

THE BERKSHIRE FUNDS ANNUAL REPORT

December 31, 2020

**Berkshire
Funds**

BERKSHIRE FOCUS FUND (BFOCX)

IMPORTANT NOTE: Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by calling or sending an email request.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by calling or sending an email request. Your election to receive reports in paper will apply to all funds held with the fund complex/your financial intermediary.

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 **877.526.0707** or visit **www.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

DECEMBER 31, 2020 (UNAUDITED)

PERFORMANCE COMPARISON (AVERAGE ANNUAL TOTAL RETURNS AS OF 12/31/20)

	1 YEAR	3 YEAR	5 YEAR	10 YEAR
BERKSHIRE FOCUS FUND	92.26%	43.82%	33.70%	22.51%
S&P 500® INDEX	18.40%	14.18%	15.22%	13.88%
DOW JONES INDUSTRIAL AVERAGE	9.72%	9.90%	14.65%	12.97%
NASDAQ COMPOSITE INDEX	44.92%	24.39%	22.12%	18.46%

NET ASSETS

12/31/20 \$943.5 MILLION

NET ASSET VALUE

NET ASSET VALUE PER SHARE \$43.76

TOP TEN STOCK HOLDINGS⁽¹⁾

APPLE, INC.	7.53%
TESLA, INC.	7.13%
SQUARE, INC. (CLASS A)	5.91%
CROWDSTRIKE HOLDINGS, INC. (CLASS A)	5.52%
ROKU, INC. (CLASS A)	4.85%
SERVICENOW, INC.	4.80%
CHEGG, INC.	4.67%
PELOTON INTERACTIVE, INC. (CLASS A)	4.59%
PAYPAL HOLDINGS, INC.	4.16%
SNAP, INC.	4.04%

TOP SECTORS⁽³⁾

BUSINESS SOFTWARE & SERVICES	22.49%
CYBERSECURITY EQUIPMENT & SERVICES	13.53%
INTERNET SERVICES	13.37%
CONSUMER ELECTRONICS	12.37%
IT FINANCIAL SERVICES	10.07%
AUTOMOBILE MANUFACTURER	9.64%
INTERNET SOCIAL MEDIA	7.01%
FITNESS & LEISURE	4.59%
COMMUNICATION SERVICES	2.95%
SEMICONDUCTOR	2.00%
SPORTS ENTERTAINMENT & GAMING	1.76%

GROWTH OF \$10,000⁽²⁾



(1) STATED AS A PERCENTAGE OF TOTAL NET ASSETS AS OF 12/31/20. 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.

(2) THIS CHART ASSUMES AN INITIAL INVESTMENT OF \$10,000 MADE ON 12/31/10. 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.

(3) STATED AS A PERCENTAGE OF TOTAL NET ASSETS AS OF 12/31/20. 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.

■

BERKSHIRE FOCUS FUND
PERFORMANCE AND PORTFOLIO DISCUSSION
12/31/2020

■



Dear Fellow Shareholders,

For the twelve-month period ended December 31, 2020, the Berkshire Focus Fund outperformed its primary benchmark index. The Fund generated a total return of +92.26% while the S&P 500® Index—which we consider to be the Fund’s primary benchmark index—produced a total return of +18.40% over the same period. For comparative purposes, the Dow Jones Industrial Average posted a return of +9.72% and the Nasdaq Composite Index generated a return of +44.92% for the year. A \$10,000 investment in our Fund over 10 years starting on December 31, 2010 grew to **\$76,137**.

This was a **+22.51%** average annual compounded return. A \$10,000 investment in the S&P 500® over the same period grew to **\$36,700**. This was a **+13.88%** average annual compounded return.

The year began with a positive backdrop for U.S. equities. Robust earnings growth, a benign interest rate environment and relatively strong economic data all contributed to positive investor sentiment. As the first quarter of 2020 progressed however, the appearance of a novel strain of coronavirus (“COVID-19”) began to spread from China to many other countries across the globe. Evidence that the virus was spreading quickly, led to an unprecedented sell-off in stocks with the speed and magnitude of historic proportions. In addition, oil prices plummeted and U.S. Treasury yields dropped to historically low levels—all in the span of just a few weeks.

Stock markets regained their footing in late March and continued their rebound in the second quarter after the Federal Reserve took unprecedented action to support the economy. The Fed cut its target interest rate to zero and launched a massive open-ended quantitative easing program. Congress also passed the \$2 trillion CARES Act, the largest economic stimulus bill in the country’s history. In April and May infection rates, hospitalizations and deaths began to decline in the hardest-hit areas of the country. The Fed’s extensive economic stimulus program was beginning to take hold and the nation’s Governors began the gradual re-opening of businesses. By the end of the period, the NASDAQ Composite Index reached record highs as technology companies experienced strong demand tied to shelter-in-place and the accelerated transition to a digital economy.

Equity markets continued their upward surge in the third quarter, fueled by enormous monetary and fiscal stimulus and record low interest rates. Even with a divisive presidential election on the horizon and the U.S. economy in recession—the NASDAQ Composite Index and the S&P 500® Index managed to reach all-time highs. U.S. stock markets retreated moderately in September, however, amid fears of a second wave of the pandemic and disappointment over the lack of additional fiscal stimulus.

