holding to blossom and make money. Very often the laggards of one year become the stars of the next. Many of our biggest winners over the years have been stocks that declined after we began buying but where we had the conviction to buy more at lower prices. Such a response is not automatic, of course. However, we do like to buy companies with solid management, sound finances and viable business models when they are on sale. Our outlook remains cautious.

Total Return	**2011**	**2010**	**2009**	**2008**	**2007**
Pinnacle Value Fund	(4.9)%	13.5%	12.7%	(16.9)%	15.4%
Russell 2000	(4.2)	26.9	27.1	(33.8)	(1.5)
S&P 500	2.1%	15.1%	26.5%	(37.0)%	(5.6)%

(All returns include dividend reinvestment. Past performance does not guarantee future results. Results do not reflect taxes payable on distributions or redemptions of shares held in taxable accounts.)

Portfolio Activity
Portfolio turnover was 34%. Of our five largest sales, acquisitions accounted for three: Electronics distributor Nu Horizons was acquired for cash resulting in a 310% realized gain; Wesco Financial was acquired by Berkshire Hathaway for cash resulting in a 38% realized gain; NOVT Corp. shares were sold via a tender offer for a 92% gain. We began acquiring each a few years ago. The remaining large sales were partial liquidations of Handy & Harman and Harbinger Group. Our patience with Handy was finally rewarded when positive changes implemented by operating management resulted in higher sales, income and cash flows. The shares rose accordingly and we exited most of our Handy shares for a realized gain of 153%. Despite its success, Handy remains a largely cyclical story and we did not wish to hang around should the world economy slow.

Harbinger Group was another story. In 2010, control of Harbinger was acquired by a hedge fund/private equity firm that promptly took several actions we objected to- dilutive private placement equity raises, a debt financed acquisition and questionable asset shuffling. Seeing this, we sold most of our position but still suffered a 23% loss. We used this and other losses to offset all of our realized gains.

Of our largest purchases, two were special situations in the financial arena. Wilshire Bank is a well capitalized Los Angeles based commercial bank catering to Korean Americans and the many independent businesses they operate. Preferred Bank is a well financed southern California based commercial bank catering to Chinese Americans and their many commercial ventures both here and abroad. Both banks got into trouble when lax credit standards led to poor real estate loans. Big loan loss provisions quickly followed leading to an erosion of equity and regulator involvement. Both banks were forced to raise common equity capital at terms we felt were attractive. We were able to acquire shares of both at a reasonable multiple of expected earnings power as did the insiders. In addition, both banks made significant management changes, reduced cost structures and significantly strengthened credit and underwriting standards. While neither is out of the woods yet, these actions are starting to bear fruit with each bank reporting solid profits in the most recent two quarters.

Winners vs. Sinners - 2011

Top contributors to Fund performance include the aforementioned NOVT Corp. and Wesco Financial which were subjects of a tender offer and acquisition bid, respectively. Conglomerate Regency Affiliates traded sideways for months before rising in the wake of better operating results. Likewise, Wilshire Bank and CSS Industries results improved leading to higher share prices.

Top detractors for the year resulted from price declines on some of our larger positions. While price declines are never fun, the impact was magnified since they affected our larger positions. In some cases we were able to take some profits ahead of time. Except for Harbinger, which has been sold, we have confidence in all of these positions. We are willing to suffer short term quotational risks if we believe the long term prospects remain attractive. MVC Capital and Capital Southwest are conservatively run private equity funds with a history of delivering above average, if chunky investment returns. Flexsteel is a solidly profitable well run furniture maker that, like its peers, is suffering from a housing downturn that will eventually run its course. First Acceptance is a non-standard personal auto insurer where business is being hurt by high unemployment causing customers to drive less and take lower policy coverages. However, the controlling shareholder is getting impatient- he recently replaced the CEO and increased his ownership substantially to 45%. Stay tuned.

By now you should have received your year end statement. <u>Since there was no distribution of net gains or investment income in 2011, you will not receive a Form 1099-DIV for 2011</u>. As always, should you have any questions about your account or the Fund, don't hesitate to call or write.

Thanks for your continued confidence in our work.

