
SEMI-ANNUAL REPORT

Queens Road Small Cap Value Fund Queens Road Value Fund

Each a series of the
Bragg Capital Trust

November 30, 2006

Board of Trustees

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Shares of the Queens Road Value and Queens Road Small Cap Value Fund are distributed by Queens Road Securities, L.L.C, an affiliate of the Investment Adviser. This report has been prepared for the general information of the shareholders. It is not authorized for distribution to prospective investors unless preceded or accompanied by a current prospectus. The Funds' prospectus contains more complete information about the objectives, policies, expenses and risks of the Funds. The Funds are not bank deposits, not FDIC insured and may lose value. Please read the prospectus carefully before investing or sending money.

This report contains certain forward looking statements which are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Forward looking statements generally include words such as “believes”, “expects”, “anticipates” and other words of similar import. Such risks and uncertainties include, among other things, the Risk Factors noted in the Funds’ filings with the Securities and Exchange Commission. The Funds undertake no obligation to update any forward looking statement.

Dear Fellow Shareholders:

Stocks posted strong gains during the six months ending 11/30/06, the first half of our fiscal year. Continued economic growth, low interest rates and low unemployment contributed to the strong corporate profit expansion we’ve been enjoying since 2002. The S&P 500 has posted earnings growth of 18%, 19% and 20% for each of the past three years ending 9/30, well above long-term average growth rate of 7%. For the first nine months of 2006, after-tax corporate profit margins were 10.1% of GDP, the highest ever. They surpassed 9% for the first time in 2005; the record prior to that was 8.9% in 1929! That said, we would not be surprised if profit margins and earnings growth were to revert to more usual levels over the next few years. With stock prices at their current levels it’s harder to find investments that meet our disciplined valuation criteria and you will note that our cash levels may be higher than in the past. As we continue to analyze both our current holdings and potential investments, it appears current market valuations are assuming continued above average revenue growth and above average profit margins. While we love seeing great earnings growth, we realize that earnings are cyclical, sometimes they grow faster than average and sometimes slower. This is why when valuing stocks we normalize revenue growth and margins to take this cyclicity into account. In times like these our portfolio may appear too conservative, however, as Warren Buffet has said "You don't know who is swimming naked until the tide goes out...".

If you have any questions about our investment philosophy or process, please feel free to give us a call.

A final note: One of our trustees, Rob Carter, has resigned from our board. He recently took a position with a major bank whose internal policies prohibit him from serving on the board of a registered investment company. We wish Rob well in his new position and will miss his guidance and advice.

As always we appreciate your continued support.

Sincerely,

Steve Scruggs, CFA
President

Benton Bragg, CFA
Chairman

Queens Road Value Fund

Management Discussion

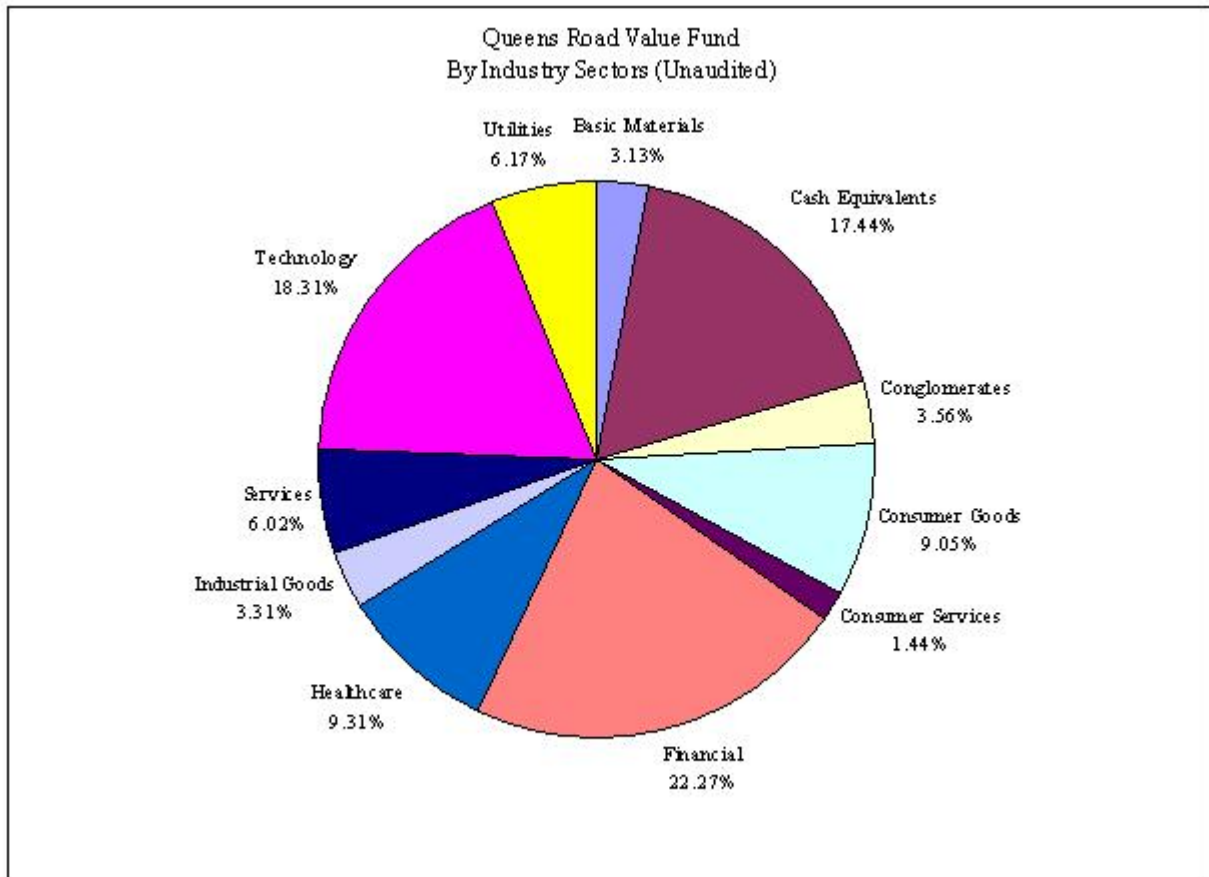
Below is the month-by-month performance of the Queens Road Value Fund, as well as the performance for the Russell 1000 Value Index and the S&P 500 Index. The Value Fund was up 10.52% for the sixth month period ending November 30, 2006. This was less than the 12.92% return for the Russell 1000 Value Index and the 11.33% posted by the S&P 500.

