
ANNUAL REPORT

Bragg Capital Trust

Queens Road Value Fund

Queens Road Small Cap Value Fund

May 31, 2006

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QUEENS ROAD FUNDS

MANAGERS COMMENTARY

May 31, 2006

Dear Fellow Shareholders:

For the fiscal 2006 year, the Queens Road Value Fund scored a total return of 10.03% and the Queens Road Small Cap Value Fund returned 8.31% (see each fund's section below for more detailed performance information). We are pleased to report that both funds have produced positive returns in every fiscal year since inception. Although of course past performance does not guarantee future results, we believe our value-oriented, disciplined investment philosophy should continue to provide consistent above-average risk-adjusted performance.

Throughout the year the Federal Reserve continued to raise short-term interest rates. Its streak now stands at 16 straight quarters of 25 basis point increases. While many economists and investors are calling for the Fed to stop the rate hikes (and some are even proposing cuts), we don't believe Fed chief Ben Bernanke has that flexibility. Despite slowing GDP growth, inflation is certainly on the rise, most likely due to the unprecedented expansionary monetary policy of the recent past. Prices for equities, commodities and real estate have increased at above-average rates over the past few years. So far high real growth in global output and increased productivity have done a great job in absorbing the easy money resulting from the policies of the world's central banks, but Bernanke realizes inflation is far easier to start than to stop. In today's environment, an inflationary period like the one we endured in the late 1970s and early 1980s would be disastrous. It was bad enough then, and that was before the proliferation of no-money-down, adjustable-rate mortgages. Therefore we expect the Fed will remain vigilant, and further rate increases may be forthcoming.

We believe that the slower economic growth we are starting to see will benefit higher-quality companies -- the very ones we try to identify and invest in. The market over the last three years has been led by more speculative companies, which is typical of where we are in the economic cycle. Corporate profit growth has been very strong for the past several years, but should slow with slowing GDP growth. While we never make macro predictions, we are sure that corporate earnings can't grow at an above-average rate indefinitely! In a lower-growth environment, companies with cheaper valuations, stronger balance sheets, and more generous dividend policies should out-perform.

QUEENS ROAD FUNDS

MANAGERS COMMENTARY (CONTINUED)
MAY 31, 2006

Although this year's commentary may seem gloomy, we remain skeptically optimistic. As realists, we know that trees do not grow to the sky, and earnings as well as equities' returns will revert to the mean over time. While we closely watch the macro-picture, it does not drive our investment process. We continue to search for companies that are trading below our estimate of their intrinsic value, with strong balance sheets, effective managements, in attractive industries. We feel confident that a diversified portfolio of these investments will provide above-average long-term risk-adjusted returns.

As always, thank you for your support.

Sincerely,

Steve Scruggs, CFA
President, Portfolio Manager

Benton Bragg, CFA
Chairman

QUEENS ROAD VALUE FUND

FUND COMMENTARY
MAY 31, 2006

Manager's Discussion

NOTE: In November 2005, the S&P/Barra Value Index was discontinued by Standard and Poor's and replaced with the S&P500/Citigroup Value Index. Accordingly, the Fund has adopted the S&P 500/Citigroup Value Index as its primary benchmark.

The Queens Road Value Fund had a great year and was up 10.03% for the fiscal year ending 5/31/2006. However, we trailed our primary benchmark, the S&P500/Citigroup Value Index, which was up 15.32%. The Fund managed to outperform the S&P 500, which was up 8.64%. The Fund was underweight in the energy sector, which was by far the best performing sector over the last year. This was the main cause of our underperformance relative to the index.

The chart below shows the fund's performance for the fiscal year ended 5/31/2006, along with the returns for the S&P500/Citigroup Value Index and the Standard and Poor's 500 Index. The fund attempts to maintain a strong correlation with the S&P500/Citigroup Value Index by maintaining portfolio sector weights within reasonable parameters to the index. We try to outperform the index through security selection, investing only in those companies we believe have the best prospects for long-term performance.

	<u>QRVLX</u>	<u>S&P 500/Citigroup Value</u>	<u>S&P 500</u>
June 2005	1.08%	0.70%	0.14%
July 2005	3.20%	3.90%	3.72%
August 2005	-0.59%	-0.38%	-0.91%
September 2005	0.89%	2.06%	0.81%
October 2005	-2.35%	-1.36%	-1.67%
November 2005	3.54%	4.31%	3.78%
December 2005	0.29%	-0.76%	0.03%
January 2006	1.46%	2.98%	2.65%
February 2006	1.37%	1.08%	0.27%
March 2006	1.00%	1.70%	1.24%
April 2006	1.34%	2.79%	1.34%
May 2006	-1.46%	-2.45%	-2.88%
One Year	10.03%	15.32%	8.64%

QUEENS ROAD SMALL CAP VALUE FUND

FUND COMMENTARY
MAY 31, 2006

Manager's Discussion

For the twelve month period ending 5/31/2006 the total return for the Queens Road Small Cap Value Fund was 8.31%. This compares with returns of 18.22% for the Russell 2000 Value Index and 18.24% for the Russell 2000 Index.

Part of the Fund's underperformance was due to the Fund being underweight relative to its benchmark in the Energy sector which was by far the best performing sector in both the Russell 2000 Value Index and the Russell 2000 Index. Additionally, the Fund was overweight relative to its benchmarks in Consumer Discretionary stocks which fared poorly for the year thereby causing further underperformance.

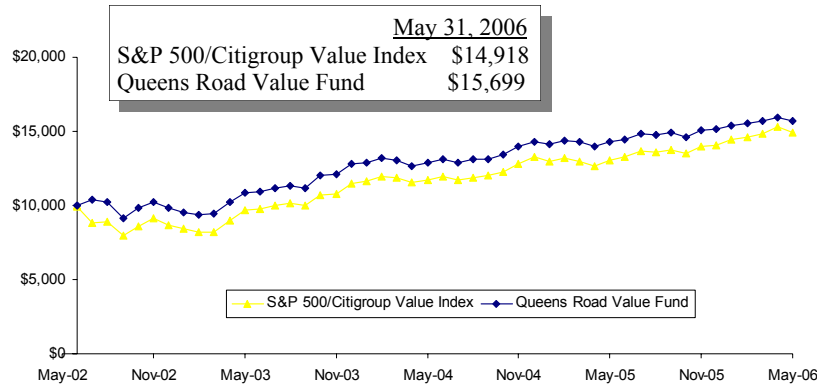
Below is our month-by-month performance comparison with both the Russell 2000 Value Index and the Russell 2000 Index.