John E. Deysher
President & Portfolio Manager
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Pinnacle Value Fund
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TOP 10 POSITIONS		**% net assets**
1. First Acceptance Corp.		3.8
2. Hallmark Financial		3.7
3. Wilshire Bank		3.7
4. Montpelier Re		3.6
5. MVC Capital		3.5
6. Asta Funding		3.1
7. Capital Southwest		2.9
8. Preferred Bank		2.7
9. Flexsteel Industries		2.1
10. SWK Holdings		2.0
	Total	**31.1%**

2011 TOP 5 WINNERS (realized & unrealized gains)		
1. NOVT Corp.		$254,900
2. Regency Affiliates		140,700
3. Wilshire Bank		110,800
4. CSS Industries		100,800
5. Wesco Financial		97,300
	Total	$704,500

2011 TOP 5 SINNERS (realized & unrealized losses)		
1. First Acceptance Corp.		$620,400
2. MVC Capital		405,400
3. Flexsteel Industries		354,200
4. Harbinger Group		309,700
5. Capital Southwest		305,100
	Total	$1,994,800

SECURITY CLASSIFICATIONS		
Government Money Market Fund		42.5%
Insurance		16.6
Financial Services		15.2
Banks & Thrifts		7.9
Consumer Goods & Services		4.8
Closed End & Exchange Traded Funds		4.7
Industrial Goods & Services		3.5
Conglomerate		2.3
Real Estate Investment Trusts		2.5
	Total	100%

Schedule of Investments
December 31, 2011

Shares/Principal Amount		Basis	Market Value	% of Assets
COMMON STOCKS				
Banks & Thrfifts				
93,800	Anchor Bancorp *	$ 720,836	$ 581,560	
1,600	BBCN Bancorp, Inc. *	12,535	15,120	
169,304	Preferred Bank *	1,275,733	1,261,315	
13,700	Suffolk Bancorp	112,764	147,823	
480,907	Wilshire Bancorp *	1,485,764	1,745,692	
		3,607,632	3,751,510	7.87%
Conglomerate				
13,812	Handy & Harman Ltd. *	16,629	136,739	
30,408	Harbinger Group, Inc. *	175,086	121,936	
142,049	Regency Affiliates, Inc. *	750,235	852,294	
		941,950	1,110,969	2.33%
Electronic Connectors				
100	Methode Electronics, Inc.	972	829	0.00%
Fabricated Metal Products				
114,100	Hardinge, Inc.	430,958	918,505	
12,150	Keystone Consol Industries, Inc. *	95,170	85,050	
		526,128	1,003,555	2.11%
Financial Services				
185,187	Asta Funding, Inc.	261,637	1,477,792	
330,845	BKF Capital Group, Inc. *	1,200,242	367,238	
512,840	Cadus Corp. *	828,076	692,334	
17,100	Capital Southwest Corp.	1,275,408	1,394,505	
285,670	CoSine Communications, Inc. *	697,284	557,057	
117,200	Kent Financial Services, Inc. *	265,452	134,780	
143,437	MVC Capital, Inc.	1,254,961	1,662,435	
1,141,027	SWK Holdings Corp. *	970,970	935,642	
		6,754,030	7,221,783	15.16%
Furniture & Fixtures				
7,500	Hooker Furniture	64,824	86,025	
72,253	Flexsteel Industries, Inc.	437,013	999,982	
176,452	Stanley Furniture Company, Inc. *	539,140	527,591	
		1,040,977	1,613,598	3.39%
Greeting Cards & Giftwrap				
39,600	CSS Industries, Inc.	640,739	788,832	1.66%
Insurance				
29,848	EMC Insurance Group	546,920	613,973	
1,314,313	First Acceptance Corp. *	2,949,903	1,787,466	
250,724	Hallmark Financial Services, Inc. *	1,640,612	1,752,561	
24,400	Independence Holding Co.	116,279	198,372	
97,400	Montpelier Re Holdings Ltd.	1,301,861	1,728,850	
3,284	National Security Group, Inc.	26,433	28,735	
900	Navigators Group, Inc. *	33,483	42,912	
98,800	Old Republic International Corp.	776,339	915,876	
109,089	Seabright Holdings, Inc.	700,444	834,531	
		8,092,274	7,903,276	16.59%
Publishing-Books				
1,200	Courier Corp.	8,552	14,076	0.03%
Railroad Equipment				
100	FreightCar America, Inc. *	1,912	2,095	0.00%
Retail-Variety Stores				
1,600	Duckwall-ALCO Stores, Inc. *	14,417	13,328	0.03%