Although the fund trailed its benchmark, it was up over 10.5% for the 6 month period. The fund's manager employs a strategy that attempts to invest in high quality companies with undervalued stock prices. Management believes that during the period this report covers, lower quality companies, in general, outperformed higher quality ones. This may explain the fund's relative underperformance.

	<u>QRVLX</u>	<u>Russell 1000 Value</u>	<u>S&P 500</u>
June 2006	-0.28	0.64	0.14
July 2006	1.77	2.43	0.62
August 2006	1.53	1.67	2.38
September 2006	2.88	1.99	2.58
October 2006	1.86	3.27	3.26
November 2006	2.35	2.28	1.90
6 Months	10.52	12.92	11.33

Past performance should not be considered as representative of future gains or losses from an investment in the fund. Returns for the fund, the Russell 1000 Value Index and the S&P 500 Index assume reinvestment of all dividends and do not include any impact taxes may or would have on returns. The source for index returns is Morningstar Principia Pro 12/31/2006 release.

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
November 30,
2006 (Unaudited)**

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Accident & Health Insurance		
1,000 Aflac, Inc.	\$ 44,140	0.59%
Advertising Agencies		
250 Omnicom Group, Inc.	25,540	0.34%
Aerospace & Defense		
525 Alliant Techsystems, Inc. *	40,588	
160 Boeing Co.	14,165	
600 United Technologies Corp.	38,718	
	93,471	1.25%
Apparel & Accessories		
800 Liz Claiborne, Inc.	34,200	
1,000 V.F. Corp.	78,390	
	112,590	1.50%
Beverages		
830 Brown Forman Corp.	57,644	0.77%
Banks		
1,400 Bank of America Corp.	75,390	1.01%
Broadcasting & Cable TV		
490 CBS Corp. Class B	14,578	
Echostar Communications Corp. 2,800*	100,828	
	115,406	1.54%
Computer Hardware		
5,300 Dell, Inc. *	144,372	
2,600 Hewlett Packard Co.	102,596	
	246,968	3.30%
Computer Storage & Peripherals		
10,000 EMC Corp.	131,100	

600 Lexmark International, Inc. *	41,388	
2,500 Seagate Technology	<u>64,400</u>	
	236,888	3.16%
Construction Materials		
337 Florida Rock Industries, Inc.	<u>15,178</u>	0.20%
Data Processing Services		
2,495 Electronic Data Systems Corp.	<u>67,714</u>	0.90%
Diversified Financial Services		
2,600 Citigroup Corp.	<u>128,934</u>	1.72%
Electric Utilities		
2,400 Duke Power Co.	76,128	
700 Exelon Corp.	42,511	
3,000 Northeast Utilities	84,090	
1,700 Progress Energy, Inc.	81,209	
1,865 Southern Co.	<u>67,606</u>	
	351,544	4.69%
Environmental Services		
1,500 Waste Connections, Inc. *	<u>60,525</u>	0.81%
Fertilizers & Agricultural Chemicals		
1,800 Scotts Miracle-Gro Co.	<u>89,046</u>	1.19%
Financials-Asset Management & Custody Banks		
2,900 T. Rowe Price Associates, Inc.	<u>125,657</u>	1.68%
Fire Marine & Casualty Insurance		
2,900 Progressive Corp.	<u>65,395</u>	0.87%
General Merchandise Stores		
1,950 Dollar Tree Stores, Inc. *	<u>58,520</u>	0.78%
Health Care Distributors & Services		
Wellpoint Health Networks, Inc. 800*	<u>60,536</u>	0.81%
Health Care Equipment		
1,500 Medtronic, Inc.	<u>78,195</u>	1.04%
Housewares & Specialties		
Community Health Systems, Inc. 3,300*	<u>115,500</u>	1.54%

