

THE BERKSHIRE FUNDS  
Berkshire Focus Fund (BFOCX)

475 Milan Drive, Suite #103  
San Jose, California 95134-2453  
(877) 526-0707

STATEMENT OF ADDITIONAL INFORMATION

May 1, 2013

This Statement of Additional Information ("SAI") is not a Prospectus. It should be read in conjunction with the Prospectus for the Berkshire Focus Fund dated May 1, 2013 (the "Prospectus"). A copy of the Prospectus can be obtained by writing to The Berkshire Funds, c/o Mutual Shareholder Services, LLC, 8000 Town Centre Drive, Suite 400, Broadview Heights, OH 44147, or by calling The Berkshire Funds toll-free at 877-526-0707.

The Fund's Annual Report to Shareholders, as filed with the Securities and Exchange Commission on March 8, 2013, has been incorporated by reference into this SAI. The annual report is available, without charge and upon request by writing or calling the Fund at the address or phone number referenced above.

TABLE OF CONTENTS

|   |    |
|---|----|
| THE FUND  | 1  |
| CAPITAL STRUCTURE                                 | 1  |
| CONCENTRATION AND NON-DIVERSIFICATION POLICY      | 1  |
| TAX STATUS  | 1  |
| INVESTMENT RESTRICTIONS                           | 3  |
| OTHER INVESTMENTS                                 | 5  |
| INVESTMENT ADVISER                                | 7  |
| INVESTMENT ADVISORY AND ADMINISTRATION AGREEMENTS | 7  |
| PORTFOLIO MANAGER                                 | 9  |
| MANAGEMENT OF THE FUND                            | 9  |
| TRUSTEES AND OFFICERS                             | 9  |
| COMMITTEES  | 12 |
| BOARD INTEREST IN THE FUND                        | 14 |
| COMPENSATION                                      | 14 |
| CONTROL PERSONS AND PRINCIPAL SECURITY HOLDERS    | 14 |
| REDEMPTION OF SHARES                              | 15 |
| PURCHASES AND SALES THROUGH BROKER DEALERS        | 15 |
| PERFORMANCE INFORMATION                           | 15 |
| NET ASSET VALUE                                   | 16 |
| PORTFOLIO TRANSACTIONS AND BROKERAGE              | 17 |
| CUSTODIAN   | 18 |
| TRANSFER AGENT AND MANAGEMENT-RELATED SERVICES    | 18 |
| INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM     | 18 |
| CODE OF ETHICS                                    | 18 |
| ANTI-MONEY LAUNDERING PROGRAM                     | 18 |
| PROXY VOTING PROCEDURES                           | 18 |
| DISCLOSURE OF CURRENT PORTFOLIO HOLDINGS          | 19 |
| FINANCIAL STATEMENTS                              | 21 |

## THE FUND

The Berkshire Focus Fund (until February 9, 1999, known as Berkshire Capital Growth & Value Fund) (the "Fund"), is an open-end, non-diversified series of The Berkshire Funds (until February 9, 1999, known as the Berkshire Capital Investment Trust) (the "Trust"). The Trust was organized on November 25, 1996 as a Delaware business trust and is authorized to issue an indefinite number of shares of beneficial interest, no par value. The Berkshire Focus Fund was organized on November 25, 1996. The Board of Trustees of the Trust is responsible for managing the business affairs of the Fund.

## CAPITAL STRUCTURE

At present the Fund is the only series authorized by the Trust. The Board of Trustees may authorize the creation of additional series without shareholder approval.

All shares, when issued, will be fully paid and non-assessable and will be redeemable and freely transferable. All shares have equal voting rights and can be issued as full or fractional shares. A fractional share has pro rata the same kind of rights and privileges as a full share. The shares possess no preemptive or conversion rights.

Each shareholder has one vote for each share held irrespective of the relative net asset value of the shares. Each share has equal dividend, distribution and liquidation rights. The voting rights of the shareholders are non-cumulative, so that holders of more than 50% of the shares can elect all trustees being elected.

## CONCENTRATION AND NON-DIVERSIFICATION POLICY

**CONCENTRATION:** The Fund will concentrate its investments in the equity securities of companies in the electronic technology industry. Concentration requires a Fund to invest 25% or more of the value of its total assets in securities of issuers in a particular industry. Companies in the technology industry shall include businesses which are principally engaged in the development, production or distribution of products or services related to the following business segments: computer hardware and software; peripherals; mass storage devices; semiconductors; and telecommunications equipment. In some future period or periods, due to adverse economic conditions in the technology industry, the Fund may temporarily have less than 25% of the value of its assets invested in that industry. As a result of such concentration in the electronic technology industry, the Fund's shares may fluctuate more widely than the value of shares of a portfolio which invests in a broader range of industries.

**NON-DIVERSIFICATION:** The Fund is classified as being non-diversified which means that it has the ability to take larger positions in a smaller number of securities than a diversified fund. The Fund, therefore, may be more susceptible to risk of loss than a more widely diversified fund as a result of a single economic, political, or regulatory occurrence. The policy of the Fund is one of selective investments rather than broad diversification. The Fund seeks only enough diversification for adequate representation among what it considers to be the best performing securities and to maintain its federal non-taxable status under Subchapter M of the Internal Revenue Code.

## TAX STATUS

Set forth below is a discussion of certain U.S. federal income tax issues concerning the Fund and the purchase, ownership, and disposition of Fund shares. This discussion does not purport to be complete or to deal with all aspects of federal income taxation that may be relevant to shareholders in light of their particular circumstances. This discussion is based upon present provisions of the Code, the regulations promulgated thereunder, and judicial and administrative ruling authorities, all of which are subject to change, which change may be retroactive. Prospective investors should consult their own tax advisors with regard to the federal tax consequences of the purchase, ownership, or disposition of Fund shares, as well as the tax consequences arising under the

laws of any state, foreign country, or other taxing jurisdiction.

The Fund intends to qualify as a regulated investment company under Subchapter M of the Code. Accordingly, the Fund generally must, among other things, (a) derive in each taxable year at least 90% of its gross income from dividends, interest, payments with respect to certain securities loans, net income derived from an interest in a qualified publicly traded partnerships, and gains from the sale or other disposition of stock, securities or foreign currencies, or other income derived with respect to its business of investing in such stock, securities or currencies; and (b) diversify its holdings so that, at the end of each fiscal quarter, (i) at least 50% of the market value of its assets is represented by cash, U.S. Government securities, the securities of other regulated investment companies and other securities, with such other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of the Fund's total assets and 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of its total assets is invested in the securities of any one issuer (other than U.S. Government securities and the securities of other regulated investment companies), two or more issuers controlled by the Fund that are determined to be engaged in the same business, or similar or related businesses or of one or more qualified publicly traded partnerships.

As a regulated investment company, the Fund generally will not be subject to U.S. federal income tax on income and gains that it distributes to shareholders, if at least 90% of the Fund's investment company taxable income (which includes, among other items, dividends, interest and the excess of any net short-term capital gains over net long-term capital losses) and tax-exempt interest for the taxable year is distributed. The Fund seeks to distribute all or substantially all of such income.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% excise tax at the Fund level. To avoid the tax, the Fund must distribute during each calendar year an amount equal to the sum of (1) at least 98% of its ordinary income (not taking into account any capital gains or losses) for the calendar year, (2) at least 98.2% of its capital gains in excess of its capital losses (adjusted for certain ordinary losses) for a one-year period generally ending on October 31 of the calendar year, and (3) all ordinary income and capital gains for previous years that were not distributed during such years. To avoid application of the excise tax, the Fund intends to seek to make distributions in accordance with the calendar year distribution requirement whenever reasonably feasible.

A distribution will be treated as paid on December 31 of the current calendar year if it is declared by the Fund in October, November or December of that year with a record date in such a month and paid by that Fund during January of the following year. Such distributions will be taxable to shareholders in the calendar year in which the distributions are declared, rather than the calendar year in which the distributions are received.