* Non-Income producing securities

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

Schedule of Investments
December 31, 2011

Shares/Principal Amount		Basis	Market Value	0% of Assets
Test & Measurement				
50,200	Electro Sensors, Inc.	199,619	197,060	
27,600	Perceptron, Inc. *	74,895	131,376	
		274,514	328,436	0.69%
Security Services				
1,627,683	Sielox, Inc. *	554,777	91,150	0.19%
Educational Services				
70,201	Ambassador Group, Inc.	297,108	316,607	0.66%
Real Estate Investment Trusts				
30,700	American Land Lease, Inc. PFD 7.75% Series A	644,555	667,725	
35,200	Getty Realty Corp.	499,049	491,040	
531	USA Real Estate Investors Trust *	173,832	34,515	
		1,317,436	1,193,280	2.50%
Trucking				
69,153	P.A.M. Transportation Services, Inc. *	306,797	656,954	1.38%
Total for Common Stock		$ 24,380,215	$ 26,010,278	54.60%
Closed-End & Exchange Traded Funds				
3,200	Central Europe & Russia Fund, Inc.	38,575	91,360	
94,900	Guggenheim Solar	249,221	234,403	
81,680	Japan Smaller Capitalization Fund, Inc.	545,854	586,462	
34,259	Petroleum & Resources Corp.	595,316	838,660	
3,680	ProShares UltraShort Russell 2000 Growth	174,965	130,235	
2,850	ProShares UltraShort Technology	261,416	145,521	
9,300	Singapore Fund, Inc.	57,195	101,463	
8,900	Turkish Investment Fund, Inc.	37,943	98,434	
Total for Closed-End & Exchange Traded Funds		$ 1,960,485	$ 2,226,538	4.67%
SHORT TERM INVESTMENTS				
Money Market Fund				
20,268,590	First American Government Obligation Fund Class Z 0.00% **	20,268,590	20,268,590	42.55%
Total for Short Term Investments		$ 20,268,590	$ 20,268,590	42.55%
	Total Investments	$ 46,609,290	$ 48,505,406	101.82%
	Liabilities in excess of other Assets		(865,876)	-1.82%
	Net Assets		$ 47,639,530	100.00%

* Non-Income producing securities
**Variable rate security, the money market shown represents the yield at December 31, 2011.

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

Statement of Assets and Liabilities

December 31, 2011

Assets:	
Investment Securities at Market Value	$ 48,505,406
(Identified Cost $46,609,290)	
Receivables:	
Shareholder Subscriptions	6,971
Dividends and Interest	65,499
Prepaid Expenses	4,200
Total Assets	48,582,076
Liabilities:	
Payable to Advisor	758,287
Securities Purchased	58,379
Due to Custodian	56,137
Shareholder Redemptions	51,373
Accrued Expenses	18,370
Total Liabilities	942,546
Net Assets	$ 47,639,530
Net Assets Consist of:	
Paid-In Capital	$ 45,541,079
Accumulated Realized Gain on Investments - Net	202,335
Unrealized Appreciation in Value of Investments Based on Identified Cost - Net	1,896,116
Net Assets	$ 47,639,530
Net Asset Value and Redemption Price	
Per Share ($47,639,530/3,429,941 shares outstanding), no par value, unlimited shares authorized	$ 13.89

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

Statement of Operations

For the Year Ended December 31, 2011

Investment Income:	
Dividends	$ 313,758
Interest	714
Total Investment Income	314,472
Expenses:	
Investment Advisor Fees (Note 3)	709,037
Transfer Agent & Fund Accounting Fees	47,036
Insurance Fees	21,799
Custodial Fees	13,397
Audit Fees	15,437
Registration Fees	16,747
Trustee Fees	10,317
Legal Fees	318
Miscellaneous Fees	3,661
Printing & Mailing Fees	4,777
Total Expenses	842,526
Expense Reimbursement (Note 3)	(8,708)
Net Expenses	833,818
Net Investment Loss	(519,346)
Realized and Unrealized Gain (Loss) on Investments:	
Net Realized Gain on Investments	472,127
Capital Gain Distributions - Regulated Investment Cos.	63,909
Change in Unrealized Appreciation (Depreciation) on Investments	(2,807,778)
Net Realized and Unrealized Loss on Investments	(2,271,742)
Net Decrease in Net Assets from Operations	$ (2,791,088)