	<u>QRSVX</u>	<u>Russell 2000 Value</u>	<u>Russell 2000</u>
June 2005	3.36%	4.42%	3.86%
July 2005	4.23%	5.69%	6.34%
August 2005	-3.19%	-2.30%	-1.85%
September 2005	0.48%	-0.17%	0.31%
October 2005	-4.35%	-2.51%	-3.11%
November 2005	3.05%	4.06%	4.85%
December 2005	0.02%	-0.77%	-0.46%
January 2006	3.14%	8.27%	8.97%
February 2006	-.041%	-.001%	-0.28%
March 2006	4.59%	4.84%	4.85%
April 2006	-0.06%	0.27%	-0.02%
May 2006	-2.76%	-4.14%	-5.62%
One Year	8.31%	18.22%	18.24%

QUEENS ROAD VALUE FUND

PERFORMANCE ILLUSTRATION
MAY 31, 2006

Cumulative Performance Comparison \$10,000 Investment Since Inception*



Average Annual Total Return For the Periods Ended May 31, 2006

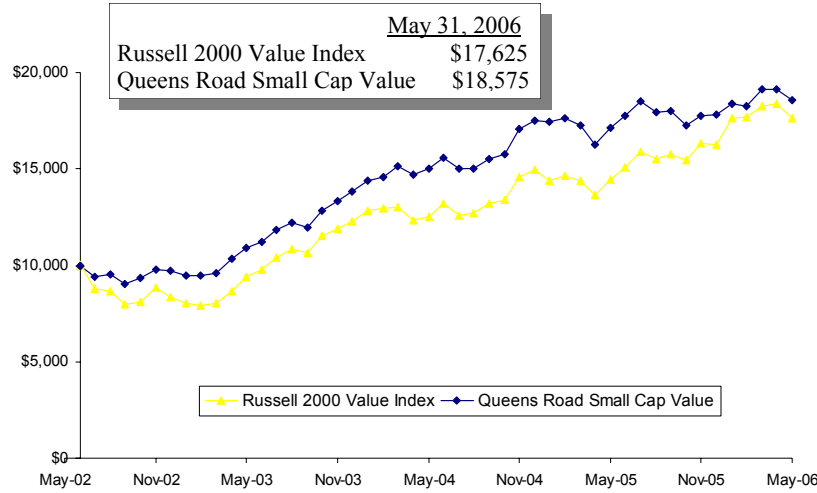
	Queens Road Value Fund	S&P 500/Citigroup Value Index
1 Year	10.03%	14.03%
Since Inception	12.04%	10.61%

**Past performance is not predictive of future performance. The value of shares will fluctuate and will be worth more or less than their original cost at the time of redemption.*

QUEENS ROAD SMALL CAP VALUE FUND

PERFORMANCE ILLUSTRATION
MAY 31, 2006

Cumulative Performance Comparison \$10,000 Investment Since Inception*



Average Annual Total Return For the Periods Ended May 31, 2006

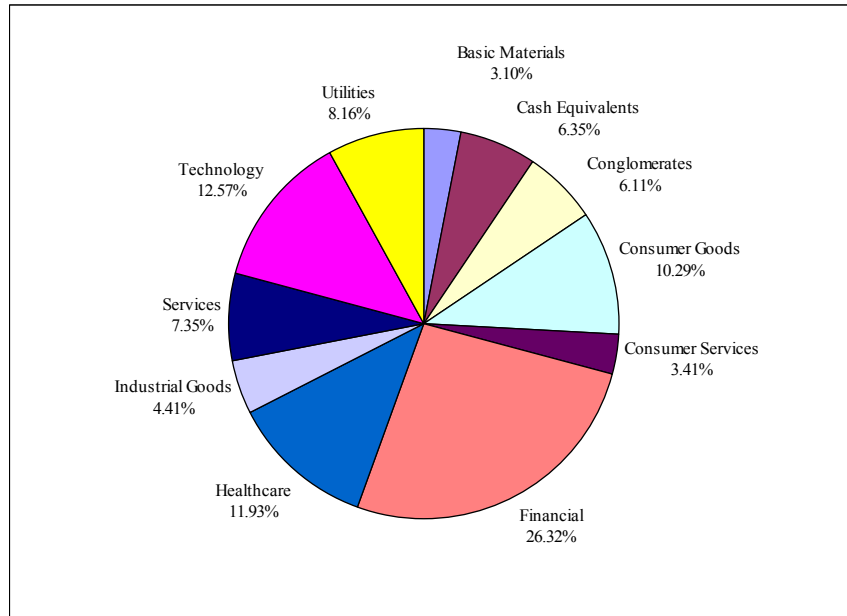
	Queens Road Small Cap Value	Russell 2000 Value Index
1 Year	8.31%	18.21%
Since Inception	16.89%	14.45%

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QUEENS ROAD VALUE FUND

GRAPHICAL ILLUSTRATION
MAY 31, 2006

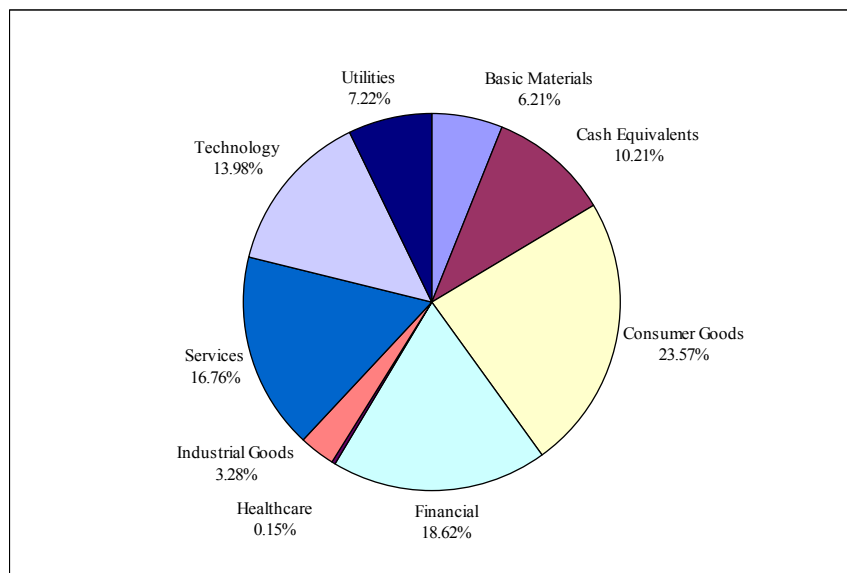
The following chart gives a visual breakdown of the Fund by the industry sectors the underlying securities represent as a percentage of the portfolio of investments.



QUEENS ROAD SMALL CAP VALUE FUND

GRAPHICAL ILLUSTRATION
MAY 31, 2006

The following chart gives a visual breakdown of the Fund by the industry sectors the underlying securities represent as a percentage of the portfolio of investments.