**DISTRIBUTIONS:** Distributions of investment company taxable income are taxable to a U.S. shareholder as ordinary income, whether paid in cash or additional Fund shares. Dividends paid by the Fund to a corporate shareholder, to the extent such dividends are attributable to dividends received from U.S. corporations by the Fund, may qualify for the dividends received deduction. However, the revised alternative minimum tax applicable to corporations may reduce the value of the dividends received deduction. Distributions of net capital gains (the excess of net long-term capital gains over net short-term capital losses), if any, designated by the Fund as capital gain dividends, are taxable to shareholders at the applicable long-term capital gains rate, whether paid in cash or in shares, regardless of how long the shareholder has held the Fund's shares, and they are not eligible for the dividends received deduction. Shareholders will be notified annually as to the U.S. federal tax status of distributions, and shareholders receiving distributions in the form of newly issued shares will receive a report as to the net asset value of the shares received. For taxable years beginning after December 31, 2012, the maximum individual rate applicable to "qualified dividend income" and long-term capital gains is in the range of 15% to 20%, depending on whether the individual's income exceeds certain threshold amounts, plus the Medicare tax discussed below, as applicable. These rates do not apply to corporate taxpayers. The

Fund will be able to separately designate distributions of any qualifying long-term capital gains or qualifying dividends earned by the Fund that would be eligible for the lower maximum rate. A shareholder would also have to satisfy a more than 60-day holding period with respect to any distributions of qualifying dividends in order to obtain the benefit of the preferential rate for dividends. Distributions resulting from the Fund's investments in bonds and other debt instruments will not generally qualify for the lower rates. Note that distributions of earnings from dividends paid by "qualified foreign corporations" can also qualify for the lower tax rates on qualifying dividends. Qualified foreign corporations are corporations incorporated in a U.S. possession, corporations whose stock is readily tradable on an established securities market in the U.S. and corporations eligible for the benefits of a comprehensive income tax treaty with the U.S. which satisfy certain other requirements. Passive foreign investment companies are not treated as "qualified foreign corporations." Foreign tax credits associated with dividends from "qualified foreign corporations" will be limited to reflect the reduced U.S. tax on those dividends.

If the net asset value of shares is reduced below a shareholder's cost as a result of a distribution by the Fund, such distribution generally will be taxable even though it represents a return of invested capital. Investors should be careful to consider the tax implications of buying shares of the Fund just prior to a distribution. The price of shares purchased at this time may reflect the amount of the forthcoming distribution. Those purchasing just prior to a distribution will receive a distribution which generally will be taxable to them. This is known as "buying a dividend."

For taxable years beginning after December 31, 2012, an additional 3.8% Medicare tax will be imposed on certain net investment income (including ordinary dividends and capital gain distributions received from the Fund and net gains from redemptions or other taxable dispositions of Fund shares) of U.S. individuals, estates and trusts to the extent that such person's "modified adjusted gross income" (in the case of an individual) or "adjusted gross income" (in the case of an estate or trust) exceeds certain threshold amounts.

As of January 1, 2012, federal law requires that mutual fund companies must maintain and report a shareholder's cost basis by tax lot, gain/loss information, and holding period of "covered" security sales to the Internal Revenue Service ("IRS") on Form 1099. Covered securities, that are mutual fund shares, are shares acquired on or after January 1, 2012. A fund is not responsible for maintaining and reporting share information if such shares are not deemed "covered".

The new tax regulations require that the Fund elect a default tax identification methodology in order to perform the required reporting. As a result, the Fund has chosen the "Average Cost Basis" method as the default tax lot identification method for its shareholders. This is the method the Fund will use to determine which specific shares are deemed to be sold when a shareholder's entire position is not sold in a single transaction and is the method in which "covered" share sales will be reported on a shareholder's Form 1099.

However, at the time of purchase or upon the sale of "covered" shares, shareholders may choose a different tax lot identification method. Shareholders should consult a tax advisor with regard to their personal circumstances as the Fund and its service providers do not provide tax advice.

#### INVESTMENT RESTRICTIONS

The Berkshire Focus Fund has adopted the following fundamental investment restrictions. These restrictions cannot be changed without approval by the holders of a majority of the outstanding voting securities of the Fund. As defined in the Investment Company Act of 1940 (the "Act"), the "vote of a majority of the outstanding voting securities" means the lesser of the vote of (i) 67% of the shares of the Fund at a meeting where more than 50% of the outstanding shares are present in person or by proxy or (ii) more than 50% of the outstanding shares of the Fund.

The Fund may not:

(a) Act as underwriter for securities of other issuers except insofar as the Fund may be deemed an underwriter in selling its own portfolio securities.

(b) Borrow money or purchase securities on margin except for temporary or emergency (not leveraging) purposes, including the meeting of redemption requests that might otherwise require the untimely disposition of securities, in an aggregate amount not exceeding 25% of the value of the Fund's total assets at the time any borrowing is made. While the Fund's borrowings are in excess of 5% of its total assets, the Fund will not purchase any additional portfolio securities.

(c) Sell securities short.

(d) Invest in securities of other investment companies except as part of a merger, consolidation, or purchase of assets approved by the Fund's shareholders or by purchases with no more than 10% of the Fund's assets in the open market involving only customary broker's commissions.

(e) Make investments in commodities, commodity contracts or real estate although the Fund may purchase and sell securities of companies which deal in real estate or interests therein.

(f) Make loans. The purchase of a portion of a readily marketable issue of publicly distributed bonds, debentures or other debt securities will not be considered the making of a loan.

(g) Acquire more than 10% of the securities of any class of another issuer, treating all preferred securities of an issuer as a single class and all debt securities as a single class, or acquire more than 10% of the voting securities of another issuer.

(h) Invest in companies for the purpose of acquiring control.

(i) Purchase or retain securities of any issuer if those officers, directors or trustees of the Fund or its Investment Adviser individually owns more than 1/2 of 1% of any class of security or collectively own more than 5% of such class of securities of such issuer.

(j) Pledge, mortgage or hypothecate any of its assets.

(k) Invest in securities which may be subject to registration under the Securities Act of 1933 prior to sale to the public or which are not at the time of purchase readily saleable.

(l) Invest more than 10% of the total Fund assets, taken at market value at the time of purchase, in securities of companies with less than three years' continuous operation, including the operations of any predecessor.

(m) Issue senior securities.

(n) Acquire any securities of companies within one industry if, as a result of such acquisition, more than 25% of the value of the Fund's total assets would be invested in securities of companies within such industry; provided, however, that more than 25% of the value of the Fund's total assets shall be invested in securities of companies in the electronic technology industry.

With respect to fundamental restriction (n) above, companies in the electronic technology industry are defined as those companies where a majority of the revenue is derived from, or a majority of the companies assets are invested in, the development, production or distribution of products or services related to the following business segments: Computers, Computer Peripherals, Semiconductors, Software, Telecommunications and Mass Storage Devices.

#### OTHER INVESTMENTS

In connection with its investment objective and policies, the Fund (except as otherwise indicated) may invest in the following types of securities which can involve certain risks:

U.S. GOVERNMENT OBLIGATIONS: The Fund may purchase obligations issued or

guaranteed by the U.S. Government or its agencies or instrumentalities. Such securities will typically include, without limitation, U.S. Treasury securities such as Treasury Bills, Treasury Notes or Treasury Bonds that differ in their interest rates, maturities and times of issuance. U.S. Government obligations may be backed by the credit of the government as a whole or only by the issuing agency. U.S. Treasury bonds, notes, and bills and some agency securities, such as those issued by the Federal Housing Administration and the Government National Mortgage Association ("GNMA"), are backed by the full faith and credit of the U.S. Government as to payment of principal and interest and are the highest quality government securities. Other securities issued by U.S. Government agencies or instrumentalities, such as securities issued by the Federal Home Loan Banks and the Federal Home Loan Mortgage Corporation, are supported only by the credit of the agency that issued them, and not by the U.S. Government. Securities issued by the Federal Farm Credit System, the Federal Land Banks and the Federal National Mortgage Association ("FNMA") are supported by the agency's right to borrow money from the U.S. Treasury under certain circumstances, but are not backed by the full faith and credit of the U.S. Government.