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

Statement of Changes in Net Assets

	Year Ended 12/31/2011	Year Ended 12/31/2010
From Operations:		
Net Investment Loss	$ (519,346)	$ (564,629)
Net Realized Gain on Investments	472,127	13,795
Capital Gain Distribtion - Regulated Investment Cos.	63,909	
Net Unrealized Appreciation (Depreciation)	(2,807,778)	8,356,684
Increase (Decrease) in Net Assets from Operations	(2,791,088)	7,805,850
From Distributions to Shareholders:		
Net Investment Income	-	-
Net Realized Gain from Security Transactions	-	-
Return of Capital	-	-
	-	-
From Capital Share Transactions:[a]		
Proceeds From Sale of Shares	11,074,982	10,050,985
Cost of Shares Redeemed	(25,119,765)	(13,176,424)
Net Decrease from Shareholder Activity	(14,044,783)	(3,125,439)
Net Increase (Decrease) in Net Assets	(16,835,871)	4,680,411
Net Assets at Beginning of Period	64,475,401	59,794,990
Net Assets at End of Period[b]	$ 47,639,530	$ 64,475,401
Share Transactions:		
Issued	763,925	733,182
Redeemed	(1,746,369)	(965,363)
Net increase in shares	(982,444)	(232,181)
Shares outstanding beginning of Period	4,412,385	4,644,566
Shares outstanding end of Period	3,429,941	4,412,385

[a] Net of Redemption Fees of $9,668 for December 31, 2011, and $9,064 for December 31, 2010.

[b] Includes undistributed net investment income of $0 at December 31, 2011 and $0 at December 31, 2010

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

Financial Highlights

Selected data for a share outstanding throughout the period.

	Year Ended 12/31/2011	Year Ended 12/31/2010	Year Ended 12/31/2009	Year Ended 12/31/2008	Year Ended 12/31/2007
Net Asset Value - Beginning of Period	$ 14.61	$ 12.87	$ 11.45	$ 15.57	$ 13.80
Net Investment Income (Loss) *	(0.13)	(0.12)	(0.04)	0.15	0.23
Net Gains or Losses on Securities (realized and unrealized)	(0.59)	1.86	1.49	(2.80)	1.90
Total from Investment Operations	(0.72)	1.74	1.45	(2.65)	2.13
Distributions from Net Investment Income	-	-	-	(0.14)	(0.17)
Distributions from Capital Gains	-	-	(0.03)	(1.33)	(0.19)
Distributions from Return of Capital	-	-	-	-	-
	-	-	(0.03)	(1.47)	(0.36)
Paid-in Capital from Redemption Fees (Note 2) [a]	-	-	-	-	-
Net Asset Value - End of Period	$ 13.89	$ 14.61	$ 12.87	$ 11.45	$ 15.57
Total Return	(4.93)%	13.52 %	12.71 %	(16.87)%	15.43 %
Ratios/Supplemental Data					
Net Assets - End of Period (Thousands)	$ 47,640	$ 64,475	$ 59,795	$ 57,365	$ 64,209
Before Reimbursement					
Ratio of Expenses to Average Net Assets	1.48%	1.47%	1.47%	1.44%	1.49%
Ratio of Net Income (Loss) to Average Net Assets	(0.93)%	(0.91)%	(0.35)%	1.12%	1.53%
After Reimbursement					
Ratio of Expenses to Average Net Assets	1.48%	1.47%	1.49%	1.49%	1.49%
Ratio of Net Income (Loss) to Average Net Assets	(0.91)%	(0.91)%	(0.37)%	1.06%	1.53%
Portfolio Turnover Rate	34.11%	5.46%	63.12%	66.37%	27.11%

* Per share net investment Income (loss) determined on average shares outstanding during year.

[a] Less than $0.01 per share

Notes to Financial Statements

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 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 last quoted sale price. Lacking a last sale price, a security is valued at last bid price except when, in Adviser’s opinion, the last bid price does not accurately reflect the security’s current value. 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, such securities are valued as determined in good faith by Adviser, according to guidelines adopted by and subject to review by the Board of Trustees.

Fixed income securities 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. A pricing service uses electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading lots 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 at fair value determined in good faith by Adviser, subject to review of the Board of Trustees. Short term fixed income securities with maturities of less than 60 days when acquired, or which are within 60 days of maturity, are valued by using the amortized cost method.