Household Products		
1,100 Clorox Co.	<u>70,400</u>	0.94%
Housewares & Specialties		
1,380 Fortune Brands, Inc.	<u>111,642</u>	1.49%
Investment Banking & Brokerage		
945 Morgan Stanley Group, Inc.	<u>71,971</u>	0.96%
Industrial Conglomerates		
3,650 Tyco Laboratories, Inc.	<u>110,559</u>	1.48%
Industrial Instruments for Measurement, Display and Control		
1,150 Danaher Corp.	<u>84,088</u>	1.12%
Industrial Machinery		
3,000 Ingersoll Rand Co. Ltd.	<u>117,030</u>	1.56%
Insurance Brokers		
2,250 Brown & Brown, Inc.	<u>65,250</u>	0.87%
Insurance Agents, Brokers and Services		
2,500 Marsh & McLennan Cos., Inc.	<u>78,550</u>	1.05%
Integrated Oil & Gas		
1,700 Exxon Mobil Corp.	<u>130,577</u>	1.74%
Integrated Telecommunication Services		
1,290 Alltel Corp.	73,195	
2,584 AT&T, Inc.	87,623	
Century Telephone Enterprises, 2,600 Inc.	110,630	
900 China Netcom Group Corp.	<u>36,000</u>	
	307,448	4.11%
Internet Software & Services		
6,000 Intel Corp.	<u>128,400</u>	1.71%
Leisure Products		
2,700 Hasbro, Inc.	<u>72,225</u>	0.96%
Property & Casualty Insurance		
6,063 Aegon NV	110,104	
3,500 Consec, Inc. *	69,615	
2,035 Metlife, Inc.	119,515	
1,300 Torchmark Corp.	<u>82,186</u>	

	381,420	5.09%
Movies & Entertainment		
4,500 News Corp.	92,700	
5,500 Time Warner, Inc.	110,770	
490 Viacom, Inc. Class B *	<u>18,380</u>	
	221,850	2.96%
Multi-Sector Holdings		
5,200 Leucadia National Corp.	<u>143,468</u>	1.92%
Multi-Utilities		
2,100 WPS Resources Corp.	<u>109,809</u>	1.47%
Multi-Line Insurance		
American International Group, 1,140 Inc.	<u>80,165</u>	1.07%
Networking Equipment		
4,000 Motorola, Inc.	<u>88,680</u>	1.18%
Oil & Gas Exploration & Production		
200 Apache Corp.	<u>13,986</u>	0.19%
Packaged Foods		
4,670 Unilever NV	<u>123,708</u>	1.65%
Personal Products		
1,375 Alberto Culver Co. Class B	<u>27,596</u>	0.37%
Pharmaceuticals		
2,000 Glaxo Smithkline PLC	106,260	
1,850 Johnson & Johnson	121,934	
2,320 Merck & Co., Inc.	103,263	
4,000 Pfizer, Inc.	<u>109,960</u>	
	441,417	5.89%
Publishing & Printing		
420 Gannett, Inc.	24,998	
1,800 John Wiley & Sons	<u>71,604</u>	
	96,602	1.29%
Regional Banks		
1,700 BOK Financial Corp.	91,613	
2,650 National City Corp.	<u>95,665</u>	
	187,278	2.50%

Real Estate Investment Trusts		
745 Simon Property Group	<u>75,975</u>	1.01%
Reinsurance		
2,100 Renaissance RE Holdings	<u>123,648</u>	1.65%
Restaurants		
1,825 McDonalds Corp.	<u>76,595</u>	1.02%
Retail-Retail Stores		
1,375 Sally Beauty Holdings, Inc.	<u>12,733</u>	0.17%
Security Brokers, Dealers & Flotation Companies		
1,000 Legg Mason, Inc.	<u>95,360</u>	1.27%
State Commercial Banks		
1,650 Fifth Third Bancorp	<u>65,060</u>	0.87%
Services-Prepackaged Software		
1,000 Microsoft Corp.	29,360	
3,000 Symantec Corp.	<u>63,660</u>	
	93,020	1.24%
Telephone Communications		
1,333 Windstream Corp.	<u>18,582</u>	0.25%
Trading Companies & Distributors		
700 Grainger W.W., Inc.	<u>50,652</u>	0.68%
Wireless Telecommunication Services		
1,586 America Movil S.A. DE C.V.	<u>70,529</u>	0.94%
Total for Common Stock (Cost - \$5,372,779)	<u>6,171,054</u>	82.40%
CASH AND EQUIVALENTS		
1,303,321	First American Prime Obligation Fund CL A 4.60% **	<u>1,303,321</u>
	17.41%	
Total Investments (Cost \$ 6,676,100)	<u>7,474,375</u>	99.80%
Other Assets Less Liabilities	<u>15,182</u>	0.20 %
Net Assets - 100.00%	<u>\$ 7,489,557</u>	100.00%

* Non Income producing security

** Variable rate security; the coupon rate shown represents the rate at November 30, 2006.

Queens Road Value Fund

Statement of Assets and Liabilities November 30, 2006 (Unaudited)

Assets

Investment Securities at Market Value (Cost \$ 6,676,100)	\$ 7,474,375
Receivables:	
Dividends and Interest	<u>20,753</u>
Total Assets	7,495,128

Liabilities

Due to Advisor	<u>5,571</u>
Total Liabilities	5,571

Net Assets \$ 7,489,557

Net Assets Consist of:

Capital Paid In	6,539,655
Accumulated Net Investment Income	96,091
Accumulated Realized Gain	55,536
Unrealized Appreciation in Value of Investments Based on Cost - Net	<u>798,275</u>

