

QUEENS ROAD FUNDS

SEMI-ANNUAL REPORT

Queens Road Value Fund **Queens Road Small Cap Value Fund**

*Each a series of
Bragg Capital Trust*

November 30, 2017
(Unaudited)

QUEENS ROAD FUNDS

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QUEENS ROAD FUNDS

PERFORMANCE ILLUSTRATION

November 30, 2017 (Unaudited)

Queens Road Value Fund

	Average Annual Total Return For the Period Ended November 30, 2017	
	Queens Road Value Fund	S&P 500/Citigroup Value Index
Six Month	10.83%	10.28%
1 Year	21.09%	16.33%
3 Year	9.45%	9.07%
5 Year	13.85%	14.35%
10 Year	6.49%	6.46%

Gross Annual Operating Expense is 0.96% as disclosed in the most recent Prospectus effective October 1, 2017. 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.

The S&P 500/Citigroup Value Index along with its counterpart the S&P 500/Citigroup Growth Index were introduced in December 2005. Previously, these indices were known as the S&P 500/Barra Growth and Value Indices. These Indices are created by dividing the S&P 500 Index based upon seven different factors, four to determine value characteristics and three to determine growth characteristics. The companies are allocated to each index according to their growth or value characteristics, with about one-third being allocated to both the growth and value index. It is not possible to invest directly in the S&P 500/Citigroup Value Index. The S&P 500/Citigroup Growth Index and S&P 500/Citigroup Value Index are the exclusive property of Standard & Poors.

Queens Road Small Cap Value Fund

	Average Annual Total Return For the Period Ended November 30, 2017	
	Queens Road Small Cap Value Fund	Russell 2000 Value Index
Six Month	7.33%	12.08%
1 Year	8.03%	13.37%
3 Year	7.94%	10.89%
5 Year	11.32%	14.16%
10 Year	7.61%	8.18%

Gross Annual Operating Expenses is 1.18% as disclosed in the most recent Prospectus effective October 1, 2017, amended December 13, 2017. 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.

The Russell 2000 Value Index is a subset of the Russell 2000 Index, which tracks the stocks of small domestic companies, based on total market capitalization. The Russell 2000 Value Index represents those stocks of the Russell 2000 with lower price-to book ratios and lower relative forecasted growth rates. You cannot invest directly in these indices.

