

**THE BERKSHIRE FUNDS
SEMI-ANNUAL REPORT**

June 30, 2012

**Berkshire
Funds**

BERKSHIRE FOCUS FUND (BFOCX)

This report is provided for the general information of the Berkshire Funds shareholders. It is not authorized for distribution unless preceded or accompanied by an effective Prospectus, which contains more complete information about the Berkshire Funds. Please read it carefully before you invest.

In recent years, returns have sustained significant gains and losses due to market volatility in the technology sector. Due to market volatility, current performance may be lower than the figures shown. Call 1-877-526-0707 or visit berkshirefunds.com for more current performance information. Past performance is no guarantee of future results and investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Total return includes reinvestment of dividends and capital gain distributions.

The Dow Jones Industrial Average is a measurement of general market price movement for 30 widely-held stocks primarily listed on the New York Stock Exchange. The S&P 500® Index is a registered trademark of Standard & Poor's Corporation and is a market-weighted index of common stock prices for 500 large U.S. companies. The Nasdaq Composite Index is a capitalization-weighted index of over 5,000 common stocks listed on the Nasdaq Stock Market. Each index represents an unmanaged, broad-based basket of stocks. These indices are typically used as benchmarks for overall market performance.

Portfolio composition is subject to change at any time and references to specific securities, industries and sectors are not recommendations to purchase or sell any particular security.

FUND OVERVIEW – BERKSHIRE FOCUS FUND

JUNE 30, 2012 (UNAUDITED)

PERFORMANCE COMPARISON (AVERAGE ANNUAL TOTAL RETURNS AS OF 6/30/12)

	YTD ⁽¹⁾	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION ⁽²⁾
BERKSHIRE FOCUS FUND	22.02%	6.35%	28.44%	11.08%	10.10%	2.95%
DOW JONES INDUSTRIAL AVERAGE	6.83%	6.63%	18.23%	2.00%	6.00%	5.86%
S&P 500 [®] INDEX	9.49%	5.45%	16.39%	0.22%	5.32%	4.77%
NASDAQ COMPOSITE INDEX	13.32%	7.06%	18.18%	3.46%	8.08%	5.53%

NET ASSETS

6/30/12 \$51.04 MILLION

NET ASSET VALUE

NET ASSET VALUE PER SHARE \$14.24

TOP TEN STOCK HOLDINGS⁽³⁾

APPLE, INC.	23.68%
WHOLE FOODS MARKET, INC.	6.82%
AMAZON.COM, INC.	6.48%
SALESFORCE.COM, INC.	6.01%
RED HAT, INC.	5.19%
LINKEDIN CORP.	4.83%
DOLLAR GENERAL CORP.	4.79%
ALEXION PHARMACEUTICALS, INC.	4.61%
PRICELINE.COM, INC.	4.44%
SOLARWINDS, INC.	4.28%

GROWTH OF \$10,000⁽⁴⁾



SECTOR ALLOCATION⁽⁵⁾

INTERNET SOFTWARE & SERVICES	26.02%
COMPUTER HARDWARE	23.68%
SOFTWARE	9.47%
RETAIL	8.86%
EXCHANGE TRADED FUNDS	8.35%
GROCERY STORES	7.82%
APPAREL CLOTHING	6.97%
BIOTECHNOLOGY	4.61%
MEDICAL EQUIPMENT	2.85%
COMMUNICATIONS EQUIPMENT	1.00%
BEVERAGES	0.00%
RESTAURANTS	0.00%

(1) NOT ANNUALIZED FOR PERIODS OF LESS THAN ONE FULL YEAR.

(2) THE FUND'S INCEPTION DATE WAS JULY 1, 1997.

(3) STATED AS A PERCENTAGE OF TOTAL NET ASSETS AS OF 6/30/12. THE HOLDINGS INFORMATION PROVIDED SHOULD NOT BE CONSTRUED AS A RECOMMENDATION TO PURCHASE OR SELL A PARTICULAR SECURITY AND MAY NOT BE REPRESENTATIVE OF THE FUND'S CURRENT OR FUTURE INVESTMENTS.