Net Assets, for 478,277 Shares Outstanding \$ 7,489,557

(Unlimited number of shares authorized without par value)

Net Asset Value Per Share (\$7,489,557/478,277 shares) \$ 15.66

Queens Road Value Fund

Statement of Operations For the six months ending November 30, 2006 (Unaudited)

Investment Income:

Dividends	\$ 86,509
Interest	<u>19,453</u>
Total Investment Income	105,962

Expenses:

Advisory fees	<u>28,190</u>
Total Expenses	28,190

Net Investment Income 77,772

Realized and Unrealized Gain on Investments:

Net Realized Gain on Investments 48,067

Net Change In Unrealized Appreciation on Investments	<u>503,826</u>
Net Realized and Unrealized Gain on Investments	551,893
Net Increase in Net Assets from Operations	<u>\$ 629,665</u>

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

Queens Road Value Fund

Statement of Changes in Net Assets

	(Unaudited)	
	6/1/2006	6/1/2005
	to	to
	<u>11/30/2006</u>	<u>5/31/2006</u>
From Operations:		
Net Investment Income	\$ 77,772	\$ 30,966
Net Realized Gain on Investments	48,067	7,469
Net Unrealized Appreciation on Investments	<u>503,826</u>	<u>209,311</u>
Increase in Net Assets from Operations	629,665	247,746
From Distributions to Shareholders:		
	0	
Net Investment Income		(12,647)
	<u>0</u>	
Net Realized Gain from Security Transactions		<u>(17,238)</u>
	0	
Change in Net Assets from Distributions		(29,885)
From Capital Share Transactions:		
Proceeds From Sale of Shares	2,017,475	3,396,940
	0	
Shares Issued on Reinvestment of Dividends		13,656
Cost of Shares Redeemed	<u>(103,334)</u>	<u>(70,390)</u>
Net Increase from Shareholder Activity	1,914,141	3,340,206
Net Increase in Net Assets	<u>2,543,806</u>	<u>3,558,067</u>
Net Assets at Beginning of Period	4,945,751	1,387,684
Net Assets at End of Period		
(including accumulated undistributed net investment income of \$96,091 and \$18,319 respectively)	<u>\$ 7,489,557</u>	<u>\$ 4,945,751</u>
Share Transactions:		
Issued	136,237	246,396
Reinvested	-	995
Redeemed	<u>(7,100)</u>	<u>(4,974)</u>
Net increase (decrease) in shares	129,137	242,417
Shares outstanding beginning of period	<u>349,140</u>	<u>106,723</u>
Shares outstanding end of period	<u>478,277</u>	<u>349,140</u>

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

Queens Road Value Fund

Financial Highlights

(Unaudited)

Selected data for a share outstanding throughout the period:

	6/1/2006 to 11/30/2006	6/1/2005 to 5/31/2006	6/1/2004 to 5/31/2005	6/1/2003 to 5/31/2004	6/13/2002* to 5/31/2003
Net Asset Value -					
Beginning of Period	\$14.17	\$13.00	\$12.54	\$10.74	\$10.00
Net Investment Income **	0.19	0.15	0.16	0.26	0.19
Net Gains or Losses on Securities (Realized and Unrealized)	<u>1.31</u>	<u>1.16</u>	<u>1.20</u>	<u>1.76</u>	<u>0.64</u>
Total from Investment Operations	1.50	1.31	1.36	2.02	0.83
Distributions					
(From net investment income)	0.00	(0.05)	(0.26)	(0.22)	(0.09)
(From capital gains)	<u>0.00</u>	<u>(0.08)</u>	<u>(0.64)</u>	<u>0.00</u>	<u>0.00</u>
Total from Distributions	0.00	(0.13)	(0.90)	(0.22)	(0.09)
Net Asset Value -					
End of Period	\$15.66	\$14.17	\$13.00	\$12.54	\$10.74
Total Return	10.52%	10.03%	10.79% ^(a)	18.77%	8.43% ^(b)
Ratios/Supplemental Data					
Net Assets - End of Period (Thousands)	\$7,490	\$6,580	\$1,388	\$534	\$355
Net Assets Before Reimbursement					
Ratio of Expenses to Average Net Assets	0.95% ^(c)	0.95%	0.95%	0.95%	0.95% ^(c)
Ratio of Net Investment Income to Average Net Assets	2.61% ^(c)	1.05%	0.89%	1.22%	1.10% ^(c)
Net Assets After Reimbursement					
Ratio of Expenses to Average Net Assets	0.95% ^(c)	0.95%	0.57%	0.00%	0.00% ^(c)
Ratio of Net Investment Income to Average Net Assets	2.61% ^(c)	1.05%	1.27%	2.17%	2.04% ^(c)
Portfolio Turnover Rate	9.78% ^(c)	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

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

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

BRAGG CAPITAL TRUST
QUEENS ROAD VALUE FUND
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2006 (UNAUDITED)

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.

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 six months ended November 30, 2006, the Advisor earned \$28,190. 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 November 30, 2006 is \$5,571.

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 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 November 30, 2006.

Note 4. Capital Stock

At November 30, 2006, there were an unlimited number of shares authorized and 478,277 shares outstanding, each with no par value, and capital paid-in amounted to \$6,539,655 for the Fund.