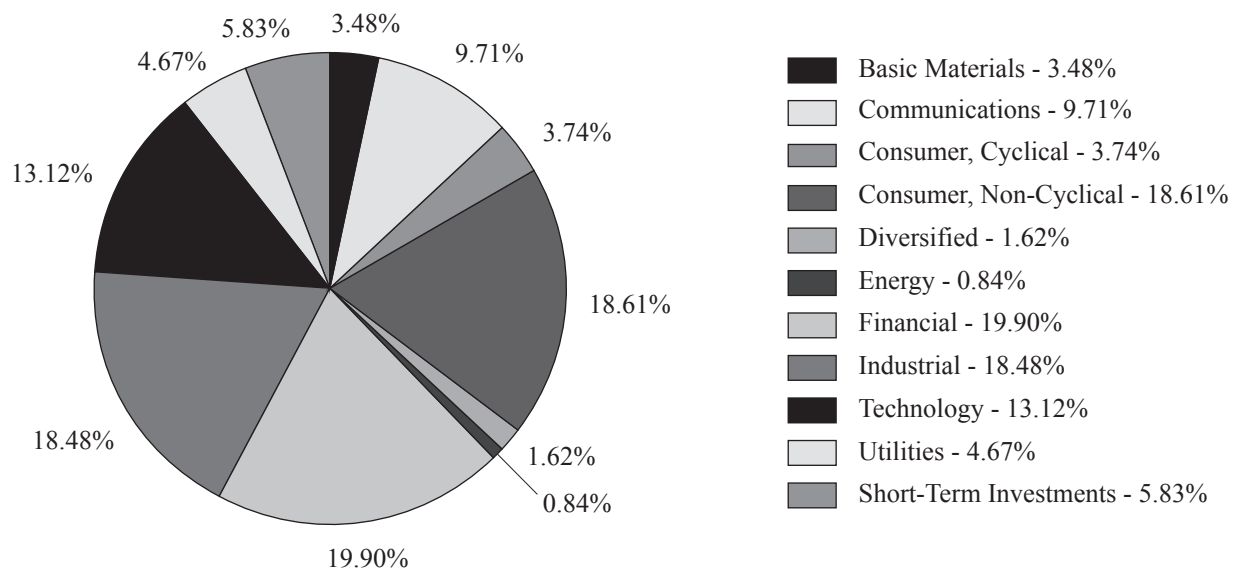
QUEENS ROAD FUNDS

GRAPHICAL ILLUSTRATION

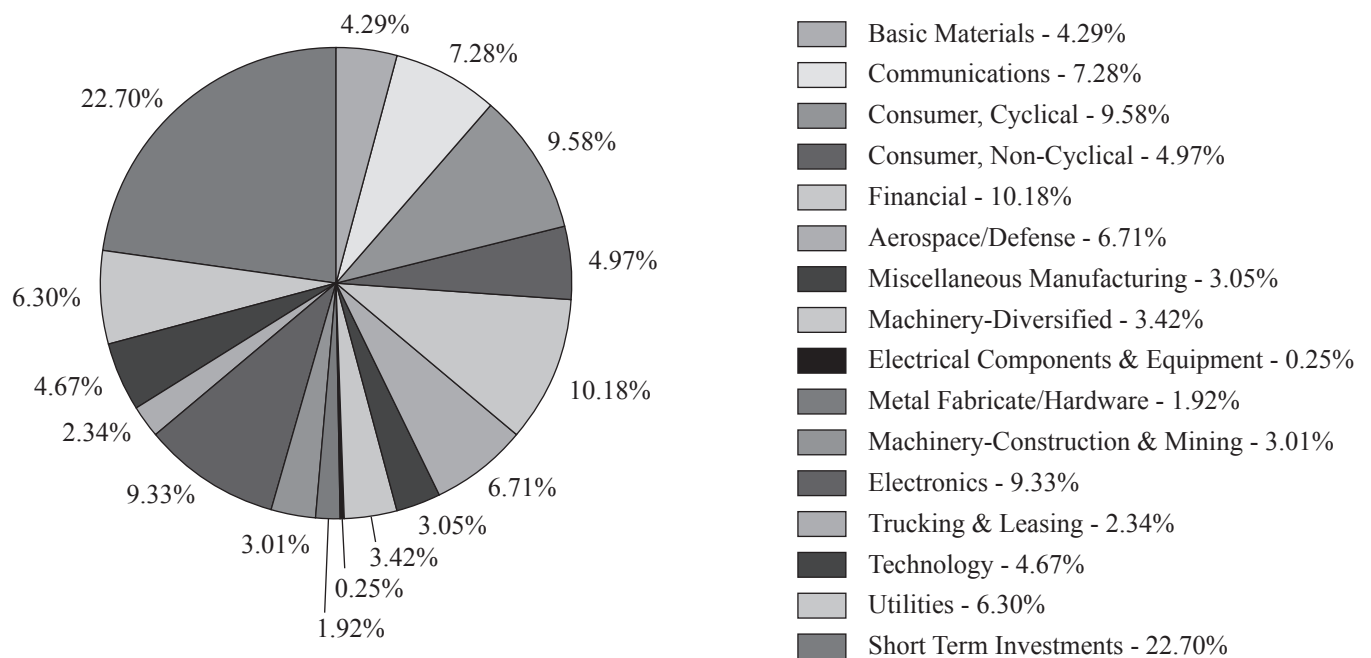
November 30, 2017 (Unaudited)

The following charts provide a visual breakdown of the Funds by the industry sectors that the underlying securities represent as a percentage of the total investments.

Queens Road Value Fund



Queens Road Small Cap Value Fund



QUEENS ROAD VALUE FUND

SCHEDULES OF INVESTMENTS

As of November 30, 2017 (Unaudited)