**WARRANTS:** The Fund may purchase warrants, valued at the lower of cost or market, but only to the extent that such purchase does not exceed 5% of the Fund's net assets at the time of purchase. Included within that amount, but not to exceed 2% of the Fund's net assets, may be warrants which are not listed on the New York or American Stock Exchanges.

**FOREIGN INVESTMENTS:** The Fund may invest without limitation in foreign securities. Foreign investments can involve significant risks in addition to the risks inherent in U.S. investments. The value of securities denominated in or indexed to foreign currencies, and of dividends and interest from such securities, can change significantly when foreign currencies strengthen or weaken relative to the U.S. dollar. Foreign securities markets generally have less trading volume and less liquidity than U.S. markets, and prices on some foreign markets can be highly volatile. Many foreign countries lack uniform accounting and disclosure standards comparable to those applicable to U.S. companies, and it may be more difficult to obtain reliable information regarding an issuer's financial condition and operations. In addition, the costs of foreign investing, including withholding taxes, brokerage commissions and custodial costs, generally are higher than for U.S. investments.

Foreign markets may offer less protection to investors than U.S. markets. Foreign issuers, brokers and securities markets may be subject to less government supervision. Foreign security trading practices, including those involving the release of assets in advance of payment, may invoke increased risks in the event of a failed trade or the insolvency of a broker-dealer, and may involve substantial delays. It also may be difficult to enforce legal rights in foreign countries.

Investing abroad also involves different political and economic risks. Foreign investments may be affected by actions of foreign governments adverse to the interests of U.S. investors, including the possibility of expropriation or nationalization of assets, confiscatory taxation, restrictions on U.S. investment or on the ability to repatriate assets or convert currency into U.S. dollars, or other government intervention. There may be a greater possibility of default by foreign governments or foreign government-sponsored enterprises. Investments in foreign countries also involve a risk of local political, economic or social instability, military action or unrest, or adverse diplomatic developments. There is no assurance that the Adviser will be able to anticipate or counter these potential events and their impacts on the Fund's share price.

American Depositary Receipts and European Depositary Receipts ("ADRs" and "EDRs") are certificates evidencing ownership of shares of a foreign-based issuer held in trust by a bank or similar financial institution. Designed for use in U.S. and European securities markets, respectively, ADRs and EDRs are alternatives to the purchase of the underlying securities in their national market and currencies.

**OPTION TRANSACTIONS:** The Fund may engage in option transactions involving individual securities and market indexes. An option involves either (a) the right or the obligation to buy or sell a specific instrument at a specific

price until the expiration date of the option, or (b) the right to receive payments or the obligation to make payments representing the difference between the closing price of a market index and the exercise price of the option expressed in dollars times a specified multiple until the expiration date of the option. Options are sold (written) on securities and market indexes. The purchaser of an option on a security pays the seller (the writer) a premium for the right granted but is not obligated to buy or sell the underlying security. The purchaser of an option on a market index pays the seller a premium for the right granted, and in return the seller of such an option is obligated to make the payment. A writer of an option may terminate the obligation prior to expiration of the option by making an offsetting purchase of an identical option. Options are traded on organized exchanges and in the over-the-counter market. Call options on securities which the Fund sells (writes) will be covered or secured, which means that it will own the underlying security in the case of a call option; will segregate with the Custodian high quality liquid debt obligations equal to the option exercise price in the case of a put option; or for an option on a stock index, will hold a portfolio of securities substantially replicating the movement of the index (or, to the extent it does not hold such a portfolio, will maintain a segregated account with the Custodian of high quality liquid debt obligations equal to the market value of the option, marked to market daily). When a Fund writes options, it may be required to maintain a margin account, to pledge the underlying securities or U.S. Government obligations or to deposit assets in escrow with the Custodian.

The purchase and writing of options involves certain risks. The purchase of options limits the Fund's potential loss to the amount of the premium paid and can afford the Fund the opportunity to profit from favorable movements in the price of an underlying security to a greater extent than if transactions were effected in the security directly. However, the purchase of an option could result in the Fund losing a greater percentage of its investment than if the transaction were effected directly. When the Fund writes a covered call option, it will receive a premium, but it will give up the opportunity to profit from a price increase in the underlying security above the exercise price as long as its obligation as a writer continues, and it will retain the risk of loss should the price of the security decline.

When the Fund writes a put option, it will assume the risk that the price of the underlying security or instrument will fall below the exercise price, in which case the Fund may be required to purchase the security or instrument at a higher price than the market price of the security or instrument. In addition, there can be no assurance that the Fund can effect a closing transaction on a particular option it has written. Further, the total premium paid for any option may be lost if the Fund does not exercise the option or, in the case of over-the-counter options, the writer does not perform its obligations.

**FIXED INCOME SECURITIES:** Fixed income securities include corporate debt securities, U.S. Government securities, mortgage-backed securities, zero coupon bonds, asset-backed and receivable-backed securities and participation interests in such securities. Preferred stock and certain common stock equivalents may also be considered to be fixed income securities. Fixed income securities are generally considered to be interest rate sensitive, which means that their value will generally decrease when interest rates rise and increase when interest rates fall. Securities with shorter maturities, while offering lower yields, generally provide greater price stability than longer term securities and are less affected by changes in interest rates.

**REPURCHASE AGREEMENTS:** A repurchase agreement is a short term investment in which the purchaser acquires ownership of a U.S. Government security (which may be of any maturity) and the seller agrees to repurchase the obligation at a future time at a set price, thereby determining the yield during the purchaser's holding period (usually not more than seven days from the date of purchase). Any repurchase transaction in which the Fund engages will require full collateralization of the seller's obligation during the entire term of the repurchase agreement. In the event of a bankruptcy or other default of the seller, the Fund could experience both delays in liquidating the underlying security and losses in value. However, the Fund intends to enter into repurchase agreements only with the Trust's custodian, other banks with assets of \$1 billion or more and registered securities dealers determined by the

Adviser to be creditworthy. The Adviser monitors the creditworthiness of the banks and securities dealers with which the Fund engages in repurchase transactions, and the Fund will not invest more than 15% of its net assets in illiquid securities, including repurchase agreements maturing in more than seven days.

WHEN ISSUED SECURITIES AND FORWARD COMMITMENTS: The Fund may buy and sell securities on a when-issued or delayed delivery basis, with payment and delivery taking place at a future date. The price and interest rate that will be received on the securities are each fixed at the time the buyer enters into the commitment. The Fund may enter into such forward commitments if it holds, and maintains until the settlement date in a separate account at the Fund's Custodian, cash or U.S. Government securities in an amount sufficient to meet the purchase price. The Fund will not invest more than 25% of its total assets in forward commitments. Forward commitments involve a risk of loss if the value of the security to be purchased declines prior to the settlement date. Any change in value could increase fluctuations in the Fund's share price and yield. Although the Fund will generally enter into forward commitments with the intention of acquiring securities for its portfolio, a Fund may dispose of a commitment prior to the settlement if the Adviser deems it appropriate to do so.

#### INVESTMENT ADVISER

The Fund retains Berkshire Capital Holdings, Inc. ("Berkshire Capital"), 475 Milan Drive, Suite #103, San Jose, California 95134-2453, as its investment adviser (the "Adviser"). The Adviser is a California corporation founded in February 1993. The company is registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The corporation is controlled by Malcolm R. Fobes III.