Note 5. Investment Transactions

For the six months ended November 30, 2006, the cost of purchases and the proceeds from sales, other than short-term securities, aggregated \$1,262,959 and \$254,484, respectively. As of November 30, 2006, the gross unrealized appreciation for all securities totaled \$896,919 and the gross unrealized depreciation for all securities totaled \$98,644, for an unrealized appreciation of \$798,275. The aggregate cost of securities for federal income tax purposes at November 30, 2006 was \$6,676,100.

Note 6. Distributions to Shareholders

The tax character of distributions paid during the six months ended November 30, 2006 and fiscal year ended May 31, 2006 were as follows:

Distributions paid from:	<u>November 30, 2006</u>	<u>May 31, 2006</u>
Ordinary Income	\$0	\$12,647
Short-Term Capital Gain	0	0
Long-Term Capital Gain	0	17,238
	<u>\$0</u>	<u>\$29,885</u>

As of November 30, 2006 the components of distributable earnings/ (accumulated losses) on a tax basis were as follows:

Undistributed Ordinary income/ (accumulated losses)	\$96,091
Undistributed long-term capital gain	55,536
Unrealized appreciation/ (depreciation)	798,275
	<u>\$949,902</u>

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 November 30, 2006, the Pershing for the benefit of its customers owned 98.13% of the Fund.

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, June 1, 2006 through November 30, 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.

Queens Road Value Fund

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	<u>June 1, 2006</u>	<u>November 30, 2006</u>	<u>June 1, 2006 to November 30, 2006</u>
Actual	\$1,000.00	\$1,105.15	\$5.03
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,020.31	\$4.81

* Expenses are equal to the Fund's annualized expense ratio of .95%, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period).

Queens Road Small Cap Value Fund

Management Discussion

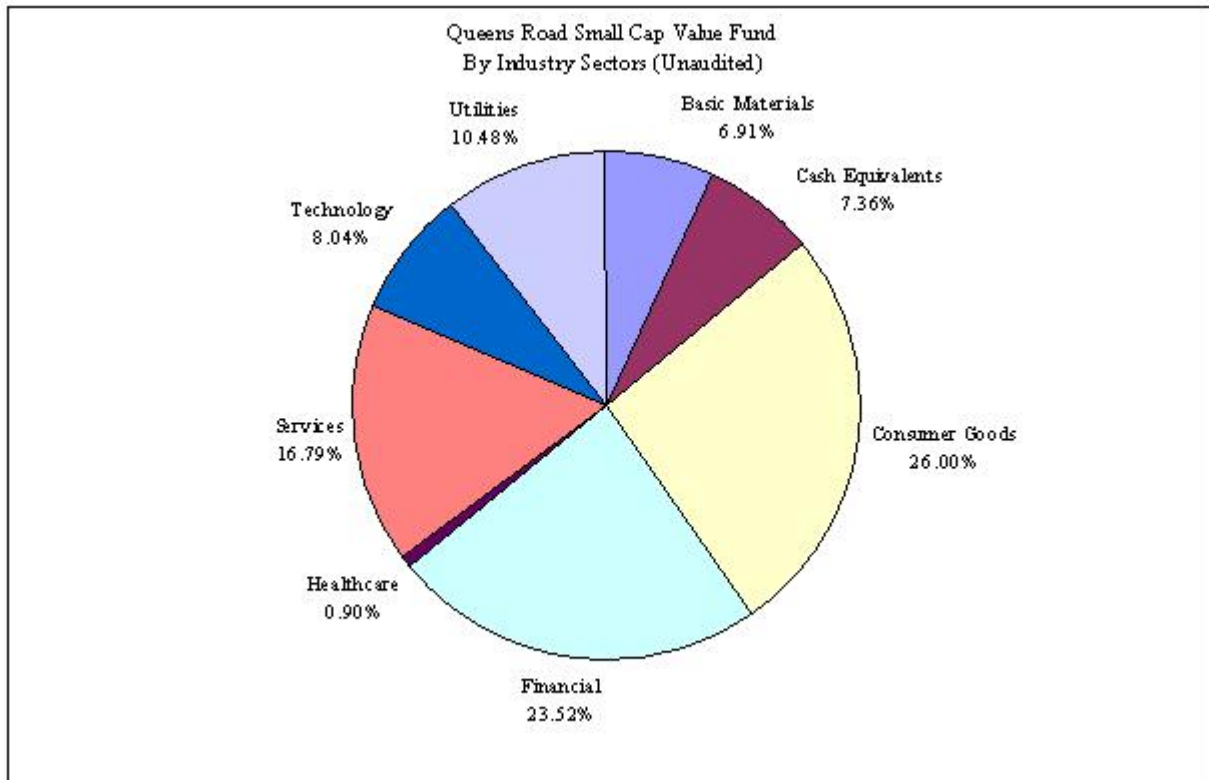
Below is the month-by-month performance of the Queens Road Small Cap Value Fund, as well as the performance for the Russell 2000 Value Index and the Russell 2000 Index. The Small Cap Value Fund was up 4.92% for the sixth month period ending November 30, 2006. This was less than the 12.21% return for the Russell 2000 Value Index and the 9.71% posted by the Russell 2000 Index.