NUMBER OF SHARES	VALUE	NUMBER OF SHARES	VALUE
COMMON STOCKS — 93.3%		HEALTHCARE-PRODUCTS — 1.8%	
AEROSPACE/DEFENSE — 5.3%		6,300	Danaher Corp. \$ 594,468
8,000	General Dynamics Corp. \$ 1,657,280	3,022	Medtronic PLC 248,197
6,600	United Technologies Corp. 801,570		842,665
	2,458,850	HEALTHCARE-SERVICES — 3.7%	
APPAREL — 2.2%		7,300	Anthem, Inc. 1,715,208
14,000	VF Corp. 1,021,440	HOLDING COMPANIES-DIVERSIFIED — 1.6%	
BANKS — 6.0%		28,800	Leucadia National Corp. 757,728
14,500	Bank of New York Mellon Corp. 793,730	HOUSEHOLD PRODUCTS/WARES — 2.7%	
9,000	JPMorgan Chase & Co. 940,680	7,586	Clorox Co. 1,056,654
11,000	State Street Corp. 1,048,850	1,717	Kimberly-Clark Corp. 205,628
	2,783,260		1,262,282
BUILDING MATERIALS — 0.9%		INSURANCE — 4.3%	
6,380	Fortune Brands Home & Security, Inc. 436,520	3	Berkshire Hathaway, Inc., Class A* 874,500
CHEMICALS — 2.7%		10,000	Prudential Financial, Inc. 1,158,400
12,000	LyondellBasell Industries NV, Class A 1,256,400		2,032,900
COMPUTERS — 4.0%		INTERNET — 0.7%	
3,984	DXC Technology Co. 383,022	12,000	Symantec Corp. 347,640
46,378	Hewlett Packard Enterprise Co. 646,973	MEDIA — 3.7%	
5,500	International Business Machines Corp. 846,835	5,166	Time Warner, Inc. 472,741
	1,876,830	30,500	Twenty-First Century Fox, Inc. 974,170
COSMETICS/PERSONAL CARE — 3.7%		10,000	Viacom, Inc., Class B 283,200
8,800	Procter & Gamble Co. 791,912		1,730,111
16,400	Unilever PLC ADR 926,272	MISCELLANEOUS MANUFACTURING — 8.9%	
	1,718,184	5,100	3M Co. 1,240,014
DIVERSIFIED FINANCIAL SERVICES — 9.6%		18,000	Eaton Corp. PLC 1,400,040
18,000	American Express Co. 1,758,780	10,200	Ingersoll-Rand PLC 893,724
9,000	Ameriprise Financial, Inc. 1,469,070	9,076	Pentair PLC 645,848
10,000	Franklin Resources, Inc. 433,500		4,179,626
7,900	T Rowe Price Group, Inc. 813,068	OIL & GAS — 0.8%	
	4,474,418	4,700	Exxon Mobil Corp. 391,463
ELECTRIC — 4.7%		PHARMACEUTICALS — 5.4%	
13,000	American Electric Power Co., Inc. 1,009,190	5,000	Bristol-Myers Squibb Co. 315,950
8,284	Duke Energy Corp. 738,767	9,000	GlaxoSmithKline PLC ADR 315,540
8,400	Southern Co. 430,080	13,820	Merck & Co., Inc. 763,831
	2,178,037	31,000	Pfizer, Inc. 1,124,060
ELECTRONICS — 2.5%			2,519,381
3,400	Allegion PLC 286,076	RETAIL — 1.6%	
20,000	Corning, Inc. 647,800	4,225	McDonald's Corp. 726,573
3,150	Fortive Corp. 235,147	SEMICONDUCTORS — 2.5%	
	1,169,023	26,000	Intel Corp. 1,165,840
FOOD — 1.3%			
3,000	Kraft Heinz Co. 244,110		
9,000	Mondelez International, Inc., Class A 386,460		
	630,570		

See accompanying Notes to Financial Statements.

QUEENS ROAD VALUE FUND

SCHEDULES OF INVESTMENTS (Continued)

As of November 30, 2017 (Unaudited)