(4) THIS CHART ASSUMES AN INITIAL INVESTMENT OF \$10,000 MADE ON JULY 1, 1997 (INCEPTION). PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO THAT SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. ALL RETURNS REFLECT REINVESTED DIVIDENDS BUT DO NOT REFLECT THE IMPACT OF TAXES.

(5) STATED AS A PERCENTAGE OF TOTAL NET ASSETS AS OF 6/30/12. THE HOLDINGS BY SECTOR ARE PRESENTED TO ILLUSTRATE EXAMPLES OF THE SECTORS IN WHICH THE FUND HAS BOUGHT SECURITIES AND MAY NOT BE REPRESENTATIVE OF THE FUND'S CURRENT OR FUTURE INVESTMENTS.

THIS FUND CONCENTRATES ITS INVESTMENTS IN THE TECHNOLOGY INDUSTRY. AS A RESULT, THE FUND IS SUBJECT TO GREATER RISK THAN MORE DIVERSIFIED FUNDS BECAUSE OF ITS CONCENTRATION OF INVESTMENTS IN FEWER COMPANIES AND CERTAIN SEGMENTS OF A SINGLE INDUSTRY.

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BERKSHIRE FOCUS FUND
PERFORMANCE AND PORTFOLIO DISCUSSION
6/30/2012

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LETTER TO THE SHAREHOLDERS



Dear Fellow Shareholders,

For the six-month period ended June 30, 2012, the Berkshire Focus Fund outperformed its primary benchmark index. The Fund generated a total return of +22.02% while the S&P 500® Index – which we consider to be the Fund’s primary benchmark index – had a total return of +9.49% over the same period. For comparative purposes, the Dow Jones Industrial Average posted a return of +6.83% and the Nasdaq Composite Index generated a return of +13.32% during the first half of the year. Please see the Fund Overview section and the accompanying financial statements for more detailed information about the Fund’s longer-term performance. All return data includes reinvested dividends but do not reflect the impact of taxes.

Signs of improvement in the U.S. economy, albeit at a slow pace, diminished investor concern over the European Union’s banking and sovereign debt crisis, an accommodative Federal Reserve and robust corporate earnings reports underpinned the U.S. equity market’s strongest start to the year in more than a decade. In the U.S., both nonfarm payrolls and consumer confidence increased, while consumer spending accelerated – supporting a bullish view of the equity markets. In addition, U.S. equity market gains during the period were propelled further by a sense that substantial progress had been made toward containing Europe’s sovereign debt problems – and that the risk of further escalation into a global financial crisis had subsided. Meanwhile, the Federal Reserve continued its “Operation Twist” program and signaled its commitment to maintaining low interest rates through 2014, representing an extension of the planned window of accommodative interest rate policy. Finally, on March 19th, Apple announced plans to initiate a dividend and share repurchase program in what was widely viewed as a shareholder-friendly move which echoed companies’ strong corporate earnings reports and confidence in their outlooks for the first quarter.

Turning to the second quarter, stock markets stumbled out of the gate as investors were unable to shake-off persistent worries about the sustainability of U.S. economic growth and a possible protraction of the European sovereign debt crisis. U.S. gross domestic product, the value of all goods and services produced, downshifted to an anemic 1.7% annualized rate of growth from April through June as Americans cut back sharply on spending. In Europe, investor concerns intensified again after Greece was unable to elect a new government – resulting in the markets assigning a higher probability of Greece exiting the euro-currency. Negative investor sentiment was further aggravated by an amalgam of other developments during the period – including news that J.P. Morgan had discovered \$2 billion in trading losses in its synthetic credit portfolio, the failure of Facebook’s highly anticipated IPO, and signs of slowing Chinese economic growth. Against this backdrop, equity markets rebounded in June to finish the first half of the year higher.