During this time period the fund underperformed its benchmarks. We only had one real blow up, Doral Financial. This proved to be a classic value trap. Even accounting for the plethora of problems surrounding the company, it looked undervalued, unfortunately, it got about 50% cheaper over the six month period. This position (subsequently sold) accounted for about 1% of the fund's underperformance. The source of the remaining underperformance is less clear. We've seen research that claims that lower quality stocks have been outperforming higher quality stocks (quality as defined by the S&P Quality Rankings). As we believe we own higher quality stocks this probably contributed to our underperformance.

	<u>QRSVX</u>	<u>Russell 2000 Value</u>	<u>Russell 2000</u>
June 2006	-0.46	1.23	0.64
July 2006	-2.15	-1.39	-3.25
August 2006	3.27	2.99	2.96
September 2006	0.92	0.98	0.83
October 2006	2.17	5.09	5.76
November 2006	1.17	2.85	2.63
6 Months	4.92%	12.21%	9.72%

Past performance should not be considered as representative of future gains or losses from an investment in the fund. Returns for the fund, the Russell 2000 Value Index and the Russell 2000 Index assume reinvestment of all dividends and do not include any impact taxes may or would have on returns. The source for index returns is Morningstar Principia Pro 12/31/2006 release.

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

Schedule of
Investments
November 30, 2006
(Unaudited)

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Apparel Retail		
6,950 Stage Stores, Inc.	\$ 229,628	2.64%
Auto Parts & Equipment		
9,500 Aftermarket Technology Corp. *	184,490	2.12%
Calculating & Accounting Machines (No Electronic Computers)		
15,600 Par Technology Corp.	132,288	1.52%
Chemical & Allied Products		
1,710 FMC Corp.	121,205	1.39%
Computer Peripheral Equipment		
21,708 Secure Computing Corp.	139,800	1.61%
Construction & Farm Machinery		
3,426 Oshkosh Truck Corp.	164,482	1.89%
Crude Petroleum & Natural Gas		
6,000 Encore Acquisition Co.	162,960	1.87%
Diversified Commercial Services		
6,912 VSE Corp.	239,225	2.75%
Electric Services		
6,000 Cleco Corp.	153,780	1.77%
Electric Utilities		
4,250 MGE Energy, Inc.	146,030	1.68%
Electronic Equipment & Instruments		
1,585 MTS Systems Corp.	60,769	0.70%

Fire, Marine & Casualty Insurance			
3,700 Proassurance Corp.	<u>189,551</u>		2.18%
Food Retail			
1,775 Arden Group, Inc.	<u>230,732</u>		2.65%
Footwear			
7,000 K-Swiss, Inc. Class A	<u>232,470</u>		2.67%
Gas Utilities			
Piedmont Natural Gas Co., 7,300 Inc.	203,451		
6,300 UGI Corp.	<u>177,534</u>		
	380,985		4.38%
Health Care Distributors & Services			
5,220 Owens & Minor, Inc.	<u>161,977</u>		1.86%
Home Furnishings			
4,800 Dorel Industries, Inc. *	138,624		
5,073 Rent A Center, Inc. *	<u>138,797</u>		
	277,421		3.19%
Printed Circuit Boards			
5,000 TTM Technologies, Inc.	<u>62,700</u>		0.72%
Industrial Machinery			
5,257 Lancaster Colony Corp.	224,684		
2,000 Lufkin Industries, Inc.	<u>116,980</u>		
	341,664		3.92%
Industrial Instruments For Measurement, Display and Control			
4,942 Hurco Companies, Inc.	<u>127,257</u>		1.46%
Life & Health Insurance			
12,500 Phoenix Companies, Inc.	<u>201,875</u>		2.32%
Multi-line Insurance			
10,700 Horace Mann Investors, Inc.	<u>216,354</u>		2.48%
Natural Gas Distribution			
New Jersey Resources, 4,480 Corp.	<u>231,840</u>		2.66%
Networking Equipment			
3,899 Bel Fuse, Inc. Class B	143,093		

19,137 Packeteer, Inc. *	<u>227,348</u>	
	370,441	4.25%
Oil & Gas Exploration & Production		
Saint Mary Land & 5,000 Exploration Co.	<u>200,400</u>	2.30%
Packaged Foods		
6,474 Sanderson Farms, Inc.	179,200	
7,626 Smithfield Foods, Inc. *	<u>201,174</u>	
	380,374	4.37%
Personal Products		
7,000 Inter Parfums, Inc.	<u>141,120</u>	1.62%
Property & Casualty Insurance		
7,350 CNA Surety Corp. *	<u>146,706</u>	1.69%
Regional Banks		
5,500 Colonial Bancgroup, Inc.	134,200	
6,241 First Midwest Bancorp, Inc.	<u>232,165</u>	
	366,365	4.21%
Real Estate Investment Trusts		
938 Macerich Company	<u>80,171</u>	0.92%
Reinsurance		
Endurance Specialty 6,000 Holdings, Ltd.	225,180	
Platinum Underwriters 5,500 Holdings, Ltd.	<u>167,365</u>	
	392,545	4.51%
Retail-Grocery Stores		
2,337 Village Super Market, Inc.	<u>164,759</u>	1.89%
Services-Miscellaneous Amusement & Recreation		
3,000 Six Flags, Inc.	<u>16,230</u>	0.19%
Services - Management Services		
8,000 Gevity HR, Inc.	<u>174,400</u>	2.00%
State Commerical Banks		
Central Pacific Financial 4,150 Corp.	155,501	