The Trust has performed an analysis of all existing investments to determine the significance and character of all inputs to their fair value determination. Various inputs are used in determining the value of each investment which are summarized in the following three broad levels:

Level 1 – quoted prices in active markets for identical securities
Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves & similar data.)
Level 3 – significant unobservable inputs (including the Fund’s own assumptions in determining fair value which may require a high degree of judgement)

The availability of observable inputs may vary by security and is affected by a wide variety of factors including type of security, liquidity and other characteristics unique to the security. If valuation is based on inputs that are less observable or unobservable in the market, determination of fair value requires more judgment. Thus, the degree of judgment exercised in determining fair value is greatest for Level 3 investments. Inputs used in valuing securities are not indicative of associated risks. The below table summarizes the inputs used at December 31 2011:

	Level 1	Level 2	Level 3	Total
Equity*	$27,384,522	852,294	0	$28,236,816
Money Market Funds	20,268,590	0	0	20,268,590
Investments at Value	$47,653,112	852,294	0	$48,505,406

* See Schedule of Investments for industry breakout.

The Fund has adopted the financial accounting reporting rules required by the Derivatives and Hedging Topic of FASB Accounting Standards Codification (FASB ASC). The Fund is required to include enhanced disclosure that enables investors to understand how and why a fund uses derivatives, how they are accounted for and how they affect a fund’s results. For year end December 31, 2011, the Fund held no derivative instruments.

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 certificates of deposit. 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. At December 31, 2011 the Fund invested approximately 43% of net assets in the First American Government Obligations Money Market Fund which normally invests 100% of assets in Government and Agency securities with an objective of maximum current income consistent with capital preservation and maintenance of liquidity. Financial statements of this money market fund are available at www.sec.gov.

SECURITY TRANSACTIONS AND INVESTMENT INCOME:
The Fund 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 Fund's policy is to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and distribute all taxable income to its shareholders. 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. All short term capital gain distributions are ordinary income distributions for tax purposes.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more-likely-than-not" to be sustained upon examination by tax authority. Management has analyzed the Fund's tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on the prior three year returns or expected to be taken on the Fund's 2011 tax return. The Fund is not aware of any tax position for which it is reasonably possible that the total amount or unrecognized tax benefits will change materially in the next 12 months.

GAAP requires that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended December 31, 2011, the Fund decreased paid-in capital by $519,346 and decreased net investment loss by $519,346.

ESTIMATES:
Preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Fund imposes a redemption fee of 1.00% on shares redeemed within one year of purchase. The fee is assessed on an amount equal to the Net Asset Value of the shares at the time of redemption and is deducted from proceeds otherwise payable to the shareholder. For the year ended December 31, 2011, $9,668 of redemption fees were returned to the Fund through shareholder redemptions.

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 year ended December 31, 2011, Adviser earned $709,037 in fees.

A Fund officer and trustee is also an officer and trustee of the Adviser. Advisory Agreement provides for expense reimbursement from the Adviser if Fund total expenses, exclusive of taxes, interest on borrowings, dividends on securities sold short, brokerage commissions and extraordinary expenses exceed 1.49% average daily net assets through Dec. 31, 2011. For the year ended December 31, 2011, the Adviser reimbursed the Fund $8,708.

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 three year period if payment of such expenses does not cause the Fund to exceed the expense limitation.

4.) PURCHASES AND SALES OF SECURITIES

For the year ended December 31, 2011, purchases and sales of investment securities other than U.S. Government obligations/short-term investments totaled $10,166,131 and $12,727,944, respectively.

Fund may purchase put and call options. Put options are purchased to hedge against a decline in value of Fund securities. If such a decline occurs, put options permit 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 transaction costs will reduce the benefit, if any, realized upon option exercise and unless price of the underlying security rises or declines sufficiently, option may expire worthless. In addition, in event price of security in connection with option was purchased moves in a direction favorable to Fund, benefits realized as result of such favorable movement will be reduced by premium paid for option and related transaction costs.

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 after Oct. 31. Differences between book basis and tax basis unrealized appreciation/(depreciation) are attributable to tax deferral of losses.

The tax nature of distributions paid during year end Dec 31, 2011 and year end Dec 31, 2010 are:

	2011	2010
Net Investment Income	$ 0	$ 0
Long Term Capital Gain	$ 0	$ 0

At Dec. 31, 2011, the components of accumulated earnings/(losses) on a tax basis were as follows:

Costs of investments for federal income tax purposes	$46,650,053
Gross tax unrealized appreciation	$ 5,311,463
Gross tax unrealized depreciation	(3,456,110)
Net tax unrealized appreciation	1,855,353
Accumulated realized gain on investments –net	243,098
Accumulated Gain	$ 2,098,451

6.) SUBSEQUENT EVENTS

Management has evaluated Fund related events and transactions occurring subsequent to yearend. There were no events or transactions that occurred during this period that materially impacted the Fund’s financial statements.