QUEENS ROAD VALUE FUND

SCHEDULE OF INVESTMENTS MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Advertising Agencies		
250 Omnicom Group, Inc.	<u>\$ 23,778</u>	0.48%
Aerospace & Defense		
525 Alliant Techsystems, Inc. *	40,982	
160 Boeing Co.	13,320	
600 United Technologies Corp.	<u>37,512</u>	
	91,814	1.85%
Apparel & Accessories		
800 Liz Claiborne, Inc.	30,936	
1,000 V.F. Corp.	<u>62,930</u>	
	93,866	1.90%
Apparel Retail		
1,400 TJX Companies, Inc.	<u>33,194</u>	0.67%
Beverages		
830 Brown Forman Corp.	<u>63,329</u>	1.28%
Banks		
1,400 Bank of America Corp.	67,760	
235 Wells Fargo & Co.	<u>15,597</u>	
	83,357	1.69%
Broadcasting & Cable TV		
490 CBS Corp. Class B	12,696	
1,290 Comcast Corp. Class A *	41,280	
2,800 Echostar Communications Corp. *	<u>83,804</u>	
	137,780	2.79%

* Non-income producing

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

QUEENS ROAD VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Computer Hardware		
800 Dell, Inc. *	20,304	
2,600 Hewlett Packard Co.	<u>84,188</u>	
	104,492	2.11%
Computer Storage & Peripherals		
600 Lexmark International, Inc. *	34,350	
2,500 Seagate Technology	<u>58,375</u>	
	92,725	1.87%
Construction Materials		
337 Florida Rock Industries, Inc.	<u>17,726</u>	0.36%
Data Processing Services		
2,495 Electronic Data Systems Corp.	<u>61,177</u>	1.24%
Department Stores		
90 Federated Department Stores, Inc.	<u>6,555</u>	0.13%
Diversified Financial Services		
1,600 Citigroup Corp.	<u>78,880</u>	1.59%
Electric Utilities		
2,400 Duke Power Co.	67,728	
700 Exelon Corp.	39,627	
3,000 Northeast Utilities	60,690	
1,700 Progress Energy, Inc.	71,468	
1,865 Southern Co.	<u>59,624</u>	
	299,137	6.05%

* Non-income producing

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

QUEENS ROAD VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Environmental Services		
1,500 Waste Connections, Inc. *	<u>57,675</u>	1.17%
Fertilizers & Agricultural Chemicals		
1,800 Scotts Miracle-Gro Co.	<u>78,588</u>	1.59%
Financials-Asset Management & Custody Banks		
1,450 T. Rowe Price Associates, Inc.	<u>114,695</u>	2.32%
Fire Marine & Casualty Insurance		
2,900 Progressive Corp.	<u>79,315</u>	1.60%
General Merchandise Stores		
1,950 Dollar Tree Stores, Inc. *	<u>51,539</u>	1.04%
Health Care Distributors & Services		
800 Wellpoint Health Networks, Inc. *	<u>57,264</u>	1.16%
Health Care Equipment		
1,500 Medtronic, Inc.	<u>75,735</u>	1.53%
Housewares & Specialties		
1,800 Community Health Systems, Inc. *	67,860	
1,450 HCA, Inc.	<u>64,453</u>	
	132,313	2.68%

* Non-income producing

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

QUEENS ROAD VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Household Appliances		
239	Whirlpool Corp. <u>21,491</u>	0.43%
Household Products		
1,100	Clorox Co. <u>69,509</u>	1.41%
Housewares & Specialties		
380	Fortune Brands, Inc. <u>28,120</u>	0.57%
Investment Banking & Brokerage		
945	Morgan Stanley Group, Inc. <u>56,341</u>	1.14%
Industrial Conglomerates		
2,650	Tyco Laboratories, Inc. <u>71,842</u>	1.45%
Industrial Instruments for Measurement, Display and Control		
1,150	Danaher Corp. <u>73,727</u>	1.49%
Industrial Machinery		
2,000	Ingersoll Rand Co. Ltd. <u>87,220</u>	1.76%
Insurance Brokers		
2,250	Brown & Brown, Inc. <u>68,558</u>	1.39%
Insurance Agents, Brokers and Services		
2,500	Marsh & McLennan Cos., Inc. <u>70,075</u>	1.42%

* Non-income producing

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QUEENS ROAD VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Integrated Oil & Gas		
1,000 Exxon Mobil Corp.	<u>60,910</u>	1.23%
Integrated Telecommunication Services		
1,290 Alltel Corp.	79,786	
2,584 AT&T, Inc.	67,339	
2,600 Century Telephone Enterprises, Inc.	92,950	
900 China Netcom Group Corp.	<u>29,475</u>	
	269,550	5.45%
Internet Software & Services		
1,000 Intel Corp.	<u>18,020</u>	0.36%
Leisure Products		
2,700 Hasbro, Inc.	<u>50,058</u>	1.01%
Property & Casualty Insurance		
6,063 Aegon NV	101,191	
3,500 Consec, Inc. *	84,315	
1,035 Metlife, Inc.	53,271	
1,300 Torchmark Corp.	<u>76,544</u>	
	315,321	6.38%
Movies & Entertainment		
4,500 News Corp.	85,815	
5,500 Time Warner, Inc.	94,655	
490 Viacom, Inc. Class B *	<u>18,497</u>	
	198,967	4.02%

* Non-income producing

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

QUEENS ROAD VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Multi-Sector Holdings		
1,400 Leucadia National Corp.	<u>89,656</u>	1.81%
Multi-Utilities		
2,100 WPS Resources Corp.	<u>102,522</u>	2.07%
Multi-Line Insurance		
1,140 American International Group, Inc.	<u>69,312</u>	1.40%
Networking Equipment		
1,000 Motorola, Inc.	<u>21,090</u>	0.43%
Oil & Gas Exploration & Production		
200 Apache Corp.	<u>12,976</u>	0.26%
Packaged Foods		
2,670 Unilever NV	<u>60,422</u>	1.22%
Personal Products		
1,375 Alberto Culver Co. Class B	<u>63,951</u>	1.29%
Pharmaceuticals		
1,000 Glaxo Smithkline PLC	55,300	
1,850 Johnson & Johnson	111,407	
1,820 Merck & Co., Inc.	60,587	
4,000 Pfizer, Inc.	<u>94,640</u>	
	321,934	6.51%

* Non-income producing

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

QUEENS ROAD VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Publishing & Printing		
420 Gannett, Inc.	22,684	
800 John Wiley & Sons	<u>27,864</u>	
	50,548	1.02%
Regional Banks		
1,700 BOK Financial Corp.	83,453	
2,650 National City Corp.	<u>97,732</u>	
	181,185	3.66%
Real Estate Investment Trusts		
745 Simon Property Group	<u>59,324</u>	1.20%
Reinsurance		
1,100 Renaissance RE Holdings	<u>49,555</u>	1.00%
Restaurants		
1,825 McDonalds Corp.	<u>60,535</u>	1.22%
State Commercial Banks		
1,650 Fifth Third Bancorp	<u>62,700</u>	1.27%
Thrifts & Mortgage Finance		
160 Federal National Mortgage Association	<u>7,960</u>	0.16%
Trading Companies & Distributors		
700 Grainger W.W., Inc.	<u>50,512</u>	1.03%