2,776 Penns Wood Bancorp, Inc.	<u>103,267</u>	
	258,768	2.97%
Surgical & Medical Instruments & Apparatus		
1,002 Atrion Corp.	<u>78,096</u>	0.90%
Thrifts & Mortgage Finance		
Anchor Bancorp Wisconsin, 2,901 Inc.	83,143	
27,700 Doral Financial Corp.	<u>112,185</u>	
	195,328	2.24%
Tires & Rubber		
2,600 Bandag, Inc.	<u>114,868</u>	1.32%
Trucking		
4,590 Heartland Express, Inc.	70,870	
8,019 Vitran Corp., Inc. *	<u>134,960</u>	
	205,830	2.36%
Wholesale-Apparel, Piece Goods & Notions		
10,935 Delta Apparel, Inc.	195,299	
5,100 Weyco Group, Inc.	<u>125,766</u>	
	321,065	3.69%
Wholesale-Paper & Paper Products		
1,500 United Stationers	<u>69,570</u>	0.80%
Total for Common Stock (Cost - \$7,515,432)	<u>8,066,519</u>	92.65%
WARRANTS		
Tires and Rubber		
2,600 Bandag, Inc.	<u>\$ 3</u>	0.00%
Total for Warrants (Cost - \$3)	<u>3</u>	0.00%
CASH AND EQUIVALENTS		
First American Prime Obligation Fund CL A 4.60%		
640,589 **	<u>640,589</u>	7.36%
Total Investments (Cost \$8,156,024)	<u>8,707,108</u>	100.01%

Liabilities in excess of other assets	<u>(656)</u>	(0.01)%
Net Assets	<u>\$ 8,706,452</u>	100.00%

* Non Income producing security

** Variable Rate Security; the coupon rate shown represents the rate at November 30, 2006

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

Queens Road Small Cap Value Fund

Statement of Assets and Liabilities November 30, 2006 (Unaudited)

Assets	
Investment Securities at Market Value (Cost \$8,156,024)	\$ 8,707,108
Receivables:	
Dividends and Interest	<u>8,984</u>
Total Assets	8,716,092
Liabilities	
Due to Advisor	<u>9,640</u>
Total Liabilities	9,640
Net Assets	<u>\$ 8,706,452</u>
Net Assets Consist of:	
Capital Paid In	7,629,923
Accumulated Undistributed Net Investment Income	47,066
Accumulated Realized Gain	478,379
Unrealized Appreciation in Value of Investments Based on Cost - Net	<u>551,084</u>
Net Assets, for 480,584 Shares Outstanding	<u>\$ 8,706,452</u>
(Unlimited number of shares authorized without par value)	
Net Asset Value Per Share (\$8,706,452/480,584 shares)	\$ 18.12

Queens Road Small Cap Value Fund

Statement of Operations For the six months ending November 30, 2006 (Unaudited)

Investment Income:	
Dividends	\$ 68,015
Interest	<u>21,122</u>
Total Investment Income	89,137
Expenses:	
Advisory fees	<u>56,609</u>
Total Expenses	56,609
Net Investment Income	<u>32,528</u>
Realized and Unrealized Gain on Investments:	
Net Realized Gain on Investments	165,012
Net Change In Unrealized Appreciation on Investments	<u>221,672</u>
Net Realized and Unrealized Gain on Investments	<u>386,684</u>

Net Increase in Net Assets from Operations

\$ 419,212

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

Queens Road Small Cap Value Fund

Statement of Changes in Net Assets

	(Unaudited)	
	6/1/2006	6/1/2005
	to	to
	<u>11/30/2006</u>	<u>5/31/2006</u>
From Operations:		
Net Investment Income	\$ 32,528	\$ 27,466
Net Realized Gain (Loss) on Investments	165,012	355,448
Net Unrealized Appreciation on Investments	<u>221,672</u>	<u>35,636</u>
Increase in Net Assets from Operations	419,212	418,550
From Distributions to Shareholders:		
	0	
Net Investment Income		(12,927)
	0	
Net Realized Gain from Security Transactions		(3,167)
	<u>0</u>	<u>0</u>
Return of Capital	-	-
	0	
Change in Net Assets from Distributions		(16,094)
From Capital Share Transactions:		
Proceeds From Sale of Shares	1,143,015	5,330,028
	0	
Shares Issued on Reinvestment of Dividends		7,905
Cost of Shares Redeemed	<u>(894,169)</u>	<u>(1,275,691)</u>
Net Increase from Shareholder Activity	248,846	4,062,242
Net Increase in Net Assets	<u>668,058</u>	<u>4,464,698</u>
Net Assets at Beginning of Period	8,038,394	3,573,696
Net Assets at End of Period (including accumulated undistributed net investment income of \$47,066 and \$14,539 respectively)	<u>\$ 8,706,452</u>	<u>\$ 8,038,394</u>
Share Transactions:		
Issued	66,503	317,019
Reinvested	-	477
Redeemed	<u>(51,314)</u>	<u>(75,677)</u>
Net increase (decrease) in shares	15,189	241,819
Shares outstanding beginning of period	<u>465,395</u>	<u>223,576</u>
Shares outstanding end of period	<u>480,584</u>	<u>465,395</u>