Looking at the portfolio, some of the Fund’s biggest percentage gainers year-to-date were in Apple (AAPL), Amazon.com (AMZN), LinkedIn (LNKD), Priceline.com (PCLN) and Salesforce.com (CRM). Other contributors to the Fund’s results were SolarWinds (SWI), Under Armour (UA), Whole Foods (WFM) and Ulta Salon (ULTA). Detracting from the Fund during the period were F5 Networks (FFIV) and Google (GOOG). Some new additions to the portfolio during the first half included Alexion Pharmaceuticals (ALXN), Dollar General (DG), Michael Kors (KORS) and Red Hat (RHT).

As always, we thank you for your confidence and continued investment in the Berkshire Focus Fund.

A handwritten signature in blue ink, appearing to read "M. R. Fobes III".

Malcolm R. Fobes III
Chairman and Chief Investment Officer

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FINANCIAL STATEMENTS
(UNAUDITED)
6/30/2012

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PORTFOLIO OF INVESTMENTS – BERKSHIRE FOCUS FUND

JUNE 30, 2012 (UNAUDITED)

SHARES		VALUE
	COMMON STOCKS – 91.28%	
	(COST \$45,870,750)	\$ 46,584,521
	APPAREL CLOTHING – 6.97%	3,555,893
42,970	MICHAEL KORS HOLDINGS LTD*	1,797,865
5	RALPH LAUREN CORP.	700
18,600	UNDER ARMOUR, INC. (CLASS A)*	1,757,328
	BEVERAGES – 0.00%	267
5	STARBUCKS CORP.	267
	BIOTECHNOLOGY – 4.61%	2,350,927
23,675	ALEXION PHARMACEUTICALS, INC.*	2,350,927
	COMMUNICATIONS EQUIPMENT – 1.00%	510,586
9,170	QUALCOMM, INC.	510,586
	COMPUTER HARDWARE – 23.68%	12,082,960
20,690	APPLE, INC.*	12,082,960
	GROCERY STORES – 7.82%	3,990,095
9,500	THE FRESH MARKET, INC.*	509,485
36,515	WHOLE FOODS MARKET, INC.	3,480,610
	INTERNET SOFTWARE & SERVICES – 26.02%	13,280,476
14,475	AMAZON.COM, INC.*	3,305,366
5	BAIDU, INC. – ADR*	575
11,610	EBAY, INC.*	487,736
5,100	FACEBOOK, INC. (CLASS A)*	158,584
5	GOOGLE, INC. (CLASS A)*	2,900
23,220	LINKEDIN CORP.*	2,467,589
3,410	PRICELINE.COM, INC.*	2,266,013
5	RACKSPACE HOSTING, INC.*	220
22,195	SALESFORCE.COM, INC.*	3,068,681
34,075	TRIPADVISOR, INC.*	1,522,812
	MEDICAL EQUIPMENT – 2.85%	1,453,699
2,625	INTUITIVE SURGICAL, INC.*	1,453,699
	RESTAURANTS – 0.00%	1,900
5	CHIPOTLE MEXICAN GRILL, INC. (CLASS A)*	1,900
	RETAIL – 8.86%	4,523,936
44,950	DOLLAR GENERAL CORP.*	2,444,830
22,265	ULTA SALON, COSMETICS & FRAGRANCE, INC.*	2,079,106
	SOFTWARE – 9.47%	4,833,782
5	CITRIX SYSTEMS, INC.*	839
5	F5 NETWORKS, INC.*	498
10	NETSUITE, INC.*	548
46,885	REDHAT, INC.*	2,648,065
50,120	SOLARWINDS, INC.*	2,183,227
5	TIBCO SOFTWARE, INC.*	150
5	VMWARE, INC. (CLASS A)*	455
	EXCHANGE TRADED FUNDS – 8.35%	4,260,209
34,440	(COST \$4,516,969) POWERSHARES QQQ	2,209,670
35,515	PROSHARES ULTRA QQQ	2,050,539
	TOTAL INVESTMENT SECURITIES – 99.63%	50,844,730
	(COST \$50,387,719)	
	OTHER ASSETS IN EXCESS OF LIABILITIES – 0.37%	191,255
	NET ASSETS – 100.00%	\$ 51,035,985
	EQUIVALENT TO \$14.24 PER SHARE	