* Non-income producing

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

QUEENS ROAD VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

<u>Shares/Principal Amount</u>	<u>Market Value</u>	<u>% of Net Assets</u>
COMMON STOCKS		
Wireless Telecommunication Services		
1,586 America Movil S.A. DE C.V.	<u>51,798</u>	1.06%
Total for Common Stock (Cost - \$4,316,174)	<u>4,610,623</u>	93.22%
CASH AND EQUIVALENTS		
312,802 First American Prime Obligation Fund CL A 4.28% **	<u>312,802</u>	6.33%
Total Investments (Cost \$ 4,628,976)	<u>4,923,425</u>	99.55%
Other Assets Less Liabilities	<u>22,326</u>	0.45 %
Net Assets - 100.00%	<u>\$4,945,751</u>	100.00%

* Non-income producing

** Variable rate security; the coupon rate shown represents the rate at
May 31, 2006.

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

QUEENS ROAD SMALL CAP VALUE FUND

SCHEDULE OF INVESTMENTS
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Apparel & Accessories		
2,992 Hampshire Group, Ltd. *	<u>\$ 55,502</u>	0.69%
Apparel Retail		
3,550 Stage Stores, Inc.	<u>115,553</u>	1.44%
Application Software		
12,780 Intervideo, Inc. *	<u>130,484</u>	1.62%
Auto Parts & Equipment		
7,200 Aftermarket Technology Corp. *	<u>174,816</u>	2.17%
Catalog Retail		
3,100 Blair Corp.	<u>110,484</u>	1.37%
Chemical & Allied Products		
2,710 FMC Corp.	<u>174,985</u>	2.18%
Commercial Printing		
3,525 Banta Corp.	<u>174,347</u>	2.17%
Computer Hardware		
5,200 Intergraph Corp. *	<u>184,860</u>	2.30%
Computer Storage & Peripherals		
4,000 Hutchinson Technology, Inc. *	<u>92,920</u>	1.16%

* Non-income producing

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

QUEENS ROAD SMALL CAP VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Construction & Engineering		
2,000 Perini Corp. *	<u>49,120</u>	0.61%
Construction & Farm Machinery		
1,926 Oshkosh Truck Corp.	<u>101,789</u>	1.27%
Distillers & Vintners		
1,190 Constellation Brands, Inc. *	<u>29,393</u>	0.37%
Diversified Commercial Services		
4,412 VSE Corp.	<u>143,081</u>	1.78%
Electric Utilities		
4,250 MGE Energy, Inc.	<u>131,495</u>	1.64%
Electronic Equipment & Instruments		
3,785 MTS Systems Corp.	158,024	
2,099 Rofin Sinar Technologies, Inc. *	<u>114,521</u>	
	272,545	3.39%
Food Retail		
2,175 Arden Group, Inc.	<u>212,367</u>	2.64%
Footwear		
3,000 K-Swiss, Inc. Class A	<u>79,140</u>	0.98%

* Non-income producing

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QUEENS ROAD SMALL CAP VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Gas Utilities		
7,300 Piedmont Natural Gas Co., Inc.	177,463	
3,300 UGI Corp.	<u>76,758</u>	
	254,221	3.16%
Health Care Distributors & Services		
4,220 Owens & Minor, Inc.	<u>125,334</u>	1.56%
Health Care Facilities		
500 Amsurg Corp. *	<u>12,045</u>	0.15%
Home Furnishings		
3,000 Dorel Industries, Inc. *	73,770	
6,578 Rent A Center, Inc. *	<u>156,425</u>	
	230,195	2.86%
Homebuilding		
3,345 Cavco Industries, Inc. *	<u>158,653</u>	1.97%
Industrial Machinery		
3,500 Blyth, Inc.	74,025	
5,257 Lancaster Colony Corp.	<u>204,865</u>	
	278,890	3.47%
Industrial Inorganic Chemicals		
100 Ampco Pittsburgh Corp.	3,286	
4,600 Clarcor, Inc.	<u>144,670</u>	
	147,956	1.84%

* Non-income producing

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QUEENS ROAD SMALL CAP VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Integrated Telecommunication Services		
3,402 Commonwealth Tel Enterprises, Inc.	<u>112,436</u>	1.40%
Life & Health Insurance		
12,500 Phoenix Companies, Inc.	<u>177,250</u>	2.21%
Multi-line Insurance		
8,000 Horace Mann Investors, Inc.	<u>134,000</u>	1.67%
Natural Gas Distribution		
4,480 New Jersey Resources, Corp.	<u>201,242</u>	2.50%
Networking Equipment		
4,000 Bel Fuse, Inc. Class B	125,520	
9,000 Packeteer, Inc. *	<u>103,050</u>	
	228,570	2.84%
Oil & Gas Exploration & Production		
4,000 Saint Mary Land & Exploration Co.	<u>156,360</u>	1.95%
Packaged Foods		
4,231 Sanderson Farms, Inc.	129,553	
7,626 Smithfield Foods, Inc. *	<u>212,079</u>	
	341,632	4.25%
Personal Products		
6,664 CCA Industries, Inc.	62,975	
5,495 Inter Parfums, Inc.	<u>98,415</u>	
	161,390	2.01%

* Non-income producing

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

QUEENS ROAD SMALL CAP VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Property & Casualty Insurance		
6,950 CNA Surety Corp. *	119,332	
2,185 Commerce Group, Inc.	<u>123,999</u>	
	243,331	3.03%
Regional Banks		
4,500 Colonial Bancgroup, Inc.	119,970	
4,500 First Midwest Bancorp, Inc.	158,175	
1,052 Southside Bancshares, Inc.	<u>20,577</u>	
	298,722	3.72%
Real Estate Investment Trusts		
938 Macerich Company	<u>64,637</u>	0.80%
Reinsurance		
5,000 Endurance Specialty Holdings, Ltd.	152,750	
2,700 Platinum Underwriters Holdings, Ltd.	<u>72,738</u>	
	225,488	2.81%
Semiconductors		
1,187 Omnivision Technologies, Inc. *	<u>34,779</u>	0.43%
Services - Misc. Amusement & Recreation		
3,455 Aztar Corp. *	<u>179,176</u>	2.23%
Specialty Chemicals		
3,625 Albemarle Corp.	<u>174,000</u>	2.16%

* Non-income producing

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QUEENS ROAD SMALL CAP VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
State Commerical Banks		
3,150 Central Pacific Financial Corp.	113,306	
1,900 Penns Wood Bancorp, Inc.	<u>72,200</u>	
	185,506	2.31%
Thrifts & Mortgage Finance		
2,901 Anchor Bancorp Wisconsin, Inc.	84,564	
13,400 Doral Financial Corp.	<u>101,036</u>	
	185,600	2.31%
Tires & Rubber		
3,800 Bandag, Inc.	<u>141,664</u>	1.76%
Trucking		
8,590 Heartland Express, Inc.	144,827	
8,119 Vitran Corp., Inc. *	<u>176,507</u>	
	321,334	4.00%
Wholesale-Apparel, Piece Goods & Notions		
8,935 Delta Apparel, Inc.	155,201	
3,000 Weyco Group, Inc.	<u>61,230</u>	
	216,431	2.69%
Wireless Telecommunication Services		
3,997 USA Mobility, Inc.	<u>81,099</u>	1.00%