Mr. Fobes has had the direct responsibility for the overall strategic management of the Fund's portfolio and its administration since the Fund's inception. Mr. Fobes founded Berkshire Capital in 1993, has served as Chairman of the Board and Chief Executive Officer since the company's inception, and has been responsible for the direction of the company's investments in both private and publicly-held concerns. Mr. Fobes has a B.S. degree in Finance and a minor in Economics from San Jose State University in California. Mr. Fobes has served exclusively in the capacity of Chairman and Chief Executive Officer of the Adviser from November 1994 to present. Mr. Fobes also serves as Chairman of the Board of Trustees of the Fund.

#### INVESTMENT ADVISORY AND ADMINISTRATION AGREEMENTS

The Trust has an investment advisory contract ("Advisory Agreement") and an administration contract (the "Administration Agreement") with Berkshire Capital for the Fund.

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 its portfolio. Mr. Fobes will have the direct responsibility of managing the composition of the Fund's portfolio in accordance with the Fund's investment objective. Pursuant to its contract with the Fund, the Adviser must, among other requirements, (i) render research, statistical and advisory services to the Fund, (ii) make specific recommendations based on the Fund's investment requirements, and (iii) pay salaries of the Fund's employees who may be officers, directors or employees of the Adviser. The Adviser has paid the initial organizational costs of the Fund.

The Adviser is paid a fee of 1.50% per year on the net assets of the Fund. All fees are computed on the average daily closing net asset value of the Fund and are payable monthly. The Adviser may, at its discretion, forego sufficient fees which would have the effect of lowering the Fund's expense ratio and increasing the yield to shareholders. For the fiscal years ended December 31, 2010, 2011 and 2012, the Adviser received \$280,450, \$589,451 and \$737,675 respectively, from the Berkshire Focus Fund for investment advisory fees.

The Board of Trustees, including a majority of the Trustees who are not "in-



terested persons" (as defined in the 1940 Act) of the Trust or the Adviser, most recently approved the Advisory Agreement for the Fund for an additional one-year period at an in person meeting held on December 15, 2012. By its terms, the Advisory Agreement remains in force from year to year, subject to annual approval by (a) the Board of Trustees or (b) a vote of the majority of the Fund's outstanding voting securities, provided that in either event continuance is also approved by a majority of the Trustees who are not interested persons of the Trust, by a vote cast in person at a meeting called for the purpose of voting such approval. The Advisory Agreement may be terminated at any time, on 60 days' written notice, without the payment of any penalty, by a vote of the majority of the Board of Trustees, by a vote of the majority of the Fund's outstanding voting securities, or by the Investment Adviser. The Advisory Agreement automatically terminates in the event of its assignment, as defined by the 1940 Act and the rules thereunder.

In determining whether to approve the continuance of the Advisory Agreement, the Board of Trustees considered information about the Adviser, the performance of the Fund and certain additional factors that the Board deemed relevant. A discussion regarding the basis of the Board of Trustees' approval of the Advisory Agreement is available in the Fund's annual report to shareholders for the period ended December 31, 2012.

Under the Administration Agreement, Berkshire Capital renders all administrative and supervisory services to the Fund. Berkshire Capital oversees the maintenance of all books and records with respect to the Fund's securities transactions and the Fund's book of accounts in accordance with all applicable federal and state laws and regulations. Berkshire Capital also arranges for the preservation of journals, ledgers, corporate documents, brokerage account records and other records which are required pursuant to Rule 31a-1 promulgated under the 1940 Act. Berkshire Capital is also responsible for the equipment, staff, office space and facilities necessary to perform its obligations. Berkshire Capital has delegated some of its administrative and other responsibilities to U.S. Bancorp Fund Services, LLC ("USBFS") and is responsible for paying all fees and expenses of USBFS.

Under the Administration Agreement, Berkshire Capital assumes and pays all ordinary expenses of the Fund not assumed by the Fund. The Fund pays all brokerage fees and commissions, taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short) and extraordinary or non-recurring expenses. The Fund may also pay expenses which it is authorized to pay pursuant to Rule 12b-1 under the Act (none are authorized at present).

Pursuant to the Administration Agreement, Berkshire Capital receives a fee which is paid monthly at an annual rate of 0.50% of the Fund's average daily net assets up to \$50 million, 0.45% of such assets from \$50 million to \$200 million, 0.40% of such assets from \$200 million to \$500 million, 0.35% of such assets from \$500 million to \$1 billion, and 0.30% of such assets in excess of \$1 billion. For the fiscal years ended December 31, 2010, 2011 and 2012, the Adviser received \$93,483, \$196,484 and \$243,993 respectively, from the Berkshire Focus Fund for administrative fees.

The Adviser may act as an investment adviser and administrator to other persons, firms or corporations (including investment companies), and may have numerous advisory clients besides the Fund.

PORTFOLIO MANAGER

Mr. Fobes acts as the Portfolio Manager for the Fund. Mr. Fobes may also manage separate accounts for other registered investment companies. The following provides information regarding the other accounts managed by Mr. Fobes as of December 31, 2012:

| CATEGORY OF ACCOUNT                   | TOTAL NUMBER OF ACCOUNTS MANAGED | TOTAL ASSETS IN ACCOUNTS MANAGED | NUMBER OF ACCOUNTS FOR WHICH ADVISORY FEE IS BASED ON PERFORMANCE | ASSETS IN ACCOUNTS FOR WHICH ADVISORY FEE IS BASED ON PERFORMANCE |
|---------------------------------------|----------------------------------|----------------------------------|---|---|
| Other Registered Investment Companies | 0                                | \$0                              | 0   | 0   |
| Other Pooled Investment Vehicles      | 0                                | \$0                              | 0   | 0   |

Other Accounts                    0                    \$0                    0                    0  
 -----

Although Berkshire Capital may subadvise other registered investment companies which may own one or more securities that are owned by the Fund, the Adviser does not believe there will be any material conflicts of interest that may arise because of the implementation of related policies and procedures of the Fund and Berkshire Capital. These include, among other things, the Fund's policies and procedures addressing market timing, the Fund's code of ethics, the Fund's disclosure of portfolio holdings and Berkshire Capital's insider trading policies and procedures.

Mr. Fobes' compensation as the Fund's Portfolio Manager is not a fixed salary. Mr. Fobes' salary is not based on Fund performance. There are no bonuses, deferred compensation or retirement plans associated with his service to the Fund. However, because Mr. Fobes is the majority shareholder of the Adviser, his salary is based upon the Adviser's profitability. In addition, Mr. Fobes participates directly in all profits and losses of the Adviser, including the advisory fees paid by the Fund.

As of the date of this Statement of Additional Information, Mr. Fobes beneficially owned shares of the Fund as follows:

| NAME OF PORTFOLIO MANAGER | DOLLAR RANGE EQUITY SECURITIES IN THE BERKSHIRE FOCUS FUND |
|---------------------------|--|
| Malcolm R. Fobes III      | \$100,001-\$500,000  |

MANAGEMENT OF THE FUND

The business of the Fund is managed under the direction of its Board of Trustees in accordance with Section 3.2 of the Declaration of Trust of The Berkshire Funds, which Declaration of Trust has been filed with the Securities and Exchange Commission and is available upon request. Pursuant to Section 2.6 of the Declaration of Trust, the trustees shall elect officers including a president, secretary and treasurer. The Board of Trustees retains the power to conduct, operate and carry on the business of the Fund and has the power to incur and pay any expenses which, in the opinion of the Board of Trustees, are necessary or incidental to carry out any of the Fund's purposes. The trustees, officers, employees and agents of the Trust, when acting in such capacities, shall not be subject to any personal liability except for his or her own bad faith, willful misfeasance, gross negligence or reckless disregard of his or her duties.

TRUSTEES AND OFFICERS

The Board of Trustees supervises the business activities of the Trust. The names of the Trustees and executive officers of the Trust are shown below. The Trustees who are "interested persons" of the Trust, as defined in the Investment Company Act of 1940, are indicated by an asterisk. Each Trustee serves until the Trustee sooner dies, resigns, retires or is removed. Officers hold office for one year and until their respective successors are chosen and qualified.