*NON-INCOME PRODUCING

ADR – AMERICAN DEPOSITARY RECEIPT

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

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STATEMENT OF ASSETS AND LIABILITIES – BERKSHIRE FOCUS FUND
 JUNE 30, 2012 (UNAUDITED)

ASSETS	
INVESTMENT SECURITIES:	
AT COST	\$ 50,387,719
AT VALUE	\$ 50,844,730
CASH	379,844
RECEIVABLE FOR SECURITIES SOLD	9,679,130
RECEIVABLE FOR CAPITAL SHARES SOLD	82,088
DIVIDENDS AND INTEREST RECEIVABLE	4,749
TOTAL ASSETS	60,990,541
LIABILITIES	
PAYABLE FOR SECURITIES PURCHASED	9,831,726
PAYABLE FOR CAPITAL SHARES REDEEMED	43,838
PAYABLE TO AFFILIATE (NOTE 5)	78,979
ACCRUED EXPENSES	13
TOTAL LIABILITIES	9,954,556
NET ASSETS	\$ 51,035,985
NET ASSETS CONSIST OF:	
PAID IN CAPITAL	\$ 53,538,844
ACCUMULATED NET REALIZED LOSSES FROM SECURITY TRANSACTIONS	(2,959,870)
NET UNREALIZED APRECIATION ON INVESTMENTS	457,011
NET ASSETS	\$ 51,035,985
SHARES OF BENEFICIAL INTEREST ISSUED AND OUTSTANDING (UNLIMITED NUMBER OF SHARES AUTHORIZED, WITHOUT PAR VALUE)	3,585,159
NET ASSET VALUE AND OFFERING PRICE PER SHARE	\$ 14.24
MINIMUM REDEMPTION PRICE PER SHARE*	\$ 13.96

*THE FUND WILL IMPOSE A 2.00% REDEMPTION FEE ON SHARES REDEEMED WITHIN 90 CALENDAR DAYS OF PURCHASE.

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

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STATEMENT OF OPERATIONS – BERKSHIRE FOCUS FUND
 FOR THE SIX MONTHS ENDED JUNE 30, 2012 (UNAUDITED)

INVESTMENT INCOME	
DIVIDENDS	\$ 40,568
TOTAL INVESTMENT INCOME	40,568
EXPENSES	
INVESTMENT ADVISORY FEES (NOTE 5)	302,749
ADMINISTRATIVE FEES (NOTE 5)	100,913
INTEREST EXPENSE	260
TOTAL EXPENSES	403,922
NET INVESTMENT LOSS	(363,354)
REALIZED AND UNREALIZED GAINS ON INVESTMENTS	
NET REALIZED GAINS FROM SECURITY TRANSACTIONS	6,024,708
NET CHANGE IN UNREALIZED APPRECIATION/DEPRECIATION ON INVESTMENTS	608,709
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	6,633,417
NET INCREASE IN NET ASSETS FROM OPERATIONS	\$ 6,270,063

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

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STATEMENTS OF CHANGES IN NET ASSETS – BERKSHIRE FOCUS FUND
 FOR THE PERIODS ENDED JUNE 30, 2012 (UNAUDITED) AND DECEMBER 31, 2011