* Non-income producing

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

QUEENS ROAD SMALL CAP VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
MAY 31, 2006

<u>Shares/Principal Amount</u>	<u>Market Value</u>	<u>% of Net Assets</u>
COMMON STOCKS		
Total for Common Stock (Cost - \$6,975,410)	<u>7,304,822</u>	90.87%
CASH AND EQUIVALENTS		
830,380 First American Prime Obligation Fund CL A 4.28% **	<u>830,380</u>	10.33%
Total Investments (Cost \$7,805,790)	<u>8,135,202</u>	101.20%
Liabilities in excess of other assets	<u>(96,808)</u>	(1.20)%
Net Assets	<u>\$8,038,394</u>	100.00%

* Non-income producing

** Variable rate security; the coupon rate shown represents the rate at
May 31, 2006.

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

QUEENS ROAD FUNDS

STATEMENT OF ASSETS AND LIABILITIES MAY 31, 2006

	Value	Small Cap
Assets		
Investment Securities at Market Value (Cost \$ 4,628,976 and \$7,805,790)	\$4,923,425	\$8,135,202
Cash	6,900	14,909
Receivables:		
Dividends and Interest	12,076	7,313
Shareholder Subscriptions	<u>7,600</u>	<u>-</u>
Total Assets	4,950,001	8,157,424
Liabilities		
Due to Advisor	4,250	9,971
Payable for Securities Purchased	<u>-</u>	<u>109,059</u>
Total Liabilities	4,250	119,030
Net Assets	<u>\$4,945,751</u>	<u>\$8,038,394</u>
Net Assets Consist of:		
Capital Paid In	4,625,514	7,381,076
Accumulated Net Investment Income	18,319	14,539
Accumulated Realized Gain	7,469	313,367
Unrealized Appreciation in Value		
of Investments Based on Cost - Net	<u>294,449</u>	<u>329,412</u>
Net Assets, for 349,140 and 465,395 Shares Outstanding (Unlimited number of shares authorized without par value)	<u>\$4,945,751</u>	<u>\$8,038,394</u>
Net Asset Value Per Share (\$4,945,751/349,140 shares) and (\$8,038,394/465,395 shares)	\$ 14.17	\$ 17.27

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

QUEENS ROAD FUNDS

STATEMENT OF OPERATIONS
For the year Ended May 31, 2006

	Value	Small Cap
Investment Income:		
Dividends	\$ 52,021	\$ 103,230
Interest	<u>6,829</u>	<u>13,229</u>
Total Investment Income	58,850	116,459
Expenses:		
Advisory fees	<u>27,884</u>	<u>88,993</u>
Total Expenses	27,884	88,993
Net Investment Income	<u>30,966</u>	<u>27,466</u>
Realized and Unrealized Gain on Investments:		
Net Realized Gain on Investments	7,469	355,448
Net Change In Unrealized Appreciation on Investments	<u>209,311</u>	<u>35,636</u>
Net Realized and Unrealized Gain on Investments	216,780	<u>391,084</u>
Net Increase in Net Assets from Operations	<u>\$ 247,746</u>	<u>\$ 418,550</u>

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

QUEENS ROAD VALUE FUND

STATEMENTS OF CHANGES IN NET ASSETS

	6/1/2005 to 5/31/2006	6/1/2004 to 5/31/2005
From Operations:		
Net Investment Income	\$ 30,966	\$ 10,678
Net Realized Gain on Investments	7,469	26,269
Net Unrealized Appreciation on Investments	<u>209,311</u>	<u>22,804</u>
Increase in Net Assets from Operations	247,746	59,751
From Distributions to Shareholders:		
Net Investment Income	(12,647)	(15,418)
Net Realized Gain from Security Transactions	<u>(17,238)</u>	<u>(37,976)</u>
Change in Net Assets from Distributions	(29,885)	(53,394)
From Capital Share Transactions:		
Proceeds From Sale of Shares	3,396,940	947,379
Shares Issued on Reinvestment of Dividends	13,656	38,618
Cost of Shares Redeemed	<u>(70,390)</u>	<u>(138,634)</u>
Net Increase from Shareholder Activity	3,340,206	847,363
 Net Increase in Net Assets	 <u>3,558,067</u>	 <u>853,720</u>
 Net Assets at Beginning of Period	 1,387,684	 533,964
Net Assets at End of Period (including accumulated undistributed net investment income of \$18,319 and \$4,740 respectively)	 <u>\$ 4,945,751</u>	 <u>\$ 1,387,684</u>
 Share Transactions:		
Issued	246,396	72,097
Reinvested	995	2,963
Redeemed	<u>(4,974)</u>	<u>(10,931)</u>
Net increase (decrease) in shares	242,417	64,129
Shares outstanding beginning of period	<u>106,723</u>	<u>42,594</u>
Shares outstanding end of period	<u>349,140</u>	<u>106,723</u>

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

QUEENS ROAD SMALL CAP VALUE FUND

STATEMENTS OF CHANGES IN NET ASSETS

	6/1/2005 to 5/31/2006	6/1/2004 to 5/31/2005
From Operations:		
Net Investment Income	\$ 27,466	\$ 13,165
Net Realized Gain (Loss) on Investments	355,448	(214)
Net Unrealized Appreciation on Investments	<u>35,636</u>	<u>129,814</u>
Increase in Net Assets from Operations	418,550	142,765
From Distributions to Shareholders:		
Net Investment Income	(12,927)	(15,582)
Net Realized Gain from Security Transactions	(3,167)	(114,474)
Return of Capital	<u>0</u>	<u>(8,037)</u>
Change in Net Assets from Distributions	(16,094)	(138,093)
From Capital Share Transactions:		
Proceeds From Sale of Shares	5,330,028	2,686,443
Shares Issued on Reinvestment of Dividends	7,905	58,209
Cost of Shares Redeemed	<u>(1,275,691)</u>	<u>(145,002)</u>
Net Increase from Shareholder Activity	4,062,242	2,599,650
 Net Increase in Net Assets	 <u>4,464,698</u>	 <u>2,604,322</u>
 Net Assets at Beginning of Period	 3,573,696	 969,374
Net Assets at End of Period (including accumulated undistributed net investment income of \$14,539 and \$0 respectively)	 <u>\$8,038,394</u>	 <u>\$ 3,573,696</u>
 Share Transactions:		
Issued	317,019	163,528
Reinvested	477	3,558
Redeemed	<u>(75,677)</u>	<u>(9,584)</u>
Net increase (decrease) in shares	241,819	157,502
Shares outstanding beginning of period	<u>223,576</u>	<u>66,074</u>
Shares outstanding end of period	<u><u>465,395</u></u>	<u><u>223,576</u></u>