<u>NUMBER OF SHARES</u>		<u>VALUE</u>
SOFTWARE — 6.6%		
6,368	Micro Focus International PLC ADR*	\$ 213,328
19,500	Microsoft Corp.	1,641,315
25,000	Oracle Corp.	<u>1,226,500</u>
		<u>3,081,143</u>
TELECOMMUNICATIONS — 5.3%		
15,020	AT&T, Inc.	546,428
37,500	Cisco Systems, Inc.	1,398,750
10,000	Verizon Communications, Inc.	<u>508,900</u>
		<u>2,454,078</u>
TRANSPORTATION — 0.8%		
3,000	Union Pacific Corp.	<u>379,500</u>
TOTAL COMMON STOCKS		
	(Cost \$23,291,834)	<u>43,589,670</u>
EXCHANGE-TRADED FUNDS — 0.8%		
COMMODITY FUND — 0.8%		
30,000	iShares Gold Trust*	<u>367,500</u>
TOTAL EXCHANGE-TRADED FUNDS		
	(Cost \$295,769)	<u>367,500</u>
SHORT-TERM INVESTMENTS — 5.8%		
2,719,764	Morgan Stanley Institutional Liquidity Government Portfolio - Institutional Class, 0.97%**	<u>2,719,764</u>
TOTAL SHORT-TERM INVESTMENTS		
	(Cost \$2,719,764)	<u>2,719,764</u>
TOTAL INVESTMENTS — 99.9%		
	(Cost \$26,307,367)	<u>46,676,934</u>
	Other Assets in Excess of Liabilities — 0.1%	<u>34,327</u>
	TOTAL NET ASSETS — 100.0%	<u>\$ 46,711,261</u>

ADR – American Depositary Receipt

PLC – Public Limited Company

* Non-income Producing.

** Variable rate security; the coupon rate shown represents the yield at November 30, 2017.

See accompanying Notes to Financial Statements.

QUEENS ROAD SMALL CAP VALUE FUND

SCHEDULES OF INVESTMENTS

As of November 30, 2017 (Unaudited)

NUMBER OF SHARES	VALUE	NUMBER OF SHARES	VALUE
COMMON STOCKS — 76.2%		GAS — 6.3%	
AEROSPACE/DEFENSE — 6.7%		72,040	New Jersey Resources Corp. \$ 3,212,984
13,587	Astronics Corp.* \$ 563,724	53,741	South Jersey Industries, Inc. 1,819,670
4,859	Astronics Corp., Class B* 200,920	81,402	UGI Corp. <u>3,989,512</u>
47,315	Cubic Corp. 2,931,164		9,022,166
39,931	Ducommun, Inc.* 1,116,870	HEALTHCARE-PRODUCTS — 0.9%	
36,319	Orbital ATK, Inc. <u>4,791,929</u>	15,000	STERIS PLC <u>1,349,400</u>
	9,604,607	INSURANCE — 6.8%	
APPAREL — 3.9%		12,145	American National Insurance Co. 1,522,376
57,912	Deckers Outdoor Corp.* 4,327,764	8,495	Aspen Insurance Holdings Ltd. 348,295
63,839	Delta Apparel, Inc.* <u>1,292,739</u>	28,932	CNO Financial Group, Inc. 729,376
	5,620,503	26,226	Crawford & Co., Class B 262,785
AUTO PARTS & EQUIPMENT — 1.0%		5,410	EMC Insurance Group, Inc. 167,818
25,000	Tenneco, Inc. <u>1,485,250</u>	71,182	Horace Mann Educators Corp. 3,324,199
BANKS — 2.4%		56,217	RLI Corp. <u>3,357,841</u>
139,363	Hilltop Holdings, Inc. <u>3,465,958</u>		9,712,690
CHEMICALS — 1.9%		MACHINERY-CONSTRUCTION & MINING — 3.0%	
56,381	CSW Industrials, Inc.* <u>2,711,926</u>	47,942	Oshkosh Corp. <u>4,316,698</u>
COMMERCIAL SERVICES — 1.6%		MACHINERY-DIVERSIFIED — 3.4%	
170,487	RPX Corp.* <u>2,248,724</u>	37,269	Graco, Inc. <u>4,904,228</u>
COMPUTERS — 1.5%		MEDIA — 5.6%	
20,800	DST Systems, Inc. 1,301,664	72,021	Meredith Corp. 4,908,231
34,944	Syntel, Inc.* <u>894,916</u>	74,712	Scholastic Corp. <u>3,072,158</u>
	2,196,580		7,980,389
DISTRIBUTION/WHOLESALE — 1.7%		METAL FABRICATE/HARDWARE — 1.9%	
34,574	Anixter International, Inc.* <u>2,472,041</u>	65,041	LB Foster Co.* 1,502,447
ELECTRICAL COMPONENTS & EQUIPMENT — 0.3%		25,000	Timken Co. <u>1,247,500</u>
17,600	Graham Corp. <u>349,184</u>		2,749,947
ELECTRONICS — 9.3%		MISCELLANEOUS MANUFACTURING — 3.1%	
29,610	SYNNEX Corp. 4,032,882	3,900	Chase Corp. 492,570
41,552	Tech Data Corp.* 4,018,079	9,330	Colfax Corp.* 347,636
242,977	Vishay Intertechnology, Inc. <u>5,321,196</u>	24,600	Crane Co. 2,100,102
	13,372,157	44,875	Fabrinet* <u>1,431,961</u>
FOOD — 0.7%			4,372,269
57,879	Darling Ingredients, Inc.* <u>1,038,928</u>	PHARMACEUTICALS — 1.7%	
FOREST PRODUCTS & PAPER — 2.4%		75,462	Owens & Minor, Inc. 1,444,343
75,842	Schweitzer-Mauduit International, Inc. <u>3,433,367</u>	23,037	Prestige Brands Holdings, Inc.* <u>1,041,272</u>
			2,485,615
		SEMICONDUCTORS — 0.5%	
		17,116	Synaptics, Inc.* <u>645,958</u>
		SOFTWARE — 2.7%	
		83,984	CSG Systems International, Inc. <u>3,854,026</u>