The Board is currently composed of three Trustees, including two Trustees who are not "interested persons" of the Fund, as that term is defined in the 1940 Act (each an "Independent Trustee"). In addition to four regularly scheduled meetings per year, the Board holds special meetings or informal conference calls to discuss specific matters that may require action prior to the next regular meeting. The Board of Trustees has established an Audit Committee comprised entirely of Trustees who are Independent Trustees. The Audit Committee is generally responsible for (i) overseeing and monitoring the Trust's internal accounting and control structure, its auditing function and its financial reporting process, (ii) selecting and recommending to the full Board of Trustees the appointment of auditors for the Trust, (iii) reviewing audit plans, fees, and other material arrangements with respect to the engagement of auditors, including permissible non-audit services performed; (iv) reviewing the qualifications of the auditor's key personnel involved in

the foregoing activities and (v) monitoring the auditor's independence.

The Chairman of the Board of Trustees is Malcolm R. Fobes III, who is an "interested person" of the Trust, within the meaning of the 1940 Act. The Trust does not have a "lead" independent trustee. The use of an interested Chairman balanced by an independent Audit Committee allows the Board to access the expertise necessary to oversee the Trust, identify risks, recognize shareholder concerns and needs and highlight opportunities. The Audit Committee is able to focus Board time and attention to matters of interest to shareholders and, through its private sessions with the Trust's auditor, Chief Compliance Officer and legal counsel, stay fully informed regarding management decisions. Considering the size of the Trust and its shareholder base, the Trustees have determined that an interested Chairman balanced by an independent Audit Committee is the appropriate leadership structure for the Board of Trustees.

Mutual funds face a number of risks, including investment risk, compliance risk and valuation risk. The Board oversees management of the Fund's risks directly and through its officers. While day-to-day risk management responsibilities rest with the Fund's Chief Compliance Officer, investment advisers and other service providers, the Board monitors and tracks risk by: (1) receiving and reviewing quarterly reports related to the performance and operations of the Fund; (2) reviewing and approving, as applicable, the compliance policies and procedures of the Trust, including the Trust's valuation policies and transaction procedures; (3) periodically meeting with the portfolio manager to review investment strategies, techniques and related risks; (4) meeting with representatives of key service providers, including the Fund's investment adviser, administrator, transfer agent and the independent registered public accounting firm, to discuss the activities of the Fund; (5) engaging the services of the Chief Compliance Officer of the Fund to test the compliance procedures of the Trust and its service providers; (6) receiving and reviewing reports from the Trust's independent registered public accounting firm regarding the Fund's financial condition and the Trust's internal controls; and (7) receiving and reviewing an annual written report prepared by the Chief Compliance Officer reviewing the adequacy of the Trust's compliance policies and procedures and the effectiveness of their implementation. The Board has concluded that its general oversight of the investment adviser and other service providers as implemented through the reporting and monitoring process outlined above allows the Board to effectively administer its risk oversight function.

Each Trustee was nominated to serve on the Board of Trustees based on their particular experiences, qualifications, attributes and skills. The characteristics that have led the Board to conclude that each of the Trustees should continue to serve as a Trustee of the Trust are discussed below:

Malcolm R. Fobes III: Mr. Fobes has served as Chairman of the Board of Trustees since the Trust's inception in 1996. Mr. Fobes has also served as a securities analyst and a portfolio manager for the Advisor since 1997. In addition to the Trust, Mr. Fobes also serves as an Independent Director and Chairman of the Audit Committee for United States Commodity Funds, LLC. He has been listed with the CFTC as a Principal of United States Commodity Funds since November 2005. Through his experience as Chairman of the Trust, as an Independent Director and Chairman of the Audit Committee, and his employment experience, the Board of Trustees believes that Mr. Fobes is experienced with financial, accounting, regulatory and investment matters.

Leland F. Smith: Mr. Smith has served as a Trustee since the Trust's inception in 1996. Mr. Smith has also served as Chairman & CEO of Elesco, Ltd., since 1989. In addition, Mr. Smith serves as Chairman of the Trust's Audit Committee. Through his experience as a Trustee of the Trust, as Chairman of the Audit Committee, and his employment experience, the Board of Trustees believes that Mr. Smith is experienced with financial, accounting, regulatory and investment matters.

Andrew W. Broer: Mr. Broer has served as a Trustee of the Trust since 1998. Mr. Broer has also served as Global Data Center Manager and Member of Technical Staff for Cisco Systems, Inc., from 1996 to 2013. From 2013 to present, Mr. Broer has been Senior Manager of Data Center Operations for Box, Inc. Through his experience as a Trustee of the Trust and his employment experience, the Board of Trustees believes that Mr. Broer is experienced with

financial, accounting, regulatory and investment matters.

The trustees and officers, together with their addresses, age, principal occupations during the past five years are as follows:

| NAME, ADDRESS AND AGE   | POSITION(S)<br>HELD WITH<br>THE TRUST   | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME SERVED | PRINCIPAL<br>OCCUPATION(S)<br>DURING PAST<br>FIVE YEARS                  | NUMBER OF<br>PORTFOLIOS<br>IN FUND<br>COMPLEX<br>OVERSEEN<br>BY TRUSTEE | OTHER<br>DIRECTORSHIPS<br>HELD BY<br>TRUSTEE<br>DURING PAST<br>FIVE YEARS   |
|---|---|---|--|---|---|
| -----<br>INTERESTED TRUSTEES AND OFFICERS<br>-----                                    |   |   |  |   |   |
| Malcolm R. Fobes III*<br>475 Milan Drive, Suite #103<br>San Jose, CA 95134<br>Age: 48 | Trustee,<br>President,<br>Treasurer,<br>Secretary,<br>Chief Compliance<br>Officer, Chief<br>Financial Officer | Indefinite;<br>Since 1996                         | Chairman & CEO;<br>Berkshire Capital<br>Holdings, Inc.<br>(1993-Present) | 1   | Independent<br>Director; United<br>States Oil Fund,<br>United States<br>Natural Gas Fund,<br>United States<br>12 Month Oil Fund,<br>United States<br>Gasoline Fund,<br>United States<br>Heating Oil Fund,<br>United States<br>Short Oil Fund,<br>United States<br>12 Month Natural<br>Gas Fund,<br>United States<br>Brent Oil Fund,<br>United States<br>Commodity Index<br>Funds Trust,<br>United States<br>Agriculture Index<br>Fund,<br>United States<br>Copper Index<br>Fund,<br>United States<br>Metals Index<br>Fund |

-----  
\* Trustees who are considered "interested persons" as defined in Section 2(a)(19) of the Investment Company Act of 1940 by virtue of their affiliation with the Adviser.  
-----

-----  
INDEPENDENT TRUSTEES  
-----

|   |  |                           |   |   |      |
|---|--|---------------------------|---|---|------|
| Leland F. Smith<br>475 Milan Drive, Suite #103<br>San Jose, CA 95134<br>Age: 74 | Independent<br>Trustee,<br>Chairman Audit<br>Committee | Indefinite;<br>Since 1997 | Chairman & CEO;<br>Elesco, Ltd.*<br>(1989-Present)  | 1 | None |
| Andrew W. Broer<br>475 Milan Drive, Suite #103<br>San Jose, CA 95134<br>Age: 47 | Independent<br>Trustee,                                | Indefinite;<br>Since 1998 | Member of<br>Technical Staff;<br>Cisco Systems, Inc.<br>(1996-2013)<br>Senior Manager<br>Data Center Operations;<br>Box, Inc.<br>(2013-Present) | 1 | None |

-----  
\* Elesco, Ltd. provides consulting services for corporations and government agencies in the field of land-use management.  
-----

COMMITTEES

The Board of Trustees may establish various committees to facilitate the timely and efficient consideration of matters of importance to Independent Trustees, the Trust, and the Trust's shareholders and to facilitate compliance with legal and regulatory requirements. Currently, the Board of Trustees has one standing committee, an Audit Committee.