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

Queens Road Small Cap Value Fund

Financial Highlights

(Unaudited)

Selected data for a share outstanding throughout the period:

	6/1/2006 to 11/30/2006	6/1/2005 to 5/31/2006	6/1/2004 to 5/31/2005	6/1/2003 to 5/31/2004	6/13/2002* to 5/31/2003
Net Asset Value -					
Beginning of Period	\$17.27	\$15.98	\$14.67	\$10.80	\$10.00
Net Investment Income **	0.07	0.07	0.10	0.19	0.16
Net Gains or Losses on Securities (Realized and Unrealized)	<u>0.78</u>	<u>1.26</u>	<u>2.04</u>	<u>3.85</u>	<u>0.73</u>
Total from Investment Operations	0.85	1.33	2.14	4.04	0.89
Distributions					
(From net investment income)	0.00	(0.03)	(0.09)	(0.17)	(0.09)
(From capital gains)	0.00	(0.01)	(0.68)	0.00	0.00
(From return of capital)	<u>0.00</u>	<u>0.00</u>	<u>(0.05)</u>	<u>0.00</u>	<u>0.00</u>
Total from Distributions	0.00	(0.04)	(0.82)	(0.17)	(0.09)
Net Asset Value -					
End of Period	\$18.12	\$17.27	\$15.98	\$14.67	\$10.80
Total Return	4.92%	14.96%	14.38% ^(a)	37.52%	9.02% ^(b)
Ratios/Supplemental Data					
Net Assets - End of Period (Thousands)	\$8,706	\$8,533	\$3,574	\$969	\$382
Net Assets Before Reimbursement					
Ratio of Expenses to Average Net Assets	1.35% ^(c)	1.35%	1.35%	1.35%	1.35% ^(c)
Ratio of Net Investment Income to Average Net Assets	0.78% ^(c)	0.42%	0.14%	0.10%	0.42% ^(c)
Net Assets After Reimbursement					
Ratio of Expenses to Average Net Assets	1.35% ^(c)	1.35%	0.87%	0.00%	0.00% ^(c)
Ratio of Net Investment Income to Average Net Assets	0.78% ^(c)	0.42%	0.62%	1.45%	1.76% ^(c)
Portfolio Turnover Rate	76.64% ^(c)	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

** Net Investment Income/Loss per share amounts were calculated using the average share method.

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

BRAGG CAPITAL TRUST
QUEENS ROAD SMALL CAP VALUE FUND

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2006 (UNAUDITED)

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.

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 six months ended November 30, 2006, the Advisor earned \$56,609. 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 November 30, 2006 is \$9,640.

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 six months ended November 30, 2006.

Note 4. Capital Stock

At November 30, 2006, there were an unlimited number of shares authorized and 480,584 shares outstanding, each with no par value, and capital paid-in amounted to \$7,629,923 for the Fund.

Note 5. Investment Transactions

For the six months ended November 30, 2006, the cost of purchases and the proceeds from sales, other than short-term securities aggregated \$3,288,535 and \$2,913,525, respectively. The aggregate cost of securities for federal income tax purposes at November 30, 2006 was \$8,156,024.

Note 6. Distributions to Shareholders

The tax character of distributions paid during the six months ended November 30, 2006 and fiscal year ended May 31, 2006 were as follows:

Distributions paid from:	<u>November 30, 2006</u>	<u>May 31, 2006</u>
Ordinary Income	\$0	\$12,927
Short-Term Capital Gain	0	0
Long-Term Capital Gain	0	3,167
Return of Capital	<u>0</u>	<u>0</u>
	<u>\$0</u>	<u>\$16,094</u>

As of November 30, 2006 the components of distributable earnings/ (accumulated losses) on a tax basis were as follows:

Undistributed Ordinary income/ (accumulated losses)	\$ 47,066
Undistributed long-term capital gain/ (accumulated losses)	478,379
Unrealized appreciation/ (depreciation)	<u>551,084</u>
	<u>\$1,076,529</u>

At November 30, 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>
831,891	(280,807)	551,084

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 November 30, 2006, Pershing, LLC. for the benefit of its customers owned 84.52% of the Fund.

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, June 1, 2006 through November 30, 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.

Queens Road Small Cap Value Fund

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	<u>June 1, 2006</u>	<u>November 30, 2006</u>	<u>June 1, 2006 to November 30, 2006</u>
Actual	\$1,000.00	\$1,049.22	\$6.94
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,018.30	\$6.83

* Expenses are equal to the Fund's annualized expense ratio of 1.35%, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period).

BRAGG CAPITAL TRUST
QUEENS ROAD SMALL CAP VALUE FUND
 ADDITIONAL INFORMATION
 NOVEMBER 30, 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.

<u><i>Interested Trustees</i></u>	<u>Position with Fund</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 Trustee</u>	<u>Other Directorships Held By Trustee</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, 36 ^{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, 45 ¹	Trustee	Unlimited; 4 years	Paragon Commercial Bank, Sr. Vice President (2006 – present) Scottish Bank, Vice President (1998 – 2006) Commercial Loan Officer	Two	None
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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.

www.queensroadfunds.com