Stocks recorded strong gains in the fourth quarter, bringing all the major U.S. indexes to record highs. Positive developments in the fight against COVID-19 appeared to be the primary driver of gains for the period. On November 9, Pfizer and BioNTech announced greater than 90% efficacy of their COVID-19 vaccine in drug trials. Shortly after that, Moderna announced equally promising results. The announcement of the first highly effective vaccines against the coronavirus bolstered investor sentiment as hopes grew for a reopening of the economy in 2021. Improving prospects for another round of federal relief also supported stock prices. In late December, Congress finally passed a \$900 billion stimulus bill, which included support for small businesses and extended unemployment benefits, along with \$600 direct payments to individuals. At the end of the year U.S. stock markets finished just as they began, by reaching new all-time highs.

Looking at the portfolio, our investments in CrowdStrike (CRWD), Peloton (PTON), Square (SQ), and Tesla (TSLA) were all contributors to the Fund’s performance. Some of our investments hindered the Fund’s performance—these included Facebook (FB) and Mastercard (MA). New additions to the portfolio in the second-half were Chegg (CHGG), Digital Turbine (APPS), DraftKings (DKNG), NIO (NIO), Sea Ltd. (SE), Snap (SNAP), Snowflake (SNOW) and Zillow (Z).

Thank you for your confidence and continued investment in the Berkshire Focus Fund.

Malcolm R. Fobes III
Chairman and Chief Investment Officer

▪

AUDITED FINANCIAL STATEMENTS
12/31/2020

▪

PORTFOLIO OF INVESTMENTS

DECEMBER 31, 2020

SHARES	VALUE
COMMON STOCKS – 99.78%	
(Cost \$833,072,692)	\$ 941,491,426
AEROSPACE – 0.00%	
10 VIRGIN GALACTIC HOLDINGS, INC. (CLASS A)*	237
APPAREL RETAIL – 0.00%	
10 LULULEMON ATHLETICA, INC.* (CANADA)	3,480
AUTOMOBILE MANUFACTURER – 9.64%	
10 LI AUTO, INC. – ADR*	288
484,260 NIO, INC. – ADR*	23,602,832
95,400 TESLA, INC.*	67,320,918
10 XPENG, INC. – ADR*	428
BUSINESS SOFTWARE & SERVICES – 22.49%	
10 ADOBE, INC.*	5,001
10 ATLIASSIAN CORPORATION PLC (CLASS A)* (UNITED KINGDOM)	2,339
109,030 COUPA SOFTWARE, INC.*	36,951,357
10 DATADOG, INC. (CLASS A)*	985
317,610 DIGITAL TURBINE, INC.*	17,964,022
10 DOCUSIGN, INC.*	2,223
10 MICROSOFT CORP.	2,224
10 MONGODB, INC. (CLASS A)*	3,590
10 PALANTIR TECHNOLOGIES, INC.*	236
42,340 PAYCOM SOFTWARE, INC.*	19,148,265
72,960 PAYLOCITY HOLDING CORP.*	15,023,194
82,230 SERVICENOW, INC.*	45,261,859
83,760 SNOWFLAKE, INC. (CLASS A)*	23,570,064
17,930 THE TRADE DESK, INC. (CLASS A)*	14,361,930
40,060 TWILIO, INC. (CLASS A)*	13,560,310
171,670 UNITY SOFTWARE, INC.*	26,346,195
10 VEEVA SYSTEMS, INC. (CLASS A)*	2,723
10 WORKDAY, INC. (CLASS A)*	2,396
CHINA INTERNET SERVICES – 0.00%	
10 ALIBABA GROUP HOLDING LTD. – ADR*	2,327
10 JD.COM, INC. – ADR*	879
10 PINDUODUO, INC. – ADR*	1,777
COMMUNICATION SERVICES – 2.95%	
73,330 RINGCENTRAL, INC. (CLASS A)*	27,793,243
10 ZOOM VIDEO COMMUNICATIONS, INC.*	3,373
CONSUMER ELECTRONICS – 12.37%	
535,180 APPLE, INC.	71,013,034
137,770 ROKU, INC. (CLASS A)*	45,742,395
CYBERSECURITY EQUIPMENT & SERVICES – 13.53%	
245,970 CROWDSTRIKE HOLDINGS, INC. (CLASS A)*	52,101,365
148,880 OKTA, INC. (CLASS A)*	37,854,229
188,790 ZSCALER, INC.*	37,703,251
FITNESS & LEISURE – 4.59%	
285,540 PELOTON INTERACTIVE, INC. (CLASS A)*	43,322,129
HEALTH CARE – 0.00%	
10 TELEDOC HEALTH, INC.*	2,000