The Audit Committee is composed of both the Independent Trustees. The Audit Committee meets once a year, or more often as required, in conjunction with meetings of the Board of Trustees. The Audit Committee oversees and monitors the Trust's internal accounting and control structure, its auditing function and its financial reporting process. The Audit Committee recommends to the full Board of Trustees the appointment of auditors for the Trust. The Audit Committee also reviews audit plans, fees, and other material arrangements with respect to the engagement of auditors, including permissible non-audit

services performed. It reviews the qualifications of the auditor's key personnel involved in the foregoing activities and monitors the auditor's independence. During the fiscal year ended December 31, 2012, the Audit Committee held two meetings.

BOARD INTEREST IN THE FUND

As of December 31, 2012, the Trustees owned the following amounts in the Fund:

| NAME OF TRUSTEE       | DOLLAR RANGE OF EQUITY SECURITIES IN THE BERKSHIRE FOCUS FUND | AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN ALL REGISTERED INVESTMENT COMPANIES OVERSEEN BY TRUSTEE IN FAMILY OF INVESTMENT COMPANIES |
|-----------------------|---|--|
| Malcolm R. Fobes III* | \$100,001-\$500,000   | \$100,001-\$500,000  |
| Leland F. Smith       | \$10,001-\$50,000   | \$10,001-\$50,000  |
| Andrew W. Broer       | \$100,001-\$500,000   | \$100,001-\$500,000  |

\* Trustees who are considered "interested persons" as defined in Section 2(a)(19) of the Investment Company Act of 1940 by virtue of their affiliation with the Adviser.

COMPENSATION

Trustee fees are paid by the Adviser pursuant to its Administration Agreement with the Trust. Officers and Trustees of the Fund who are deemed "interested persons" of the Trust receive no compensation from the Adviser. The compensation paid to the Trustees for the year ended December 31, 2012 is set forth in the following table:

| NAME AND POSITION  | AGGREGATE COMPENSATION FROM THE FUND | PENSION OR RETIREMENT BENEFITS ACCRUED AS PART OF FUND EXPENSES | ESTIMATED ANNUAL BENEFITS UPON RETIREMENT | TOTAL COMPENSATION FROM FUND |
|--|--------------------------------------|---|---|------------------------------|
| Malcolm R. Fobes III<br>Trustee, President,<br>Treasurer, Secretary,<br>Chief Financial Officer,<br>Chief Compliance Officer | \$0                                  | \$0   | \$0                                       | \$0                          |
| Leland F. Smith<br>Independent Trustee,<br>Chairman Audit Committee  | \$5,415*                             | \$0   | \$0                                       | \$5,415*                     |
| Andrew W. Broer<br>Independent Trustee,  | \$0**                                | \$0   | \$0                                       | \$0**                        |

\*These amounts represent payment by the Adviser to each Independent Trustee for the fiscal year ended December 31, 2012.

\*\*Mr. Broer has elected to defer his compensation from calendar year 2012 to calendar year 2013 instead. Had Mr. Broer elected to receive his compensation in calendar year 2012, the total compensation from the Fund would have been \$5,000.

CONTROL PERSONS AND PRINCIPAL SECURITY HOLDERS

A principal shareholder is any person who owns (either of record or beneficially) 5% or more of the outstanding shares of any of the Fund. A control person is one who owns, either directly or indirectly, more than 25% of the voting securities of a company or acknowledges the existence of such control. As of April 12, 2013, the following shareholders were considered To be either a control person or principal shareholder of the Fund:

| NAME AND ADDRESS  | PERCENT OWNERSHIP | TYPE OF OWNERSHIP |
|---|-------------------|-------------------|
| National Financial Services Corp.<br>FBOC<br>One World Financial Center<br>200 Liberty Street, 5th Floor<br>New York, New York 10281-1003               | 40.58%            | Record            |
| Charles Schwab & Co., Inc.<br>For Benefit of Customers ("FBOC")<br>Mail Stop DEN2-02-052<br>9601 East Panorama Circle<br>Englewood, Colorado 80112-3441 | 25.29%            | Record            |
| Ameritrade, Inc.<br>FBOC<br>P.O. Box 2226<br>Omaha, NE 68103-2226   | 13.72%            | Record            |

Based on the foregoing, National Financial Services Corp. and Charles Schwab & Co., Inc. could be deemed to own a controlling interest in the Berkshire Focus Fund (i.e., more than 25% of the Fund's outstanding shares). Shareholders with

a controlling interest could affect the outcome of proxy voting or the direction of management of the Fund.

As of April 12, 2013, the Trustees and officers of the Trust owned of record or beneficially less than 1% of the Fund's outstanding shares.

#### REDEMPTION OF SHARES

The Fund has made an election under Rule 18f-1 whereby the Fund may pay for shares redeemed in part through a distribution of portfolio securities. Pursuant to Rule 18f-1, the Fund must pay in cash all requests for redemption by any shareholder of record, limited in amount with respect to each shareholder during any ninety-day period to the lesser of \$250,000 or 1% of the net value of the Fund at the beginning of such period. Any such distributions will be taxable to the shareholder.

The Fund may redeem its shares if the Board of Trustees determines that failure to do so may have materially adverse consequences to Fund shareholders, such as in a situation where Fund expenses on a per share basis are deemed to be excessive.

The Fund may redeem its shares if the Board of Trustees determines to liquidate the Fund. An involuntary redemption will create a capital gain or a capital loss which may have tax consequences about which you should consult your tax advisor.

#### PURCHASES AND SALES THROUGH BROKER DEALERS

Shares of the Fund may be purchased through broker dealers and other intermediaries. The Fund has authorized one or more brokers to receive on its behalf purchase and redemption orders. Such brokers are authorized to designate other intermediaries to receive purchase and redemption orders on the Fund's behalf. The Fund will be deemed to have received a purchase or redemption order when an authorized broker or, if applicable, a broker's authorized designee, received the order. Customer orders will be priced at the Fund's net asset value next computed after they are received by an authorized broker or the broker's authorized designee.

#### PERFORMANCE INFORMATION

The Fund's total returns are based on the overall dollar or percentage change in value of a hypothetical investment in the Fund, assuming all dividends and distributions are reinvested. Average annual total return reflects the hypothetical annually compounded return that would have produced the same cumulative total return if the Fund's performance had been constant over the entire period presented. Because average annual total returns tend to smooth out variations in the Fund's returns, investors should recognize that they are not the same as actual year-by-year returns. Average annual return is based on historical earnings and is not intended to indicate future performance. Under regulations adopted by the Securities and Exchange Commission, the Fund's average annual total return quotations included in the prospectus are calculated according to the formula below. In calculating the ending redeemable value, all dividends and distributions by the Fund are assumed to have been reinvested at net asset value as described in the Prospectus on the reinvestment dates during the period. Additionally, redemption of shares is assumed to occur at the end of the time period.

#### AVERAGE ANNUAL TOTAL RETURN

$$P(1+T)^n = ERV$$

Where:

- P = a hypothetical initial payment of \$1,000
- T = average annual total return
- n = number of years (1, 5, or 10)
- ERV = ending redeemable value of a hypothetical \$1,000 payment made at the beginning of the 1-, 5-, or 10-year period, at the end of such period (or fractional portion thereof).



AVERAGE ANNUAL TOTAL RETURNS (AFTER TAXES ON DISTRIBUTIONS)

The average annual total return (after taxes on distributions) is computed by finding the average annual compounded rates of return over the periods that would equate the initial amount invested to the ending value, according to the following formula:

$$P(1+T)^n = ATV(D)$$

Where "P" equals a hypothetical initial payment of \$1,000; "T" equals average annual total return (after taxes on distributions); "n" equals the number of years; and "ATV(D)" equals the ending value of a hypothetical \$1,000

investment made at the beginning of the stated periods at the end of the stated periods, after taxes on Fund distributions but not after taxes on redemptions.