See accompanying Notes to Financial Statements.

QUEENS ROAD SMALL CAP VALUE FUND

SCHEDULES OF INVESTMENTS (Continued)

As of November 30, 2017 (Unaudited)

<u>NUMBER OF SHARES</u>		<u>VALUE</u>
	TELECOMMUNICATIONS — 1.7%	
46,879	Plantronics, Inc.	<u>\$ 2,452,709</u>
	TEXTILES — 2.9%	
25,329	UniFirst Corp.	<u>4,141,291</u>
	TRUCKING & LEASING — 2.3%	
67,083	Greenbrier Cos., Inc.	<u>3,354,150</u>
	TOTAL COMMON STOCKS	
	(Cost \$64,782,788)	<u>109,340,761</u>
	MUTUAL FUNDS — 1.0%	
106,846	Central Fund of Canada Ltd., Class A**	<u>1,401,819</u>
	TOTAL MUTUAL FUNDS	
	(Cost \$1,318,331)	<u>1,401,819</u>
	SHORT-TERM INVESTMENTS — 22.7%	
32,512,977	Morgan Stanley Institutional Liquidity Government Portfolio - Institutional Class, 0.97%***	<u>32,512,977</u>
	TOTAL SHORT-TERM INVESTMENTS	
	(Cost \$32,512,977)	<u>32,512,977</u>
	TOTAL INVESTMENTS — 99.9%	
	(Cost \$98,614,096)	<u>143,255,557</u>
	Other Assets in Excess of Liabilities — 0.1%	<u>170,980</u>
	TOTAL NET ASSETS — 100.0%	<u>\$143,426,537</u>

PLC – Public Limited Company

* Non-income Producing.

** Passive foreign investment company.

*** Variable rate security; the coupon rate shown represents the yield at November 30, 2017.

See accompanying Notes to Financial Statements.

QUEENS ROAD FUNDS

STATEMENTS OF ASSETS AND LIABILITIES

As of November 30, 2017 (Unaudited)

	<u>Value Fund</u>	<u>Small Cap Value Fund</u>
Assets:		
Investments, at Value (cost \$26,307,367, \$98,614,096)	\$ 46,676,934	\$ 143,255,557
Receivables:		
Shareholder Subscriptions	5,000	66,554
Dividends and Interest	<u>102,535</u>	<u>296,366</u>
Total Assets	<u>46,784,469</u>	<u>143,618,477</u>
Liabilities:		
Payables:		
Shareholder Redemptions	37,665	49,669
Accrued Advisory Fees (Note 3)	<u>35,543</u>	<u>142,271</u>
Total Liabilities	<u>73,208</u>	<u>191,940</u>
Net Assets	<u>\$ 46,711,261</u>	<u>\$ 143,426,537</u>
Components of Net Assets:		
Capital (par value of \$0.001 per share with an unlimited number of shares authorized) ...	\$ 24,494,142	\$ 96,075,764
Accumulated Undistributed Net Investment Income (Distributions in Excess of Net Investment Income)	548,271	(46,239)
Accumulated Undistributed Net Realized Gain on Investments	1,299,281	2,755,551
Net Unrealized Appreciation on Investments	<u>20,369,567</u>	<u>44,641,461</u>
Net Assets	<u>\$ 46,711,261</u>	<u>\$ 143,426,537</u>
Shares of Beneficial Interest Issued and Outstanding	<u>1,943,467</u>	<u>5,153,909</u>
Net Asset Value, Offering and Redemption Price Per Share	<u>\$ 24.04</u>	<u>\$ 27.83</u>

See accompanying Notes to Financial Statements.