*NON-INCOME PRODUCING

ADR – AMERICAN DEPOSITARY RECEIPT

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

PORTFOLIO OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2020

SHARES		VALUE
	INTERNET SERVICES – 13.37%	\$ 126,146,173
10	AIRBNB, INC. (CLASS A)*	1,468
10	ALPHABET, INC. (CLASS A)*	17,527
10	AMAZON.COM, INC.*	32,569
10	CARVANA CO.*	2,395
10	CHEGG, INC.*	44,064,781
10	CHEWY, INC. (CLASS A)*	899
10	MERCADOLIBRE, INC.* (ARGENTINA)	16,752
10	NETFLIX, INC.*	5,407
122,310	SEA LIMITED* (SINGAPORE)	24,345,806
32,050	SHOPIFY, INC. (CLASS A)* (CANADA)	36,278,998
10	SPOTIFY TECHNOLOGY S.A.* (LUXEMBOURG)	3,147
10	WAYFAIR, INC. (CLASS A)*	2,258
164,670	ZILLOW GROUP, INC.*	21,374,166
	INTERNET SOCIAL MEDIA – 7.01%	66,152,292
10	FACEBOOK, INC. (CLASS A)*	2,732
10	PINTEREST, INC.*	659
762,130	SNAP, INC.*	38,159,849
516,880	TWITTER, INC.*	27,989,052
	IT FINANCIAL SERVICES – 10.07%	95,049,448
10	FISERV, INC.*	1,139
10	GLOBAL PAYMENTS, INC.	2,154
10	MASTERCARD, INC. (CLASS A)	3,569
167,650	PAYPAL HOLDINGS, INC.*	39,263,630
256,290	SQUARE, INC. (CLASS A)*	55,778,956
	SEMICONDUCTOR – 2.00%	18,868,581
10	ADVANCED MICRO DEVICES, INC.*	917
198,500	MARVELL TECHNOLOGY GROUP LTD. (BERMUDA)	9,436,690
10	MICRON TECHNOLOGY, INC.*	752
10	NVIDIA CORP.	5,222
56,660	QORVO, INC.*	9,420,858
10	QUALCOMM, INC.	1,523
10	SKYWORKS SOLUTIONS, INC.	1,529
10	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. – ADR	1,090
	SEMICONDUCTOR EQUIPMENT – 0.00%	11,662
10	APPLIED MATERIALS, INC.	863
10	ASML HOLDING N.V. – ADR	4,877
10	LAM RESEARCH CORP.	4,723
10	TERADYNE, INC.	1,199
	SPECIALTY RETAIL – 0.00%	4,475
10	RH*	4,475
	SPORTS ENTERTAINMENT & GAMING – 1.76%	16,585,070
356,190	DRAFTKINGS, INC. (CLASS A)*	16,584,206
10	PENN NATIONAL GAMING, INC.*	864
	EXCHANGE TRADED FUNDS – 0.00%	5,321
	(COST \$2,128)	
10	INVESCO QQQ ETF	3,137
10	VANECK VECTORS [®] SEMICONDUCTOR ETF	2,184
	TOTAL INVESTMENT SECURITIES – 99.78%	941,496,747
	(COST \$833,074,820)	
	OTHER ASSETS IN EXCESS OF LIABILITIES – 0.22%	2,035,631
	NET ASSETS – 100.00%	\$ 943,532,378
	EQUIVALENT TO \$43.76 PER SHARE	

*NON-INCOME PRODUCING

ADR – AMERICAN DEPOSITARY RECEIPT

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

STATEMENT OF ASSETS AND LIABILITIES

DECEMBER 31, 2020

ASSETS	
INVESTMENT SECURITIES:	
AT COST	\$ 833,074,820
AT VALUE	\$ 941,496,747
CASH	15,859,140
RECEIVABLE FOR DIVIDENDS	23
RECEIVABLE FOR SECURITIES SOLD	70,210,829
RECEIVABLE FOR CAPITAL SHARES SOLD	2,811,827
TOTAL ASSETS	1,030,378,566
LIABILITIES	
PAYABLE FOR SECURITIES PURCHASED	84,370,708
PAYABLE FOR CAPITAL SHARES REDEEMED	1,014,964
PAYABLE TO AFFILIATE (NOTE 5)	1,459,539
PAYABLE TO CUSTODIAN	977
TOTAL LIABILITIES	86,846,188
NET ASSETS	\$ 943,532,378
NET ASSETS CONSIST OF:	
PAID-IN CAPITAL	\$ 737,923,946
TOTAL DISTRIBUTABLE EARNINGS	205,608,432
NET ASSETS	\$ 943,532,378
SHARES OF BENEFICIAL INTEREST ISSUED AND OUTSTANDING (UNLIMITED NUMBER OF SHARES AUTHORIZED, WITHOUT PAR VALUE)	21,561,596
NET ASSET VALUE AND OFFERING PRICE PER SHARE	\$ 43.76
MINIMUM REDEMPTION PRICE PER SHARE*	\$ 42.88

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

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

■

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

INVESTMENT INCOME	
DIVIDENDS (NET OF FOREIGN WITHHOLDING TAXES OF \$7)	\$ 1,207,884
TOTAL INVESTMENT INCOME	1,207,884
EXPENSES	
INVESTMENT ADVISORY FEES (NOTE 5)	8,533,041
ADMINISTRATION FEES (NOTE 5)	2,342,651
INTEREST EXPENSE	21,248
TOTAL EXPENSES	10,896,940
NET INVESTMENT LOSS	(9,689,056)
NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS	
NET REALIZED GAIN FROM SECURITY TRANSACTIONS	323,856,373
NET CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS	81,655,326
NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS	405,511,699
NET INCREASE IN NET ASSETS FROM OPERATIONS	\$ 395,822,643