AVERAGE ANNUAL TOTAL RETURN (AFTER TAXES ON DISTRIBUTIONS AND REDEMPTIONS)

The average annual total return (after taxes on distributions and sale of Fund shares) is computed by finding the average annual compounded rates of return over the periods that would equate the initial amount invested to the ending value, according to the following formula:

$$P(1+T)^n = ATV(DR)$$

Where "P" equals a hypothetical initial payment of \$1,000; "T" equals average annual total return (after taxes on distributions); "n" equals the number of years; and "ATV(DR)" equals ending value of a hypothetical \$1,000 investment made at the beginning of the stated periods at the end of the stated periods, after taxes on Fund distributions and redemptions.

NET ASSET VALUE

The net asset value per share of the Fund is calculated for the shares by adding the value of all fund securities and other assets belonging to the Fund, subtracting the liabilities charged to the Fund, and dividing the result by the number of outstanding shares of the Fund. Assets belonging to the Fund consist of the consideration received upon the issuance of shares of the Fund together with all net investment income, realized gains/losses and proceeds derived from the investment thereof, including any proceeds from the sale of such investments, and any funds or payments derived from any reinvestment of such proceeds.

Net asset value for purposes of pricing purchase and redemption orders is determined as of the close of regular trading hours on the New York Stock Exchange, normally, 4:00 p.m. Eastern time, on each day the Exchange is open for trading and the Federal Reserve Bank's Fedline System is open. Currently, the Exchange observes the following holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas Day.

An example of how the Fund calculated the net asset value per share as of December 31, 2012 is as follows:

|                    |                             |
|--------------------|-----------------------------|
| Net Assets         |                             |
| -----              | = Net Asset Value per share |
| Shares Outstanding |                             |
| \$53,903,163       |                             |
| -----              | = \$14.05                   |
| 3,835,502          |                             |

PORTFOLIO TRANSACTIONS AND BROKERAGE

Subject to policies established by the Board of Trustees of the Trust, the Adviser is responsible for the Fund's portfolio decisions and the placing of

the Fund's portfolio transactions. In placing portfolio transactions, the Adviser seeks the best qualitative execution for the Fund, taking into account such factors as price (including the applicable brokerage commission or dealer spread), the execution capability, financial responsibility and responsiveness of the broker or dealer and the brokerage and research services provided by the broker or dealer. The Adviser generally seeks favorable prices and commission rates that are reasonable in relation to the benefits received.

The portfolio turnover rate for the Fund is calculated by dividing the lesser of amounts of purchases or sales of portfolio securities for the reporting period by the monthly average value of the portfolio securities owned during the reporting period. The calculation excludes all securities whose maturities or expiration dates at the time of acquisition are one year or less. Portfolio turnover may vary greatly from year to year as well as within a particular year, and may be affected by cash requirements for redemption of shares and by requirements which enable the Fund to receive favorable tax treatment. Portfolio turnover will not be a limiting factor in making portfolio decisions, and the Fund may engage in short-term trading to achieve their respective investment objectives. High portfolio turnover involves correspondingly greater expenses to the Fund, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales also may result in adverse tax consequences to the Fund's shareholders. The trading costs and tax effects associated with portfolio turnover may adversely affect the Fund's performance. The portfolio turnover rates for the Berkshire Focus Fund for the three years ended December 31, 2010, 2011 and 2012 were 950.5%, 796.3% and 613.8%, respectively. The primary reason for the variation in portfolio turnover is that the rates reflect the Adviser's trading strategy in response to volatile market conditions and the Adviser's efforts to reduce the risk in the portfolio by trading more actively.

The Adviser is specifically authorized to select brokers or dealers who also provide brokerage and research services to the Fund and/or the other accounts over which the Adviser exercises investment discretion and to pay such brokers or dealers a commission in excess of the commission another broker or dealer would charge if the Adviser determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided. The determination may be viewed in terms of a particular transaction or the Adviser's overall responsibilities with respect to the Trust and to other accounts over which it exercises investment discretion.

Research services include supplemental research, securities and economic analyses, statistical services and information with respect to the availability of securities or purchasers or sellers of securities and analyses of reports concerning performance of accounts. The research services and other information furnished by brokers through whom the Fund effects securities transactions may also be used by the Adviser in servicing all of its accounts. Similarly, research and information provided by brokers or dealers serving other clients may be useful to the Adviser in connection with its services to the Fund. Although research services and other information are useful to the Fund and the Adviser, it is not possible to place a dollar value on the research and other information received. It is the opinion of the Board of Trustees and the Adviser that the review and study of the research and other information will not reduce the overall cost to the Adviser of performing its duties to the Fund under the Advisory Agreement.

Over-the-counter transactions will be placed either directly with principal market makers or with broker-dealers, if the same or a better price, including commissions and executions, is available. Fixed income securities are normally purchased directly from the issuer, an underwriter or a market maker. Purchases include a concession paid by the issuer to the underwriter and the purchase price paid to a market maker may include the spread between the bid and asked prices. For the fiscal years ended December 31, 2010, 2011 and 2012, the Berkshire Focus Fund paid brokerage commissions of \$95,273, \$127,156 and \$77,434, respectively.

#### CUSTODIAN

U.S. Bank, N.A., 1555 North RiverCenter Drive, Suite 302, Milwaukee, Wisconsin 53212, has been retained to act as Custodian of the Fund's investments. The

custodian acts as the Fund's depository, safekeeps its portfolio securities and investments, collects all income and other payments with respect thereto, disburses funds as instructed and maintains records in connection with its duties.

#### TRANSFER AGENT AND MANAGEMENT-RELATED SERVICES

Mutual Shareholder Services, LLC, 8000 Town Centre Drive, Suite 400, Broadview Heights, Ohio 44147 ("MSS") is retained by Berkshire Capital to act as the Fund's Transfer Agent. MSS will maintain the records of each shareholder's account, process purchases and redemptions of the Fund's shares and act as dividend and distribution disbursing agent. MSS calculates daily net asset value per share and maintains such books and records as are necessary to enable MSS to perform its duties.

#### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Cohen Fund Audit Services, Ltd., 1350 Euclid Avenue, Suite 800, Cleveland, Ohio 44115 ("Cohen") has been selected as independent registered public accounting firm for the Trust for the fiscal year ending December 31, 2013. Cohen performs an annual audit of the Fund's financial statements and provides financial, tax and accounting consulting services as requested.

#### CODE OF ETHICS

The Trust and the Adviser have each adopted a Code of Ethics (the "Code") under Rule 17j-1 of the Investment Company Act of 1940. The personnel subject to the Code are permitted to invest in securities, including securities that may be purchased or held by the Fund. You may obtain a copy of the Code from the Securities and Exchange Commission.

#### ANTI-MONEY LAUNDERING PROGRAM

The Trust has established an Anti-Money Laundering Compliance Program (the "Program") as required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT Act"). To ensure compliance with this law, the Trust's Program provides for the development of internal practices, procedures and controls, designation of anti-money laundering compliance officers, an ongoing training program and an independent audit function to determine the effectiveness of the Program.

Procedures to implement the Program include, but are not limited to, determining that the Fund's transfer agent has established proper anti-money laundering procedures, reporting suspicious and/or fraudulent activity and a complete and thorough review of all new opening account applications. The Fund will not transact business with any person or entity whose identity cannot be adequately verified under the provisions of the USA PATRIOT Act.

As a result of the Program, the Trust may be required to "freeze" the account of a shareholder if the shareholder appears to be involved in suspicious activity or if certain account information matches information on government lists of known terrorists or other suspicious persons, or the Trust may be required to transfer the account or proceeds of the account to a governmental agency.

#### PROXY VOTING PROCEDURES

The Adviser provides a voice on behalf of shareholders of the Fund. The Adviser views the proxy voting process as an integral part of the relationship with the Fund. The Adviser is also in a better position to monitor corporate actions, analyze proxy proposals, make voting decisions and ensure that proxies are submitted promptly. Therefore, the Fund delegates its authority to vote proxies to the Adviser, subject to the supervision of the Board of Trustees. The Fund's proxy voting policies are summarized below.