	SIX MONTHS ENDED 6/30/12	YEAR ENDED 12/31/11
FROM OPERATIONS:		
NET INVESTMENT LOSS	\$ (363,354)	\$ (734,992)
NET REALIZED GAINS (LOSSES) FROM SECURITY TRANSACTIONS	6,024,708	(2,485,403)
NET CHANGE IN UNREALIZED APPRECIATION/ DEPRECIATION ON INVESTMENTS	608,709	(767,314)
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	6,270,063	(3,987,709)
FROM CAPITAL SHARE TRANSACTIONS:		
PROCEEDS FROM SHARES SOLD	21,737,020	39,044,444
PROCEEDS FROM REDEMPTION FEES (NOTE 6)	16,486	199,386
PAYMENTS FOR SHARES REDEEMED	(7,178,455)	(35,627,726)
NET INCREASE IN NET ASSETS FROM CAPITAL SHARE TRANSACTIONS	14,575,051	3,616,104
TOTAL INCREASE (DECREASE) IN NET ASSETS	20,845,114	(371,605)
NET ASSETS:		
BEGINNING OF PERIOD	30,190,871	30,562,476
END OF PERIOD	\$ 51,035,985	\$ 30,190,871
CAPITAL SHARE ACTIVITY:		
SHARES SOLD	1,514,916	2,947,586
SHARES REDEEMED	(516,327)	(2,784,491)
NET INCREASE IN SHARES OUTSTANDING	998,589	163,095
SHARES OUTSTANDING, BEGINNING OF PERIOD	2,586,570	2,423,475
SHARES OUTSTANDING, END OF PERIOD	3,585,159	2,586,570

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

FINANCIAL HIGHLIGHTS – BERKSHIRE FOCUS FUND

SELECTED PER SHARE DATA AND RATIOS FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD

	SIX MONTHS ENDED 6/30/12 (UNAUDITED)	YEAR ENDED 12/31/11	YEAR ENDED 12/31/10	YEAR ENDED 12/31/09	YEAR ENDED 12/31/08	YEAR ENDED 12/31/07
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 11.67	\$ 12.61	\$ 8.66	\$ 4.71	\$ 11.03	\$ 7.93
INCOME FROM INVESTMENT OPERATIONS:						
NET INVESTMENT LOSS ^(A)	(0.10)	(0.28)	(0.14)	(0.09)	(0.16)	(0.15)
NET REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS	2.66	(0.73)	4.09	4.03	(6.17)	3.25
TOTAL FROM INVESTMENT OPERATIONS	2.56	(1.01)	3.95	3.94	(6.33)	3.10
PROCEEDS FROM REDEMPTION FEES	0.01	0.07	0.00 ^(B)	0.01	0.01	–
NET ASSET VALUE, END OF PERIOD	\$ 14.24	\$ 11.67	\$ 12.61	\$ 8.66	\$ 4.71	\$ 11.03
TOTAL RETURN^(C)	22.02% ^(Z)	(7.45%)	45.61%	83.86%	(57.30%)	39.09%
SUPPLEMENTAL DATA AND RATIOS:						
NET ASSETS AT END OF PERIOD (THOUSANDS)	\$ 51,036	\$ 30,191	\$ 30,562	\$ 18,819	\$ 7,404	\$ 21,525
RATIO OF EXPENSES TO AVERAGE NET ASSETS	2.00% ^{(I)(Y)}	2.00% ^(H)	2.00% ^(G)	2.00% ^(F)	2.00% ^(E)	2.00% ^(D)
RATIO OF NET INVESTMENT LOSS TO AVERAGE NET ASSETS	(1.80%) ^(V)	(1.88%)	(1.87%)	(1.50%)	(1.68%)	(1.94%)
PORTFOLIO TURNOVER RATE ^(X)	326.9% ^(Z)	796.3%	950.5%	833.0%	539.9%	446.6%

(A) NET INVESTMENT LOSS PER SHARE IS CALCULATED USING ENDING BALANCES PRIOR TO CONSIDERATION OR ADJUSTMENT FOR PERMANENT BOOK AND TAX DIFFERENCES.

(B) AMOUNT IS LESS THAN \$0.01 PER SHARE.

(C) TOTAL RETURN REPRESENTS THE RATE THAT THE INVESTOR WOULD HAVE EARNED OR (LOST) ON AN INVESTMENT IN THE FUND ASSUMING REINVESTMENT OF DIVIDENDS.