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

QUEENS ROAD VALUE FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

	Year Ended <u>2006</u>	Year Ended <u>2005</u>	Year Ended <u>2004</u>	Period Ended <u>2003*</u>
Net Asset Value -				
Beginning of Period	\$13.00	\$12.54	\$10.74	\$10.00
Net Investment Income **	0.15	0.16	0.26	0.19
Net Gains or Losses on Securities				
(Realized and Unrealized)	<u>1.16</u>	<u>1.20</u>	<u>1.76</u>	<u>0.64</u>
Total from Investment Operations	1.31	1.36	2.02	0.83
Distributions				
(From net investment income)	(0.05)	(0.26)	(0.22)	(0.09)
(From capital gains)	<u>(0.08)</u>	<u>(0.64)</u>	<u>0.00</u>	<u>0.00</u>
Total from Distributions	(0.13)	(0.90)	(0.22)	(0.09)
Net Asset Value -				
End of Period	\$14.17	\$13.00	\$12.54	\$10.74
 Total Return	 10.03%	 10.79% ^(a)	 18.77%	 8.43% ^(b)
Ratios/Supplemental Data				
Net Assets - End of Period (Thousands)	\$4,946	\$1,388	\$534	\$355
Net Assets Before Reimbursement				
Ratio of Expenses to Average Net Assets	0.95%	0.95%	0.95%	0.95% ^(c)
Ratio of Net Investment Income to Average Net Assets	1.05%	0.89%	1.22%	1.10% ^(c)
Net Assets After Reimbursement				
Ratio of Expenses to Average Net Assets	0.95%	0.57%	0.00%	0.00% ^(c)
Ratio of Net Investment Income to Average Net Assets	1.05%	1.27%	2.17%	2.04% ^(c)
Portfolio Turnover Rate	6.54%	54.53%	36.79%	1.73% ^(c)

(a) Total return before the waiver of related party broker commissions of \$332 is 10.79% (see note 3).

(b) For a period of less than one year, total return is not annualized

(c) Annualized

* Commencement of Operations (June 13, 2002)

** Net investment income/loss per share amounts were calculated using the average share method.

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

QUEENS ROAD SMALL CAP VALUE FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

	Year Ended <u>2006</u>	Year Ended <u>2005</u>	Year Ended <u>2004</u>	Period Ended <u>2003</u>
Net Asset Value -				
Beginning of Period	\$15.98	\$14.67	\$10.80	\$10.00
Net Investment Income **	0.07	0.10	0.19	0.16
Net Gains or Losses on Securities				
(Realized and Unrealized)	<u>1.26</u>	<u>2.04</u>	<u>3.85</u>	<u>0.73</u>
Total from Investment Operations	1.33	2.14	4.04	0.89
Distributions				
(From net investment income)	(0.03)	(0.09)	(0.17)	(0.09)
(From capital gains)	(0.01)	(0.68)	0.00	0.00
(From return of capital)	<u>0.00</u>	<u>(0.05)</u>	<u>0.00</u>	<u>0.00</u>
Total from Distributions	(0.04)	(0.82)	(0.17)	(0.09)
Net Asset Value -				
End of Period	\$17.27	\$15.98	\$14.67	\$10.80
Total Return	8.31%	14.38% ^(a)	37.52%	9.02% ^(b)
Ratios/Supplemental Data				
Net Assets - End of Period (Thousands)	\$8,038	\$3,574	\$969	\$382
Net Assets Before Reimbursement				
Ratio of Expenses to Average Net Assets	1.35%	1.35%	1.35%	1.35% ^(c)
Ratio of Net Investment Income to Average				
Net Assets	0.42%	0.14%	0.10%	0.42% ^(c)
Net Assets After Reimbursement				
Ratio of Expenses to Average Net Assets	1.35%	0.87%	0.00%	0.00% ^(c)
Ratio of Net Investment Income to Average				
Net Assets	0.42%	0.62%	1.45%	1.76% ^(c)
Portfolio Turnover Rate	74.23%	39.74%	82.56%	13.26% ^(c)

(a) Total return before the waiver of related party brokerage commissions is 14.38% or \$392.

(b) For a period of less than one year, total return is not annualized

(c) Annualized

* Commencement of Operations (June 13, 2002)

** Net investment income/loss per share amounts were calculated using the average share method.

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

QUEENS ROAD VALUE FUND

NOTES TO FINANCIAL STATEMENTS MAY 31, 2006

Note 1. Organization

The Queens Road Value Fund (the "Fund"), a managed portfolio of the Bragg Capital Trust, is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end management company. The Fund is one of a series of Funds of the Bragg Capital Trust, which also includes the Queens Road Small Cap Value Fund. The Fund's investment objective is to seek growth of capital. It invests primarily in common stocks which are believed by the Advisor to be undervalued and have good prospects for capital appreciation. The Funds' registration statement was declared effective on June 13, 2002 and operations began on that date.

Note 2. Significant Accounting Policies

The following is a summary of accounting policies followed by the Fund in the preparation of its financial statements.

Security Valuation: Securities, which are traded on a national securities exchange or on the NASDAQ over-the-counter market, are valued at the last quoted sales price. If there are no sales reported the Fund's portfolio securities will be valued using the last reported bid price. Short-term obligations having remaining maturities of 60 days or less, are valued at amortized cost. Securities for which market quotations are not readily available are valued at fair value as determined in good faith by and under the direction of the Fund's Board of Trustees.

Federal Income Taxes: The Fund's policy is to continue to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its shareholders. Therefore no provision for income taxes is required.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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.

QUEENS ROAD VALUE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MAY 31, 2006

Other: The Fund follows industry practice and records security transactions on the trade date. The specific identification method is used for determining gains or losses for financial statement and income tax purposes. Dividend income is recorded on the ex-dividend date, except that certain dividends from foreign securities are recorded as soon as information is available to the Fund. Interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the Fund. Interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the respective securities.

Distributions to shareholders: Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date.

Note 3. Investment Advisory Fee and Other Transactions with Affiliates

The Fund retains Bragg Financial Advisors, Inc. (the "Advisor") as its Investment Advisor. Under the terms of the management agreement, the Advisor provides investment management and administrative services for the Fund. For its services as Advisor, the Fund pays a fee, computed daily and payable monthly at the annual rate of .95% of the Fund's average daily net asset value. For the year ended May 31, 2006, the Advisor earned \$27,884. From these fees and its own resources the Advisor agreed to pay other operating expenses of the Fund including transfer agent fees, fund accountant fees, registration fees, custodial fees, and other ordinary expenses of the Fund. However the agreement does not require the Advisor to pay interest, taxes, brokerage commissions and extraordinary expenses of the Fund. The amount due to the Advisor at May 31, 2006 is \$4,250.

Certain Trustees and officers of the Advisor are "interested persons" (as defined in the Investment Company Act of 1940) of the Trust. Each "non-interested" Trustee is entitled to receive an annual fee of \$1,000 plus expenses for services relating to the Trust which is paid by the Advisor.

QUEENS ROAD VALUE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) MAY 31, 2006

Queens Road Securities ("QRS") acts as the principal underwriter in the continuous public offering of the Fund's shares. Certain officers of the Trust are also officers of QRS. QRS did not receive or waive any brokerage fees on executions of purchases and sales of the Fund's portfolio investments during the period ended May 31, 2006.