POLICIES OF THE ADVISER. It is the Adviser's policy to vote all proxies received by the Fund within a reasonable amount of time of receipt. Upon receiving each proxy the Adviser will review the issues presented and make a decision to vote for, against or abstain on each of the issues presented in

accordance with the proxy voting guidelines that it has adopted. The Adviser will consider information from a variety of sources in evaluating the issues presented in a proxy. The Adviser will pay particular attention to three primary areas: (1) Accountability - Suitable procedures implemented to ensure that management of a company is accountable to its board of directors and its board accountable to shareholders; (2) Alignment of Management and Shareholder Interests - the management and board of directors share goals and mutual interest in the benefit of the company's shareholders; and, (3) Transparency - timely disclosure of important information of a company's financial performance and operations allows easy evaluation by investors.

**CONFLICTS OF INTEREST.** The Adviser's duty is to vote in the best interests of the Fund's shareholders. Therefore, in situations where there is a conflict of interest between the interests of the Adviser and the interests of the Fund, the Adviser will abstain from making a voting decision and will forward all of the necessary proxy voting materials to the Trust to enable the Board to make a voting decision. When the Board is required to make a proxy voting decision, only the Trustees without a conflict of interest with regard to the security in question or the matter to be voted upon shall be permitted to participate in the decision of how the Fund's vote will be cast.

**MORE INFORMATION.** The actual voting records relating to portfolio securities during the most recent 12-month period ended June 30 (starting with the year ending June 30, 2004) is available without charge, upon request by calling toll-free, 877-526-0707 or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, a copy of the Fund's proxy voting policies and procedures are also available by calling 877-526-0707 and will be sent within three business days of receipt of a request.

#### DISCLOSURE OF CURRENT PORTFOLIO HOLDINGS

The Fund has adopted the following policies and procedures relating to disclosure of the Fund's current portfolio securities holdings. The policies and procedures are primarily implemented through related policies and procedures of the Fund and Berkshire Capital, including the Fund's policies and procedures addressing market timing, the Fund's code of ethics, and Berkshire Capital's insider trading policies and procedures. Taken together, these policies and procedures seek to assure that information about the Fund's current portfolio securities holdings is not misused, while allowing disclosure of such information when appropriate to the Fund's operations or generally in the interests of the Fund's shareholders, and when there are reasonable expectations that disclosure of current portfolio holdings information will not compromise the integrity or performance of the Fund. Under these policies and procedures relating to the disclosure of the Fund's current portfolio securities, a schedule of portfolio holdings of the Fund disclosing the Fund's top ten portfolio holdings in order of position size (calculated as a percentage of total net assets) are usually posted on the Fund's Website within approximately 30 days after the end of each calendar quarter. Each calendar quarter's information will remain accessible on the Fund's Website until the posting of the following quarter's schedule of holdings. You may view the Fund's schedule of portfolio holdings disclosing the top ten portfolio holdings for the most recently completed quarter online at [www.berkshirefunds.com](http://www.berkshirefunds.com), or obtain a copy of the schedule by calling toll-free 877-526-0707.

The Fund or Berkshire Capital may share non-public current portfolio holdings information of the Fund's entire portfolio holdings sooner than 30 days after quarter-end with a service provider to the Fund or Berkshire Capital (including, without limitation, the Fund's custodian or administrator, pricing services, proxy voting services, rating and ranking organizations, auditors, broker-dealers (which may execute trades for the Fund), or other persons that reasonably request such information in order to fulfill their duties (including affiliated entities for compliance or risk management purposes). These service providers and other entities owe contractual, fiduciary, or other legal duties to the Fund or Berkshire Capital that foster reasonable expectations that current portfolio holdings information will not be used to trade securities improperly or otherwise be misused.

The Board of Trustees has delegated to the Fund's Chief Compliance Officer (the "CCO") the authority to make decisions regarding requests for information

on portfolio holdings prior to public disclosure. The CCO will authorize the disclosure of portfolio holdings only if it determines such disclosure to be in the best interests of Fund shareholders. The portfolio holdings disclosure policy, as overseen by the CCO, provides that the Fund will periodically disclose non-public portfolio holdings on a confidential basis to various service providers that require such information in order to assist the Fund in its day-to-day operations, as well as public information to certain ratings organizations. In addition to Berkshire Capital and its affiliates, these entities are described in the following table. The table also includes information as to the timing of these entities receiving the portfolio holdings information from the Fund.

| TYPE OF SERVICE PROVIDER                       | NAME OF SERVICE PROVIDER             | DISCLOSURE FREQUENCY | DISCLOSURE DELAY |
|--|--------------------------------------|----------------------|------------------|
| Adviser:                                       | Berkshire Capital Holdings, Inc.     | Daily                | None             |
| Administrator:                                 | U.S. Bancorp Fund Services, LLC      | Daily                | None             |
| Transfer Agent:                                | Mutual Shareholder Services, LLC     | Daily                | None             |
| Accountant:                                    | Mutual Shareholder Services, LLC     | Daily                | None             |
| Custodian:                                     | U.S. Bank, N.A.                      | Daily                | None             |
| Broker Dealer:                                 | Knight Direct                        | Daily                | None             |
| Independent Registered Public Accounting Firm: | Cohen Fund Audit Services, Ltd.      | As Needed            | None             |
| Counsel:                                       | Thompson Hine LLP                    | As Needed            | None             |
| Web Site Host:                                 | Network Solutions, Inc.              | Quarterly            | None             |
| Web Site Management:                           | Electric Illustration & Design       | Quarterly            | None             |
| Printer:                                       | Cordero Printing & Graphics          | Semi-Annually        | 1 Month          |
| EDGAR Agent:                                   | Premier Fund Solutions, Inc.         | Semi-Annually        | 1 Month          |
| Mailing Agent:                                 | Broadridge Financial Solutions, Inc. | Semi-Annually        | 1 Month          |
| Rating Agency:                                 | Morningstar                          | Quarterly            | 3 Month          |
| Rating Agency:                                 | Lipper                               | Quarterly            | 3 Month          |

The Fund does not regard portfolio holdings information that is more than six months old as current, and such information is not subject to these policies or procedures. Neither the Fund nor Berkshire Capital knowingly enter into any arrangements in which they would receive compensation or other consideration in exchange for the disclosure of the Fund's current portfolio securities holdings.

The Board of Trustees of the Fund, in conjunction with the CCO, exercises oversight of disclosure of current portfolio holdings by reviewing and approving the related Fund and Berkshire Capital policies and procedures discussed above, receiving periodic reports and other information about any material violations of these policies and procedures, and periodically reviewing and ratifying other relevant documents such as the Prospectus and Statement of Additional Information. In the event a material issue, conflict of interest, or other exception to the Policy is identified, the CCO will address the matter and report to the Board of Trustees at their next regular quarterly meeting.

Beginning with the quarter ending September 30, 2004, the Fund will file 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 Form N-Q will be available on the SEC's Website at [www.sec.gov](http://www.sec.gov) and may 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 202-551-8090.

Complete schedules of the Fund's portfolio holdings as of the end of the Fund's second and fourth fiscal quarters are contained in the Fund's semi-

annual and annual reports which are filed with the SEC within 60 days of the end of such quarters. The semiannual reports are filed on Form type N-CSRS and the annual reports are filed on Form type N-CSR. Shareholder reports containing such portfolio holdings are delivered to shareholders and are also available at the Fund's Website at [www.berkshirefunds.com](http://www.berkshirefunds.com).

#### FINANCIAL STATEMENTS

The financial statements and independent registered public accounting firm's report required to be included in the Statement of Additional Information are incorporated herein by reference to the Trust's Annual Report to Shareholders for the fiscal year ended December 31, 2012. The Trust will provide the Annual Report without charge at written or telephone request.