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

■

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

	YEAR ENDED 12/31/20	YEAR ENDED 12/31/19
FROM OPERATIONS:		
NET INVESTMENT LOSS	\$ (9,689,056)	\$ (4,265,417)
NET REALIZED GAINS FROM SECURITY TRANSACTIONS	323,856,373	60,863,379
NET CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS	81,655,326	13,708,186
NET INCREASE IN NET ASSETS FROM OPERATIONS	395,822,643	70,306,148
FROM DISTRIBUTIONS:		
DISTRIBUTIONS	(163,782,562)	(40,819,831)
FROM CAPITAL SHARE TRANSACTIONS:		
PROCEEDS FROM SHARES SOLD	536,900,709	247,758,129
PROCEEDS FROM REINVESTED DISTRIBUTIONS	162,440,038	40,585,870
PROCEEDS FROM REDEMPTION FEES (NOTE 6)	1,540,086	597,247
PAYMENTS FOR SHARES REDEEMED	(317,057,653)	(142,724,273)
NET INCREASE IN NET ASSETS FROM CAPITAL SHARE TRANSACTIONS	383,823,180	146,216,973
TOTAL INCREASE IN NET ASSETS	615,863,261	175,703,290
NET ASSETS:		
BEGINNING OF PERIOD	327,669,117	151,965,827
END OF PERIOD	\$ 943,532,378	\$ 327,669,117
CAPITAL SHARE ACTIVITY:		
SHARES SOLD	15,124,881	8,591,618
SHARES REINVESTED	3,675,945	1,455,212
SHARES REDEEMED	(9,135,469)	(4,956,267)
NET INCREASE IN SHARES OUTSTANDING	9,665,357	5,090,563
SHARES OUTSTANDING, BEGINNING OF PERIOD	11,896,239	6,805,676
SHARES OUTSTANDING, END OF PERIOD	21,561,596	11,896,239

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

FINANCIAL HIGHLIGHTS

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

	YEAR ENDED 12/31/20	YEAR ENDED 12/31/19	YEAR ENDED 12/31/18	YEAR ENDED 12/31/17	YEAR ENDED 12/31/16
NET ASSET VALUE, BEGINNING OF YEAR	\$ 27.54	\$ 22.33	\$ 21.47	\$ 18.11	\$ 18.19
INCOME FROM INVESTMENT OPERATIONS:					
NET INVESTMENT LOSS ^(A)	(0.64)	(0.45)	(0.31)	(0.35)	(0.23)
NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS	26.04	9.51	2.36 ^(B)	8.37	0.16
TOTAL FROM INVESTMENT OPERATIONS	25.40	9.06	2.05	8.02	(0.07)
PROCEEDS FROM REDEMPTION FEES	0.10	0.06	0.08	0.00 ^(F)	0.01
LESS DISTRIBUTIONS:					
DISTRIBUTIONS FROM NET REALIZED GAINS	(9.28)	(3.91)	(1.27)	(4.66)	(0.02)
TOTAL DISTRIBUTIONS	(9.28)	(3.91)	(1.27)	(4.66)	(0.02)
NET ASSET VALUE, END OF YEAR	\$ 43.76	\$ 27.54	\$ 22.33	\$ 21.47	\$ 18.11
TOTAL RETURN^(C)	92.26%	40.63%	10.02%	44.07%	(0.31%)
SUPPLEMENTAL DATA AND RATIOS:					
NET ASSETS AT END OF YEAR (THOUSANDS)	\$ 943,532	\$ 327,669	\$ 151,966	\$ 74,564	\$ 52,379
RATIO OF EXPENSES TO AVERAGE NET ASSETS ^(D)	1.92%	1.95%	1.97%	2.02%	2.01%
RATIO OF NET INVESTMENT LOSS TO AVERAGE NET ASSETS	(1.70%)	(1.56%)	(1.20%)	(1.54%)	(1.37%)
PORTFOLIO TURNOVER RATE ^(E)	1,599.1%	980.3%	595.6%	385.0%	442.8%

(A) NET INVESTMENT LOSS WAS CALCULATED USING THE AVERAGE SHARES OUTSTANDING METHOD.

(B) NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS PER SHARE IS A BALANCING AMOUNT NECESSARY TO RECONCILE THE CHANGE IN NET ASSET VALUE PER SHARE FOR THE PERIOD, AND MAY NOT RECONCILE WITH THE NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS IN THE STATEMENT OF OPERATIONS.

(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) THE RATIO OF EXPENSES TO AVERAGE NET ASSETS INCLUDES FEDERAL EXCISE TAX AND INTEREST EXPENSE. THE RATIOS EXCLUDING FEDERAL EXCISE TAX AND INTEREST EXPENSE WOULD BE 1.91%, 1.95%, 1.96%, 1.99% AND 2.00%, RESPECTIVELY.

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

(F) LESS THAN \$0.005 PER SHARE.

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946 *Financial Services – Investment Companies*. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

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

Cash — The Fund maintains cash at its custodian which, at times, may exceed United States federally insured limits.

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. Generally, if the security is traded in an active market and is valued at its last sales price, the security is categorized as a Level 1 security (described below), and if an equity security is valued by the pricing service at its last bid, it is generally categorized as a Level 2 security. 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 and are categorized in Level 1, 2, or level 3 when appropriate.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, 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.