Note 4. Capital Stock

At May 31, 2006, there were an unlimited number of shares authorized and 349,140 shares outstanding, each with no par value, and capital paid-in amounted to \$4,625,514 for the Fund.

Note 5. Investment Transactions

For the year ended May 31, 2006, the cost of purchases and the proceeds from sales, other than short-term securities, aggregated \$3,236,852 and \$176,353, respectively. As of May 31, 2006, the gross unrealized appreciation for all securities totaled \$424,410 and the gross unrealized depreciation for all securities totaled \$129,960, for an unrealized appreciation of \$294,449. The aggregate cost of securities for federal income tax purposes at May 31, 2006 was \$4,628,976.

Note 6. Distributions to Shareholders

The tax character of distributions paid during the fiscal years ended May 31, 2006 and 2005 were as follows:

Distributions paid from:	2006	2005
Ordinary Income	\$12,647	\$11,913
Short-Term Capital Gain	0	10,619
Long-Term Capital Gain	17,238	30,862
	<u>\$29,885</u>	<u>\$53,394</u>

As of May 31, 2006 the components of distributable earnings/ (accumulated losses) on a tax basis were as follows:

Undistributed Ordinary income/ (accumulated losses)	\$18,319
Undistributed long-term capital gain	7,469
Unrealized appreciation/ (depreciation)	<u>294,449</u>
	<u>\$320,237</u>

QUEENS ROAD VALUE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MAY 31, 2006

At May 31, 2006, the composition of unrealized appreciation (excess of value over tax cost) and depreciation (the excess of tax cost over value) on a tax basis was as follows:

<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation (Depreciation)</u>
407,019	(112,570)	294,449

There were no differences between book-basis and tax-basis unrealized appreciation (depreciation).

Note 7. Control

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. As of May 31, 2006, the Pershing for the benefit of its customers owned 96.71% of the Fund.

QUEENS ROAD SMALL CAP VALUE FUND

NOTES TO FINANCIAL STATEMENTS MAY 31, 2006

Note 1. Organization

The Queens Road Small Cap Value Fund (the "Fund"), a managed portfolio of the Bragg Capital Trust, (the "Trust"), is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end management company. The Fund is one of a series of Funds of the Bragg Capital Trust, which also includes the Queens Road Value Fund. The Fund's investment objective is to seek growth of capital. It invests primarily (under normal market conditions), at least 80% of its total assets in small capitalization (less than \$2 billion market cap at the time of purchase) common stocks which are believed by the Advisor to be undervalued and have good prospects for capital appreciation. The Funds' registration statement was declared effective on June 13, 2002 and operations began on that date.

Note 2. Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Security Valuation: Securities, which are traded on a national securities exchange or on the NASDAQ over-the-counter market, are valued at the last quoted sales price. Investments for which no sale was reported are valued at the last bid price. Short-term obligations having remaining maturities of 60 days or less, are valued at amortized cost. Securities for which market quotations are not readily available are valued at fair value as determined in good faith by and under the direction of the Fund's Board of Trustees.

Federal Income Taxes: The Fund's policy is to continue to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its shareholders. Therefore no provision for income taxes is required. The Fund intends to distribute its net long-term capital gains and its net short-term capital gains at least once a year.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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.

QUEENS ROAD SMALL CAP VALUE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MAY 31, 2006

Other: The Fund follows industry practice and records security transactions on the trade date. The specific identification method is used for determining gains or losses for financial statement and income tax purposes. Dividend income is recorded on the ex-dividend date, except that certain dividends from foreign securities are recorded as soon as information is available to the Fund. Interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the Fund. Interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the respective securities.

Distributions to shareholders: Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date.

Note 3. Investment Advisory Fee and Other Transactions with Affiliates

The Fund retains Bragg Financial Advisors, Inc. (the "Advisor") as its Investment Advisor. Under the terms of the management agreement, the Advisor provides investment management and administrative services for the Fund. For its services as Advisor, the Fund pays a fee, computed daily and payable monthly at the annual rate of 1.35% of the Fund's average daily net asset value. For the year ended May 31, 2006, the Advisor earned \$88,993. From these fees and its own resources the Advisor agreed to pay other operating expenses of the Fund including transfer agent fees, fund accountant fees, registration fees, custodial fees, and other ordinary expenses of the Fund. However the agreement does not require the Advisor to pay interest, taxes, brokerage commissions and extraordinary expenses of the Fund. The amount owed to the advisor at May 31, 2006 is \$9,971.

Certain Trustees and officers of the Trust are "interested persons" (as defined in the Investment Company Act of 1940) of the Trust. Each "non-interested" Trustee is entitled to receive an annual fee of \$1,000 plus expenses for services relating to the Trust which is paid by the advisor.

Queens Road Securities ("QRS") acts as the principal underwriter in the continuous public offering of the fund's shares. Certain officers of the trust are also officers of ("QRS"). QRS did not receive or waive any brokerage fees on execution of purchases and sales of the fund's investments during the year ended May 31, 2006.

QUEENS ROAD SMALL CAP VALUE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) MAY 31, 2006

Note 4. Capital Stock

At May 31, 2006, there were an unlimited number of shares authorized and 465,395 shares outstanding, each with no par value, and capital paid-in amounted to \$7,381,076 for the Fund.

Note 5. Investment Transactions

For the year ended May 31, 2006, the cost of purchases and the proceeds from sales, other than short-term securities aggregated \$7,987,382 and \$4,542,716, respectively. The aggregate cost of securities for federal income tax purposes at May 31, 2006 was \$7,805,790.

Note 6. Distributions to Shareholders

The tax character of distributions paid during the fiscal years ended May 31, 2006 and 2005 were as follows:

Distributions paid from:	<u>2006</u>	<u>2005</u>
Ordinary Income	\$12,927	\$15,582
Short-Term Capital Gain	0	57,234
Long-Term Capital Gain	3,167	57,240
Return of Capital	0	8,037
	<u>\$16,094</u>	<u>\$138,093</u>

As of May 31, 2006 the components of distributable earnings/ (accumulated losses) on a tax basis were as follows:

Undistributed Ordinary income/ (accumulated losses)	87,211
Undistributed long-term capital gain/ (accumulated losses)	240,695
Unrealized appreciation/ (depreciation)	329,412
	<u>\$657,318</u>

At May 31, 2006, the composition of unrealized appreciation (excess of value over tax cost) and depreciation (the excess of tax cost over value) on a tax basis was as follows:

<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation</u> <u>(Depreciation)</u>
683,824	(354,512)	329,312

There were no differences between book-basis and tax-basis unrealized appreciation (depreciation).

QUEENS ROAD SMALL CAP VALUE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MAY 31, 2006

Note 7. Control

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. As of May 31, 2006, Pershing, LLC. for the benefit of its customers owned 80.51% of the Fund.