(D) FOR THE YEAR ENDED DECEMBER 31, 2007 THE RATIO OF EXPENSES TO AVERAGE NET ASSETS EXCLUDES INTEREST EXPENSE. THE RATIO INCLUDING INTEREST EXPENSE WOULD BE 2.01%.

(E) FOR THE YEAR ENDED DECEMBER 31, 2008 THE RATIO OF EXPENSES TO AVERAGE NET ASSETS EXCLUDES INTEREST EXPENSE. THE RATIO INCLUDING INTEREST EXPENSE WOULD BE 2.01%.

(F) FOR THE YEAR ENDED DECEMBER 31, 2009 THE RATIO OF EXPENSES TO AVERAGE NET ASSETS EXCLUDES INTEREST EXPENSE. THE RATIO INCLUDING INTEREST EXPENSE WOULD BE 2.00%.

(G) FOR THE YEAR ENDED DECEMBER 31, 2010 THE RATIO OF EXPENSES TO AVERAGE NET ASSETS EXCLUDES INTEREST EXPENSE. THE RATIO INCLUDING INTEREST EXPENSE WOULD BE 2.00%.

(H) FOR THE YEAR ENDED DECEMBER 31, 2011 THE RATIO OF EXPENSES TO AVERAGE NET ASSETS EXCLUDES INTEREST EXPENSE. THE RATIO INCLUDING INTEREST EXPENSE WOULD BE 2.01%.

(I) FOR THE SIX MONTHS ENDED JUNE 30, 2012 THE RATIO OF EXPENSES TO AVERAGE NET ASSETS EXCLUDES INTEREST EXPENSE. THE RATIO INCLUDING INTEREST EXPENSE WOULD BE 2.00%.

(X) PORTFOLIO TURNOVER IS GREATER THAN MOST FUNDS DUE TO THE INVESTMENT STYLE OF THE FUND.

(Y) ANNUALIZED FOR PERIODS OF LESS THAN ONE FULL YEAR.

(Z) NOT ANNUALIZED FOR PERIODS OF LESS THAN ONE FULL YEAR.

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 (UNAUDITED)

1. Organization

The Berkshire Focus Fund (the “Fund”) is a non-diversified series of The Berkshire Funds (the “Trust”), an open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Trust was organized as a Delaware business trust on November 25, 1996. The Fund commenced operations on July 1, 1997. The Fund’s investment objective is to seek long-term growth of capital primarily through investments in equity securities.

2. Significant Accounting Policies

The following is a summary of the Trust’s significant accounting policies:

Securities valuation — The Fund’s portfolio securities are valued as of the close of the regular session of trading on the New York Stock Exchange (the “NYSE”), normally 4:00 p.m., Eastern time. Securities which are traded on stock exchanges or are quoted by Nasdaq are valued at the last reported sale price as of the close of the regular session of trading on the NYSE, or, if not traded, at the most recent bid price. Securities which are traded in the over-the-counter market, and which are not quoted by Nasdaq, are valued at the most recent bid price, as obtained from one or more of the major market makers for such securities. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith in accordance with consistently applied procedures established by and under the general supervision of the Board of Trustees.

The Trust has adopted accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion of changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized in the three broad levels listed below:

Level 1 – quoted prices in active markets for identical investments.

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 (UNAUDITED)

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of June 30, 2012:

	Level 1	Level 2	Level 3	Total
<i>Common Stocks</i>				
Internet Software & Services	\$ 13,280,476	-	-	\$ 13,280,476
Computer Hardware	12,082,960	-	-	12,082,960
Software	4,833,782	-	-	4,833,782
Retail	4,523,936	-	-	4,523,936
Grocery Stores	3,990,095	-	-	3,990,095
Apparel Clothing	3,555,893	-	-	3,555,893
Biotechnology	2,350,927	-	-	2,350,927
Medical Equipment	1,453,699	-	-	1,453,699
Communications Equipment	510,586	-	-	510,586
Restaurants	1,900	-	-	1,900
Beverages	267	-	-	267
Total Common Stocks	46,584,521	-	-	46,584,521
<i>Exchange Traded Funds</i>	4,260,209	-	-	4,260,209
Total Investments	\$ 50,844,730	-	-	\$ 50,844,730

There were no transfers into or out of Level 1, Level 2 or Level 3 fair value measurements during the reporting period, as compared to their classification from the most recent annual report. It is the Fund's policy to consider transfers into or out of Level 1, Level 2 or Level 3 as of the end of the reporting period.