The following is a summary of the inputs used to value the Fund’s investments as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
<i>Common Stocks</i>				
Business Software & Services	\$ 212,208,913	–	–	\$ 212,208,913
Cybersecurity Equipment & Services	127,658,845	–	–	127,658,845
Internet Services	126,146,173	–	–	126,146,173
Consumer Electronics	116,755,429	–	–	116,755,429
IT Financial Services	95,049,448	–	–	95,049,448
Automobile Manufacturer	90,924,466	–	–	90,924,466
Internet Social Media	66,152,292	–	–	66,152,292
Fitness & Leisure	43,322,129	–	–	43,322,129
Communication Services	27,793,243	–	–	27,793,243
Semiconductor	18,868,581	–	–	18,868,581
Sports Entertainment & Gaming	16,585,070	–	–	16,585,070
Semiconductor Equipment	11,662	–	–	11,662
China Internet Services	4,983	–	–	4,983
Specialty Retail	4,475	–	–	4,475
Apparel Retail	3,480	–	–	3,480
Health Care	2,000	–	–	2,000
Aerospace	237	–	–	237
Total Common Stocks	941,491,426	–	–	941,491,426
<i>Exchange Traded Funds</i>	5,321	–	–	5,321
Total Investment Securities	\$941,496,747	–	–	\$941,496,747

The Fund did not hold any Level 3 securities during the fiscal year ended December 31, 2020. The Fund did not hold any derivative instruments during the reporting period.

Investment income — Dividend income is recorded on the ex-dividend date. Interest income, if any, 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. The Fund may utilize earnings and profits distributed to shareholders on redemptions of shares as part of the dividends paid deduction.

■

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 for financial reporting purposes. Securities sold are determined on a specific identification basis.

Estimates — The financial statements are prepared in accordance with GAAP, which 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 increases and decreases in net assets from operations 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 fiscal year ended December 31, 2020, 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.

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. Effective September 30, 2019, the Fund has elected a tax year-end of September 30. For the tax year ended September 30, 2020 and the fiscal year December 31, 2020, the following permanent adjustments were recorded. Such adjustments were attributed to the use of equalization for tax purposes:

Paid-in capital	\$ 52,958,091
Total distributable earnings	(52,958,091)

■

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

3. Investment Transactions

Purchases and sales of investment securities (excluding short-term instruments) for the year ended December 31, 2020 were \$9,334,305,385 and \$9,125,383,028, respectively. There were no purchases or sales of U.S. Government securities for the Fund.

4. Tax Information

For Federal income tax purposes, as of December 31, 2020, the cost of investments, and gross appreciation/depreciation was as follows:

Federal income tax cost	\$ 881,004,731
Gross unrealized appreciation	\$ 119,288,904
Gross unrealized depreciation	(58,796,888)
Net unrealized appreciation	\$ 60,492,016

The cost basis of investments for tax and financial reporting purposes differed primarily due to wash sales.

There was a short-term capital gains distribution paid in the amount of \$163,782,562 for the fiscal year ended December 31, 2020. Also, there was a long-term capital gains distribution and a short-term capital gains distribution paid in the amounts of \$5,493,687 and \$35,326,144, respectively, during the year ended December 31, 2019. Short-term capital gain distributions are considered ordinary income distributions for tax purposes.

As of the tax year ended September 30, 2020, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$ 162,594,323
Net unrealized appreciation	45,719,414
Total distributable earnings	\$ 208,313,737

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 paid \$80,000 in Trustee fees and expenses directly by Berkshire Capital during the fiscal year ended December 31, 2020.

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.

■

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

Under the Administration Agreement, Berkshire Capital renders all administrative and supervisory services of the Fund, as well as facilities furnished and expenses assumed except for interest and taxes. 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 fiscal year ended December 31, 2020, Berkshire Capital was paid an investment advisory fee of \$8,533,041 and an administration fee of \$2,342,651 from the Fund. The amount due to Berkshire Capital for these fees at December 31, 2020 totaled \$1,459,539.

6. Redemption Fee

The Fund may impose a redemption fee of 2.00% on shares held for 90 days or less. For the fiscal year ended December 31, 2020, proceeds from redemption fees were \$1,540,086.

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 December 31, 2020, National Financial Services Corp. beneficially owned, in aggregate, 55.76% of the Fund.

8. Cash Holdings

For cash management purposes, the Fund may concentrate cash with the Fund's custodian. This may result in cash balances exceeding the Federal Deposit Insurance Corporation ("FDIC") insurance limits. As of December 31, 2020, the Fund held \$15,859,140 in cash at Huntington National Bank that exceeded the FDIC insurance limit of \$250,000.

9. COVID-19 Risks

Unexpected local, regional or global events, such as war; acts of terrorism; financial, political or social disruptions; natural, environmental or man-made disasters; the spread of infectious illnesses or other public health issues; and recessions and depressions could have a significant impact on the Fund and its investments and may impair market liquidity. Such events can cause investor fear, which can adversely affect the economies of nations, regions and the market in general, in ways that cannot necessarily be foreseen. An outbreak of infectious respiratory illness known as COVID-19, which is caused by a novel coronavirus (SARS-CoV-2), was first detected in China in December 2019 and subsequently spread globally. This coronavirus has resulted in, among other things, travel restrictions, closed international borders, enhanced health screenings

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, significant disruptions to business operations, market closures, cancellations and restrictions, supply chain disruptions, lower consumer demand, and significant volatility and declines in global financial markets, as well as general concern and uncertainty. The impact of COVID-19 has adversely affected, and other infectious illness outbreaks that may arise in the future could adversely affect, the economies of many nations and the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