QUEENS ROAD FUNDS

STATEMENTS OF OPERATIONS

For the six months ended November 30, 2017 (Unaudited)

	<u>Value Fund</u>	<u>Small Cap Value Fund</u>
Investment Income:		
Dividends (net of foreign withholding taxes of \$0, \$267)	\$ 501,165	\$ 861,238
Interest	12,904	136,909
Total Investment Income	<u>514,069</u>	<u>998,147</u>
Expenses:		
Advisory Fees (Note 3)	210,786	878,207
Total Expenses	<u>210,786</u>	<u>878,207</u>
Net Investment Income	<u>303,283</u>	<u>119,940</u>
Realized and Unrealized Gain on Investments:		
Net Realized Gain on Investments	175,654	1,654,428
Net Change in Unrealized Appreciation on Investments	4,120,609	8,042,283
Net Realized and Unrealized Gain on Investments	<u>4,296,263</u>	<u>9,696,711</u>
Net Increase in Net Assets from Operations	<u>\$ 4,599,546</u>	<u>\$ 9,816,651</u>

See accompanying Notes to Financial Statements.

QUEENS ROAD FUNDS

STATEMENTS OF CHANGES IN NET ASSETS

	Value Fund		Small Cap Value Fund	
	For the six months ended November 30, 2017 (Unaudited)	For the year ended May 31, 2017	For the six months ended November 30, 2017 (Unaudited)	For the year ended May 31, 2017
Increase (Decrease) in Net Assets from:				
Operations:				
Net Investment Income (Loss)	\$ 303,283	\$ 589,582	\$ 119,940	\$ (24,946)
Net Realized Gain on Investments	175,654	1,901,841	1,654,428	4,648,960
Net Change in Unrealized Appreciation on Investments	4,120,609	3,360,316	8,042,283	7,356,656
Net Increase in Net Assets from Operations	4,599,546	5,851,739	9,816,651	11,980,670
Distributions to Shareholders From:				
Net Investment Income	—	(648,076)	—	—
Net Realized Gains	—	(1,510,675)	—	(8,147,944)
Net Change in Net Assets from Distributions	—	(2,158,751)	—	(8,147,944)
Capital Transactions:				
Proceeds from Sale of Shares	1,196,702	2,944,821	10,638,727	56,430,288
Net Asset Value of Shares Issued on Reinvestment of Dividends	—	653,245	—	6,252,949
Cost of Shares Redeemed	(1,904,507)	(3,720,982)	(17,711,741)	(69,208,578)
Net Decrease in Net Assets from Capital Transactions	(707,805)	(122,916)	(7,073,014)	(6,525,341)
Total Increase (Decrease) in Net Assets	3,891,741	3,570,072	2,743,637	(2,692,615)
Net Assets:				
Beginning of Period	42,819,520	39,249,448	140,682,900	143,375,515
End of Period	\$ 46,711,261	\$ 42,819,520	\$ 143,426,537	\$ 140,682,900
Accumulated Undistributed Net Investment Income (Distributions in Excess of Net Investment Income)	\$ 548,271	\$ 244,988	\$ (46,239)	\$ (166,179)
Capital Share Transactions:				
Shares Sold	53,138	142,048	403,392	2,190,001
Shares Issued on Reinvestment of Dividends	—	32,164	—	236,944
Shares Redeemed	(84,279)	(178,505)	(675,661)	(2,677,077)
Net Decrease in Shares	(31,141)	(4,293)	(272,269)	(250,132)

See accompanying Notes to Financial Statements.