In May 2011, the FASB issued ASU No. 2011-04 "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements" in GAAP and the International Financial Reporting Standards ("IFRS"). ASU No. 2011-04 amends FASB ASC Topic 820, Fair Value Measurements and Disclosures, to establish common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and IFRS. ASU No. 2011-04 is effective for fiscal years beginning after December 15, 2011 and for interim periods within those fiscal years. The Fund has disclosed the applicable requirements of this accounting standard in its financial statements.

Investment income — Dividend income is recorded on the ex-dividend date. Interest income is accrued as earned.

Distributions to shareholders — Distributions to shareholders arising from net investment income and net realized capital gains, if any, are distributed at least once each year. Distributions to shareholders are recorded on the ex-dividend date. Dividends from net investment income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

Security transactions — Security transactions are accounted for on the trade date. Securities sold are determined on a specific identification basis.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 (UNAUDITED)

Estimates — The preparation of financial statements in conformity with GAAP 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 income and expenses during the reporting period. Actual results could differ from those estimates.

Federal income tax — The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code (the “Code”) necessary to qualify as a regulated investment company. As provided therein, in any fiscal year in which the Fund so qualifies and distributes at least 90% of its taxable net income, the Fund (but not the shareholders) will be relieved of federal income tax on the income distributed. Accordingly, no provision for income taxes has been made.

As of and during the year ended December 31, 2011 the Fund did not have a liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as other expense on the statement of operations. During the year, the Fund did not incur any tax-related interest or penalties. The Fund is not subject to examination by U.S. federal tax authorities for tax years before 2008.

In order to avoid imposition of the excise tax applicable to regulated investment companies, it is also the Fund’s intention to declare as dividends in each calendar year at least 98% of its net investment income and 98.2% of its net realized capital gains plus undistributed amounts from prior years.

Other — The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset value per share of the Fund.

3. Investment Transactions

Purchases and sales of investment securities (excluding short-term instruments) for the six months ended June 30, 2012 were \$146,324,228 and \$132,237,019, respectively. There were no purchases or sales of U.S. Government securities for the Fund.

4. Tax Information

As of December 31, 2011, the components of accumulated earnings (deficit) on a tax basis were as follows:

Federal income tax cost	\$ 31,026,265
Gross unrealized appreciation	\$ 778,126
Gross unrealized depreciation	(1,680,286)
Net unrealized depreciation	(902,160)
Undistributed ordinary income	-
Accumulated losses	(8,234,116)
Total accumulated losses	\$ (9,136,276)

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 (UNAUDITED)

The cost basis of investments for tax and financial reporting purposes differs primarily due to the deferral of capital losses from wash sales.

There were no distributions paid during the six months ended June 30, 2012 or the year ended December 31, 2011.

Under the Regulated Investment Company Modernization Act of 2010, the Fund is permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years. As a result of this, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

At December 31, 2011, the Fund had accumulated net realized capital loss carryforwards of \$8,234,116. Of the total capital loss carryforward amount, \$542,380, and \$5,953,640, will expire on December 31, 2012 and December 31, 2016, respectively. The remaining balance of short-term capital loss carryforwards of \$1,738,096 has an indefinite expiration. To the extent these loss carryforwards are used to offset future capital gains, it is probable that the amount, which is offset, will not be distributed to shareholders.

5. Related Party Transactions, Investment Advisory and Administrative Fees

Certain Officers and Trustees of the Trust are also Officers and Directors of Berkshire Capital Holdings, Inc. ("Berkshire Capital"). The non-interested Trustees of the Fund were not paid any Trustee fees and expenses directly by Berkshire Capital during the six months ended June 30, 2012.