10. Revolving Loan Agreement

Effective August 18, 2020, the Trust entered into a Revolving Credit Agreement (the "Loan Agreement") between the Trust and its custodian, The Huntington National Bank, N.A. The Fund may not 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. The maximum amount that the Fund is permitted to borrow is the lesser of: (i) \$5,000,000 or (ii) 10% of the Fund's daily market value and is secured by the securities in the Fund. The maximum interest rate of such loans is set at a rate per annum equal to the London Interbank Offered Rate plus 1.75% per annum, subject to an Annual Fee and an Unused Fee. The Annual Fee for the Loan Agreement is equal to 1/8 of one percent (1.00%) of the Loan Amount of \$5,000,000 and the Unused Fee is equal to 1/8 of one percent (1.00%) of the excess of the Loan Amount over the outstanding principal balance of the loan. From August 18, 2020 to December 31, 2020, the Fund had an average loan balance of \$178,230 and paid an average interest rate of 2.25%. Additionally, the maximum borrowing during the period was \$5,000,000. As of December 31, 2020 there was no outstanding loan balance. No compensating balances are required. The loan matures on August 17, 2021. The Loan Agreement was amended February 10, 2021 to increase the maximum amount that the Fund is permitted to borrow to the lesser of: (i) \$10,000,000 or (ii) 10% of the Fund's daily market value.

11. Subsequent Events

In preparing these financial statements, management has performed an evaluation of subsequent events after December 31, 2020 through the date these financial statements were issued and determined that there were no significant subsequent events other than those disclosed in Note 10 that would require adjustment to or additional disclosure in the financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**TO THE SHAREHOLDERS OF BERKSHIRE FOCUS FUND AND
BOARD OF TRUSTEES OF THE BERKSHIRE FUNDS**

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Berkshire Focus Fund (the “Fund”), a series of The Berkshire Funds, as of December 31, 2020, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the related notes, and the financial highlights for each of the five years in the period then ended (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2020, the results of its operations for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2020, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Fund’s auditor since 2004.



COHEN & COMPANY, LTD.

Cleveland, Ohio
February 26, 2021

■

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 investment of \$1,000 invested in the Fund on July 1, 2020 and held through December 31, 2020.

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. If shares are redeemed within 90 days of purchase from the Fund, the shares are subject to a 2% redemption 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 other Fund expenses. 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%

■

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, such as redemption fees or the charges by Mutual Shareholder Services, LLC as described above, or the expenses of the underlying funds. 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>July 1, 2020</u>	Ending Account Value <u>December 31, 2020</u>	Expenses Paid During the Period* July 1, 2020 to <u>December 31, 2020</u>
Actual	\$1,000.00	\$1,490.24	\$11.96
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,015.53	\$9.68

*Expenses are equal to the Fund's annualized expense ratio of 1.91%, multiplied by the average account value over the period, multiplied by 184/366 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 www.sec.gov.

Quarterly Filing of Portfolio Holdings

The Fund publicly files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT. The Fund's Forms N-PORT are available on the SEC's website at www.sec.gov. Copies of the Fund's Forms N-PORT are also available, without charge, by calling the Fund toll free 1-877-526-0707.

■

ADDITIONAL INFORMATION
(UNAUDITED)

Liquidity Risk Management Program

The Fund has adopted and implemented a written liquidity risk management program as required by Rule 22e-4 (the “Liquidity Rule”) under the Investment Company Act. The program is reasonably designed to assess and manage the Fund’s liquidity risk, taking into consideration, among other factors, the Fund’s investment strategies and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources.

During the fiscal year ended December 31, 2020, the Board and the Trust’s Liquidity Program Administrator reviewed a report from the Liquidity Program Administrator and reviewed the Fund’s investments and they determined that the Fund held adequate levels of cash and highly liquid investments to meet shareholder redemption activities in accordance with applicable requirements. Accordingly, the Board concluded that (i) the Fund’s liquidity risk management program is reasonably designed to prevent violations of the Liquidity Rule and (ii) the Fund’s liquidity risk management program has been effectively implemented.

■

ADDITIONAL INFORMATION

(UNAUDITED)

Trustee and Officer Information

The business and affairs of the Fund are managed under the direction of the Fund's Board of Trustees. Information pertaining to the Trustees and Officers of the Fund is set forth below. The SAI includes additional information about the Fund's Trustees and Officers and is available without charge, upon request, by calling toll-free 1-877-526-0707.

Interested Trustees and Officers

NAME, ADDRESS AND YEAR OF BIRTH	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEE AND OFFICER
MALCOLM R. FOBES III* 475 MILAN DRIVE SUITE #103 SAN JOSE, CA 95134 YEAR OF BIRTH: 1964	TRUSTEE, PRESIDENT, TREASURER, SECRETARY, CHIEF INVESTMENT OFFICER, CHIEF FINANCIAL OFFICER AND CHIEF COMPLIANCE OFFICER	INDEFINITE; SINCE 1996	CHAIRMAN AND CEO; BERKSHIRE CAPITAL HOLDINGS, INC. (1993 – PRESENT)	1	INDEPENDENT DIRECTOR; UNITED STATES COMMODITY FUNDS, LLC

* 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 INVESTMENT ADVISER.