QUEENS ROAD VALUE FUND

EXPENSE ILLUSTRATION
MAY 31, 2006

Expense Example (Unaudited)

As a shareholder of the Queens Road Value Fund, you incur one type of cost: management fees. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, December 1, 2005 through May 31, 2006.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratios and an assumed rate of return of 5% per year before expenses, which are not the Funds' actual returns. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in these Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	<u>12/1/2005</u>	<u>5/31/2006</u>	<u>12/1/2005 to 5/31/2006</u>
Actual	\$1,000.00	\$1,040.33	\$4.83
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,020.19	\$4.78

* Expenses are equal to the Fund's annualized expense ratio of .95%, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one-half year period).

QUEENS ROAD SMALL CAP VALUE FUND

EXPENSE ILLUSTRATION
MAY 31, 2006

Expense Example (Unaudited)

As a shareholder of the Queens Road Small Cap Value Fund, you incur one type of cost: management fees. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, December 1, 2005 through May 31, 2006.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratios and an assumed rate of return of 5% per year before expenses, which are not the Funds' actual returns. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in these Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	<u>12/1/2005</u>	<u>5/31/2006</u>	<u>12/1/2005 to 5/31/2006</u>
Actual	\$1,000.00	\$1,045.84	\$6.89
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,018.20	\$6.79

* Expenses are equal to the Fund's annualized expense ratio of 1.35%, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one-half year period).

QUEENS ROAD VALUE FUND

AUDITORS OPINION
MAY 31, 2006

To The Shareholders and
Board of Trustees
Queens Road Value Fund

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING
FIRM**

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of the Queens Road Value Fund, a series of the Bragg Capital Trust, as of May 31, 2006, and the related statement of operations for the year then ended, statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for the period indicated prior to May 31, 2004 were audited by another independent accounting firm which expressed an unqualified opinion on those highlights.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of May 31, 2006, by correspondence with the Fund's custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Queens Road Value Fund, as of May 31, 2006, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the three years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Cohen Fund Audit Services, Ltd.
(f.k.a. Cohen McCurdy, Ltd.)
Westlake, Ohio
July 24, 2006

QUEENS ROAD SMALL CAP VALUE FUND

AUDITORS OPINION
MAY 31, 2006

To The Shareholders and
Board of Trustees
Queens Road Small Cap Value Fund

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING
FIRM**

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of the Queens Road Small Cap Value Fund, a series of the Bragg Capital Trust, as of May 31, 2006, and the related statement of operations for the year then ended, statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for the period indicated prior to May 31, 2004 were audited by another independent accounting firm which expressed an unqualified opinion on those highlights.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of May 31, 2006, by correspondence with the Fund's custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Queens Road Small Cap Value Fund, as of May 31, 2006, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the three years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Cohen Fund Audit Services, Ltd.
(f.k.a. Cohen McCurdy, Ltd.)
Westlake, Ohio
July 24, 2006

QUEENS ROAD FUNDS

ADDITIONAL INFORMATION MAY 31, 2006 (UNAUDITED)

Proxy Voting - A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted proxies during the most recent 12 month period, are available without charge upon request by (1) calling the Fund at (800) 595-3088 and (2) from Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at www.sec.gov.

Portfolio Holdings - The Fund files a complete schedule of investments with the SEC for the first and third quarter of each fiscal year on Form N-Q. The Fund's first and third fiscal quarters end on August 31 and February 28. The Form N-Q filing must be made within 60 days of the end of the quarter, and the Fund's first Form N-Q was filed with the SEC on October 8, 2004. The Fund's Forms N-Q are available on the SEC's website at <http://sec.gov>, or they may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (call 1-800-732-0330 for information on the operation of the Public Reference Room). You may also obtain copies by calling the Fund at 1-800-595-3088.

Approval of Advisory Contract – The Board of Trustees approves each fund's investment advisory contract annually. The Board evaluates, among other things, the nature and extent of services provided, investment performance, the management fees, economies of scales, and fee levels which reflect these economies of scales. The Board noted that the Funds' advisor provides investment advisory services on a unified pricing structure, which means the advisor bears the risk of costs exceeding the stated management expense ratio. Additionally, the stated management expense ratio is below average for each Fund's peer group as reported by major independent mutual fund databases and management expenses are reduced as certain asset levels are reached. The Board also noted that because of the unified pricing structure and level of assets, the contract was not profitable to the advisor.

QUEENS ROAD FUNDS

TRUSTEES AND OFFICERS MAY 31, 2006 (UNAUDITED)

<u><i>Interested Trustees</i></u>		<u>Term of Office and Length of Time Served</u>	<u>Principal Occupations During Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen By</u>	<u>Other Directorships Held By Trustee</u>
<u>Name (Age)</u>	<u>Position with Fund</u>				
Steve Scruggs, 37	Trustee, President Secretary	Unlimited; 4 years	Bragg Financial Advisors, Portfolio Manager/CCO (2000- present) Reliance Insurance, Product Manager(1999-2000)	Two	None
Benton Bragg, 38	Trustee, Chairman Treasurer	Unlimited; 4 years	Bragg Financial Advisors, President, CEO (1996-present)	Two	None
<i>Independent Trustees</i>					
Philip Blount, 53 ²	Trustee	Unlimited; 4 years	Icons, Inc., President (2001- present) Marketing Merchandise Halo, Inc., Vice President (1996-2001) Marketing Merchandise	Two	None
Christopher Brady, 35 ^{1,2}	Trustee	Unlimited; 4 years	Brady Distributing, Vice President (1995-present) Machinery Distribution	Two	None
Harold Smith, 41 ²	Trustee	Unlimited; 4 years	Raftelis Financial, Vice President (1996 – present) Public Finance Consulting	Two	None
Timothy Ignasher, 44 ¹	Trustee	Unlimited; 4 years	Scottish Bank, Vice President (1998 – present) Commercial Loan Officer	Two	None
Robert Carter, 36	Trustee	Unlimited; 1 years	Laureate Capital, Strategic Planning Analyst (2004 – Present) BB&T, Strategic Planning Analyst Winston Salem NC (2000 - 2004)	Two	None

QUEENS ROAD FUNDS

TRUSTEES AND OFFICERS
MAY 31, 2006 (UNAUDITED)

Steve Scruggs and Benton Bragg are Interested Trustees of the Funds (as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940) by reason of their affiliation with the Funds' adviser, Bragg Financial Advisers, Inc. and their affiliation as registered principals with the Funds' underwriter, Queens Road Securities, LLC. Benton Bragg and Steve Scruggs are brothers-in-law.

(1) Member of the Audit Committee of the Board of Trustees, which makes recommendations regarding the selection of the Funds' independent public accountants and meets with representatives of the accountants to determine the scope of and review the results of each audit.

(2) Member of the Nominating Committee of the Board of Trustees, which identifies qualified candidates and recommends nominees for election as Trustees.

The Statement of Additional Information has additional information about the Trustees and is available at without charge upon request by calling toll-free 1-800-595-3088.