7.) NEW ACCOUNTING PRONOUNCEMENT

In May 2011 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (“ASU”) 2011-04 “Fair Value Measurement (Topic 820): Amendments to Achieve Fair Value Measurement and Disclosure Requirements in US GAAP and International Financial Reporting Standards (“IFRS”). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 will require reporting entities to disclose additional information for fair value measurements categorized within Level 3 of the fair value hierarchy. In addition, ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for all transfers in and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011. Advisor is currently evaluating the impact ASU No. 2011-04 will have on the financial statements.

In December 2011, FASB issued ASU 2011-11 related to disclosures about offsetting assets and liabilities. Amendments in this ASU require an entity to disclose information about offsetting and related arrangements to enable financial statement users to understand the effect of those arrangements on its financial position. The ASU is effective for annual reporting periods beginning on or after Jan. 1, 2013 and interim periods within those annual periods. The guidance requires retrospective application for all comparative periods presented. Advisor is currently evaluating the potential impact of ASU 2011-11.

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 ("Trust"), including the schedule of investments, as of December 31, 2011, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended December 31, 2011. These financial statements and financial highlights are the responsibility of the Trust'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 audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2011, by correspondence with the custodian and brokers. 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, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP
Philadelphia, Pennsylvania
February 20, 2012

PROXY VOTING (Unaudited)

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted those proxies during the most recent 12 month period ended June 30, are available without charge upon request by calling 877-369-3705 or visiting www.pinnaclevaluefund.com or www.sec.gov.

QUARTERLY PORTFOLIO HOLDINGS (unaudited)

Fund files a complete schedule of investments with the SEC for the first and third quarter of each fiscal year on Form N-Q. Fund's first and third fiscal quarters end on March 31 and Sept. 30. Form N-Q filing must be made within 60 days of the end of the quarter, and Fund's first Form N-Q was filed with the SEC on Nov. 29, 2004. Fund Form N-Qs are available at 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 the operation of the Public Reference Room). You may also obtain copies by calling the Fund at 1-877-369-3705.

SUPPLEMENTAL INFORMATION

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 (56)	Trustee	Unlimited Since Inception	President, Secretary, Treasurer Pinnacle Value Fund	None
Independent Trustees				
Edward P. Breau, CFA (79)	Trustee	Unlimited Since Inception	Private Investor	None
Richard M. Connelly (56)	Trustee	Unlimited Since Inception	Counsel, Chief Compliance Officer JG Wentworth (finance)	None
James W. Denney (46)	Trustee	Unlimited Since Inception	President, Mohawk Asset Management	Director Electric City

TRUSTEES AND SERVICE PROVIDERS

Trustees: Edward P. Breau, Richard M. Connelly, James W. Denney, John E. Deysher

Transfer Agent: Mutual Shareholder Services, 8000 Town Centre Dr- 400, Broadview Heights, OH 44147

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

Independent Registered Public Accounting Firm: Tait, Weller & Baker LLP, 1818 Market St,- 2400, Philadelphia PA 19103

Expense Example (Unaudited)

As a shareholder of the Pinnacle Value Fund, you incur one type of cost: 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. 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, 2011 through December 31, 2011.

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 entitled "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** July 1, 2011	**Ending Account Value** December 31, 2011	**Expenses Paid During the Period*** July 1, 2011 to December 31, 2011
Actual	$1,000.00	$950.72	$7.28
Hypothetical (5% Annual Return before expenses)	$1,000.00	$1,017.74	$7.53

* Expenses are equal to the Fund's annualized expense ratio of 1.48%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

AVERAGE ANNUAL RATE OF RETURN (%) FOR PERIOD ENDED DEC. 31, 2011

	1 Year	3 Year	5 Year	Since Inception
Pinnacle Value Fund	(4.93)%	6.75%	3.14%	7.93%
Russell 2000 Index	(4.18)%	15.62%	0.15%	9.29%

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 and assumes reinvestment of all dividends and other distributions. Performance figures represent past performance which is not predictive of future performance. 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.