DISINTERESTED TRUSTEES

NAME, ADDRESS AND YEAR OF BIRTH	POSITION HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEE
ANDREW W. BROER 475 MILAN DRIVE SUITE #103 SAN JOSE, CA 95134 YEAR OF BIRTH: 1965	INDEPENDENT TRUSTEE	INDEFINITE; SINCE 1998	MANAGER, DATA CENTER TOOLS AND MONITORING, APPLE, INC., 2014 – PRESENT; SENIOR MANAGER, DATA CENTER OPERATIONS, BOX, INC., 2013 – 2014; TECHNICAL STAFF, CISCO SYSTEMS, INC., 1996 – 2013.	1	NONE
PETER M. ROBINSON 475 MILAN DRIVE SUITE #103 SAN JOSE, CA 95134 YEAR OF BIRTH: 1957	INDEPENDENT TRUSTEE	INDEFINITE; SINCE 2020	MURDOCH DISTINGUISHED POLICY FELLOW AT THE HOOVER INSTITUTION AND EDITOR OF HOOVER'S QUARTERLY JOURNAL, THE HOOVER DIGEST, 1993 TO PRESENT.	1	INDEPENDENT DIRECTOR; UNITED STATES COMMODITY FUNDS, LLC
DAVID A. WHITE 475 MILAN DRIVE SUITE #103 SAN JOSE, CA 95134 YEAR OF BIRTH: 1967	INDEPENDENT TRUSTEE	INDEFINITE; SINCE 2020	EXECUTIVE DIRECTOR, INTERNAL AUDIT/RISK MANAGEMENT, GILEAD SCIENCES, INC., JUNE 2020 TO PRESENT; EXECUTIVE DIRECTOR, NORTH AMERICA CONTROLLER, GILEAD SCIENCES, INC., AUG. 2016 TO MAY 2020, SENIOR DIRECTOR, NORTH AMERICA CONTROLLER AUG. 2016 TO NOV. 2018; VP & ASSISTANT CONTROLLER, OPERATIONS, APRIL 2014 TO AUG. 2016, YAHOO! INC	1	NONE

■

ADDITIONAL INFORMATION
(UNAUDITED)

APPROVAL OF INVESTMENT ADVISORY AGREEMENT

The Board of Trustees (the “Trustees” or the “Board”), including a majority of the Trustees who are not “interested persons” of the Trust (the “Independent Trustees”), approved the continuation of the Investment Advisory Agreement (the “Advisory Agreement”) with Berkshire Capital Holdings, Inc. (the “Adviser”) at a meeting on held December 12, 2020.

The Trustees were assisted by experienced independent legal counsel throughout the contract review process. The Independent Trustees discussed the proposed continuance in executive session with such counsel at which no representatives of the Adviser were present. The Independent Trustees relied upon the advice of independent legal counsel and their own business judgment in determining the material factors to be considered in evaluating the Advisory Agreement and the weight to be given to each such factor. Among other factors, the Trustees considered the Fund’s performance; the nature, extent and quality of the services provided; the costs of the services provided; any profits realized by the Adviser; the extent to which economies of scale will be realized as the Fund grows; and whether fees reflect those economies of scale. The conclusions reached by the Independent Trustees were based on a comprehensive evaluation of all of the information provided and were not the result of any one factor. Moreover, each Independent Trustee may have afforded different weight to the various factors in reaching his conclusions with respect to the Advisory Agreement.

At the December 12, 2020 Board meeting, a representative of the Adviser referred the Trustees to the materials that had been provided to them for purposes of their consideration of the Advisory Agreement. He summarized the services provided by the Adviser to the Fund and he reported that there were no material changes in the structure or relationships of the Adviser. The representative next reviewed with the Trustees the average total returns of the Fund through September 30, 2020 (year-to-date, 1-year, 3-years, 5-years, 10-years and 15-years), and the expense ratios and management fees of the Fund in comparison with funds in the Morningstar Technology Fund category (the “Category”), and a group of no-load Morningstar Technology Funds with net assets ranging from \$250 million to \$1.6 billion (the “Peer Group”). He also reviewed comparisons of the Fund’s performance with its benchmark indices, as well as the Category and Peer Group. He noted that he had provided the Adviser’s balance sheet and income statement to the Trustees prior to the meeting. He then led a discussion regarding the Adviser’s profitability, indicating a profit margin at the time of analysis.

Investment Performance

The Trustees then considered the investment performance of the Fund over various periods of time ended September 30, 2020 as compared to its benchmark indices and the Category and Peer Group. The Trustees noted that the Fund had outperformed its benchmark indices over the year-to-date, 1-year, 3-year, 5-year, 10-year and 15-year periods ended September 30, 2020, remarking in particular that the performance of the Fund for every period relevant to the benchmark indices had been outstanding. The data also showed that the Fund outperformed its Category and Peer Group averages for the 1-year, 3-year, 5-year and 10-year periods. Based on this review, the Trustees concluded that the current and historical performance of the Fund, as managed by the Investment Adviser, was satisfactory.

■

ADDITIONAL INFORMATION
(UNAUDITED)

Nature, Extent and Quality of Services Provided by the Investment Adviser

The Trustees then reviewed the nature, quality and scope of current and anticipated services provided by the Adviser under the Advisory Agreement. The Trustees discussed the Adviser's experience and the capabilities of the Adviser's portfolio manager. For example, the Trustees reviewed and discussed the Adviser's Form ADV and internal compliance policies, as well as the experience of the Adviser as investment adviser or sub-adviser to other investment companies. In addition to the above considerations, the Trustees reviewed and considered a description of the Adviser's portfolio and brokerage transactions, noting that the Adviser received no soft dollars. Based on this review, the Trustees concluded that the range and quality of services to be provided by the Adviser to the Fund were appropriate and continued to support its original selection of the Adviser.