The Fund has an Investment Advisory Agreement (the "Advisory Agreement") and a separate Administration Agreement with Berkshire Capital. Under the Advisory Agreement, Berkshire Capital will determine what securities will be purchased, retained or sold by the Fund on the basis of a continuous review of the portfolio. For the services it provides under the Advisory Agreement, Berkshire Capital receives a fee accrued each calendar day (including weekends and holidays) at a rate of 1.50% per annum of the daily net assets of the Fund. Under the Administration Agreement, Berkshire Capital renders all administrative and supervisory services of the Fund, as well as facilities furnished and expenses assumed. For these services, Berkshire Capital receives a fee at the annual rate of 0.50% of the Fund's average daily net assets up to \$50 million, 0.45% of average net assets from \$50 million to \$200 million, 0.40% of average net assets from \$200 million to \$500 million, 0.35% of average net assets from \$500 million to \$1 billion and 0.30% of average net assets in excess of \$1 billion. Such fee is computed as a percentage of the Fund's daily net assets and is accrued each calendar day (including weekends and holidays). For the six months ended June 30, 2012, Berkshire Capital was paid an investment advisory fee of \$302,749 and an administration fee of \$100,913 from the Fund. The amount due to Berkshire Capital for these fees at June 30, 2012 totaled \$78,979.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 (UNAUDITED)

6. Redemption Fee

The Fund may impose a redemption fee of 2.00% on shares held for 90 days or less. For the six months ended June 30, 2012, proceeds from redemption fees were \$16,486.

7. Beneficial 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 June 30, 2012, National Financial Services Corp. and Charles Schwab & Co. owned 39.24% and 27.41% of the Fund, respectively.

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ADDITIONAL INFORMATION
(UNAUDITED)

EXPENSE EXAMPLE

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, and (2) ongoing costs, including advisory fees, administrative fees and interest expense. 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 in the Fund on January 1, 2012 and held through June 30, 2012.

Actual Expenses

The first line of the table on the following page provides information about actual account values and actual expenses. Although the Fund charges no sales load or transaction fees, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by Mutual Shareholder Services, LLC, the Fund's transfer agent. If you request that a redemption be made by wire transfer, currently a \$20.00 fee is charged by the Fund's transfer agent. IRA accounts will be charged an \$8.00 annual maintenance fee. To the extent the Fund invests in shares of other investment companies as part of its investment strategy, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Fund invests in addition to the expenses of the Fund. Actual expenses of the underlying funds are expected to vary among the various underlying funds. These expenses are not included in the example. The example includes advisory fees, administrative fees and interest expense. However, the example does not include portfolio trading commissions and related expenses and other extraordinary expenses as determined under generally accepted accounting principles. 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 provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. 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 the Fund and other funds. To do so, compare this 5% hypothetical example with the 5%

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ADDITIONAL INFORMATION

(UNAUDITED)

hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value <u>January 1, 2012</u>	Ending Account Value <u>June 30, 2012</u>	Expenses Paid During the Period* January 1, 2012 to <u>June 30, 2012</u>
Actual	\$1,000.00	\$1,220.20	\$11.07
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,014.96	\$10.05

*Expenses are equal to the Fund's annualized expense ratio of 2.00%, multiplied by the average account value over the period, multiplied by 182/366 to reflect the one-half year period.

OTHER INFORMATION

Proxy Voting Guidelines

Berkshire Capital Holdings, Inc., the Fund's Adviser, is responsible for exercising the voting rights associated with the securities held by the Fund. A description of the policies and procedures used by the Adviser in fulfilling this responsibility and a record of the Fund's proxy votes for the most recent twelve month period ended June 30, are available without charge, upon request, by calling toll free 1-877-526-0707. They are also available on the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

Quarterly Filing of Portfolio Holdings

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov>. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-202-551-8090 (direct) or 1-800-SEC-0330 (general SEC number).

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