Costs of Services Provided

The Trustees next reviewed the terms of the Advisory Agreement and the Administration Agreement, concluding after discussion with independent counsel that it was appropriate to consider them together, given that the Adviser was performing all services under the agreements and that the Administration Agreement called for the Adviser to pay substantially all of the Fund's expenses (except for the investment advisory fee). The Trustees concluded that it would be putting form over substance to treat the two agreements separately. The representative of the Adviser then reviewed the advisory fee and expense ratio for the Fund and compared the fee and expense ratio with the advisory fees and expense ratios of the Fund's Category and Peer Group. He noted that the expense ratio was more meaningful than the actual advisory fee ratio because the agreements have a "universal fee" structure where the Adviser pays substantially all of the expenses of the Fund and is compensated with a higher fee. The representative further noted that most of the funds in the comparative data do not share this structure.

After discussion, the Trustees agreed that, instead of comparing actual advisory fees, it was more appropriate to compare net expense ratios, due to the universal fee structure. The Trustees further noted that some of the funds in the comparative data were one class of a fund that had many classes and, thus, benefit from economies of scale provided by the other classes. The Trustees noted that the Fund's net expense ratio was at the top of the Peer Group and near the top of the Category, but within the range of the Category.

At this point, the representative added that the work involved in running the Fund was significantly higher than for most other funds because of the extreme volatility of high-growth and technology stocks. He stated that he is actively managing the Fund's portfolio every day, using a time-intensive process to follow news regarding each of the stocks in the portfolio and stocks that he is considering for the portfolio. He estimated that a net positive performance of the Fund is generated by his doing trading "on the edges," which he believes allows the Fund to take advantage of short-term movements in particular stock prices. The Trustees recognized the benefit of the Adviser's active management of the Fund and, based on their review, concluded that the cost of services provided by the Adviser was appropriate.

■

ADDITIONAL INFORMATION
(UNAUDITED)

Profitability of the Adviser

The Trustees next considered an analysis of the profitability of the Adviser from the fees payable under the Advisory Agreement and the Administration Agreement. In addition, the Trustees reviewed the financial condition of the Investment Adviser for 2019 and through October 2020, as well as information from a Management Practice, Inc. (“MPI”) 2019 profitability analysis of 16 publicly-reported asset managers. A representative of the Adviser reviewed the profitability analysis of the Adviser with the Trustees, noting that as no rent expenses and no payroll expenses were deducted through October 2020, the Adviser’s profitability was significantly overstated. The Trustees remarked that the Adviser’s level of profitability was above the average pre-tax operating margins reported in the MPI analysis before considering certain expenses. They also note that the profitability for equity funds was generally significantly higher and that after including the Adviser’s expected payroll expense for 2020 the Adviser’s profitability was in the acceptable range.

Economies of Scale

The Trustees next considered whether the Fund has appropriately benefitted from any economies of scale, and whether there is potential for realization of any further economies of scale. The representative of the Adviser reminded the Trustees that the Adviser’s fees under the Administration Agreement contain breakpoints and noted that the Fund was already receiving the benefit of the fee reduction at the third break point, compared to the second break point last year. The Trustees acknowledged that the Adviser was entitled to reasonable profits and indicated that the existing breakpoints are, and should continue to pass on the benefits of economies of scale to shareholders.

Conclusion

At this point, the Trustees indicated that it was their consensus that the information presented and the discussion of the information were adequate for making a determination regarding the renewal of the Advisory Agreement. As to the nature, extent and quality of services provided by the Adviser, the Trustees expressed their common opinion that the Adviser provides excellent services to the Fund and that the extent of the services is consistent with the Board’s expectations. They complimented the Adviser on the Fund’s outstanding relative performance over each of the periods presented over the last fifteen years. The Trustees then concluded that, based on their review of the fees and overall expense comparisons, as well as all information relating to the profitability of the Adviser, that the advisory and administration fees were reasonable and that the arrangements were not generating excessive profits to the Adviser. The Trustees further concluded that the existing fee breakpoints would make the Adviser’s fees reflective of economies of scale.

After further discussion, and based upon all of the above-mentioned factors and their related conclusions, with no single factor or conclusion being determinative and with each Trustee not necessarily attributing the same weight to each factor, the Trustees unanimously determined that the continuation of the Advisory Agreement for an additional year was in the best interests of the Fund and its shareholders.

The Berkshire Funds

475 Milan Drive
Suite #103
San Jose, CA 95134
(Toll-Free) 1-877-526-0707

Board of Trustees

Malcolm R. Fobes III, Chairman
Andrew W. Broer
Peter M. Robinson
David A. White

Investment Adviser

Berkshire Capital Holdings, Inc.
475 Milan Drive
Suite #103
San Jose, CA 95134

Counsel

Thompson Hine LLP
312 Walnut Street
14th Floor
Cincinnati, OH 45202

**Independent Registered
Public Accounting Firm**

Cohen & Company, Ltd.
1350 Euclid Avenue
Suite #800
Cleveland, OH 44115

Transfer Agent

Mutual Shareholder Services, LLC
8000 Town Centre Drive
Suite #400
Broadview Heights, OH 44147

Distributor

Arbor Court Capital, LLC
8000 Town Centre Drive
Suite #400
Broadview Heights, OH 44147

Custodian

Huntington National Bank
41 South High Street
Columbus, OH 43287

Website

www.berkshirefunds.com