QUEENS ROAD VALUE FUND

FINANCIAL HIGHLIGHTS

Per share operating performance

For a capital share outstanding throughout each period

	Six Months Ended November 30, 2017 (Unaudited)	Year Ended May 31, 2017	Year Ended May 31, 2016	Year Ended May 31, 2015	Year Ended May 31, 2014	Year Ended May 31, 2013
Net Asset Value, Beginning of Period	\$ 21.69	\$ 19.83	\$ 20.10	\$ 19.65	\$ 17.15	\$ 13.58
Income from Investment Operations:						
Net Investment Income*	0.15	0.30	0.31	0.23	0.20	0.20
Net Realized and Unrealized Gain on Investments ..	2.20	2.66	0.00**	1.17	2.49	3.59
Total from Investment Operations	2.35	2.96	0.31	1.40	2.69	3.79
Less Distributions:						
Net Investment Income	—	(0.33)	(0.22)	(0.22)	(0.19)	(0.22)
Net Realized Gains	—	(0.77)	(0.36)	(0.73)	—	—
Total Distributions	—	(1.10)	(0.58)	(0.95)	(0.19)	(0.22)
Net Asset Value, End of Period	\$ 24.04	\$ 21.69	\$ 19.83	\$ 20.10	\$ 19.65	\$ 17.15
Total Return	10.83%***	15.31%	1.74%	7.15%	15.69%	28.19%
Ratios and Supplemental Data:						
Net Assets, End of Period (in thousands)	\$ 46,711	\$ 42,820	\$ 39,249	\$ 38,185	\$ 36,934	\$ 33,709
Ratio of Expenses to Average Net Assets	0.95%****	0.95%	0.95%	0.95%	0.95%	0.95%
Ratio of Net Investment Income to Average Net Assets	1.37%****	1.44%	1.61%	1.14%	1.10%	1.29%
Portfolio Turnover Rate	—%***	8%	14%	4%	—%	4%

* Computed using average shares method.

** Amount is less than \$0.005 per share.

*** Not annualized.

**** Annualized.

See accompanying Notes to Financial Statements.

QUEENS ROAD SMALL CAP VALUE FUND

FINANCIAL HIGHLIGHTS

Per share operating performance

For a capital share outstanding throughout each period

	Six Months Ended November 30, 2017 (Unaudited)	Year Ended May 31, 2017	Year Ended May 31, 2016	Year Ended May 31, 2015	Year Ended May 31, 2014	Year Ended May 31, 2013
Net Asset Value, Beginning of Period	\$ 25.93	\$ 25.26	\$ 24.52	\$ 23.27	\$ 20.84	\$ 17.40
Income from Investment Operations:						
Net Investment Income (Loss)*	0.02	(0.00)**	(0.02)	0.01	0.00**	0.05
Net Realized and Unrealized Gain on Investments ..	1.88	2.01	0.84	1.90	3.18	3.69
Total from Investment Operations	1.90	2.01	0.82	1.91	3.18	3.74
Less Distributions:						
Net Investment Income	—	—	—	—	—	(0.05)
Net Realized Gains	—	(1.34)	(0.08)	(0.66)	(0.75)	(0.25)
Return of Capital	—	—	—	—	—	(0.00)**
Total Distributions	—	(1.34)	(0.08)	(0.66)	(0.75)	(0.30)
Net Asset Value, End of Period	\$ 27.83	\$ 25.93	\$ 25.26	\$ 24.52	\$ 23.27	\$ 20.84
Total Return	7.33%****	7.87%	3.37%	8.33%	15.26%	21.75%
Ratios and Supplemental Data:						
Net Assets, End of Period (in thousands)	\$ 143,427	\$ 140,683	\$ 143,376	\$ 79,266	\$ 74,212	\$ 79,421
Ratio of Expenses to Average Net Assets	1.24%*****	1.24%	1.24%	1.24%	1.24%	1.24%
Ratio of Net Investment Income to Average Net Assets	0.17%*****	(0.02)%	(0.07)%	0.02%	0.01%	0.27%
Portfolio Turnover Rate	0.52%****	27%	23%	2%	0%***	10%

* Computed using average shares method.

** Amount is less than \$0.005 per share.

*** Amount is less than 0.5%.

**** Not annualized.

***** Annualized.

See accompanying Notes to Financial Statements.

QUEENS ROAD FUNDS

NOTES TO FINANCIAL STATEMENTS

November 30, 2017 (Unaudited)

Note 1. Organization

The Queens Road Value Fund and the Queens Road Small Cap Value Fund (individually referred to as the “Value Fund” and “Small Cap Value Fund”, respectively, or collectively as the “Funds”), are managed portfolios of the Bragg Capital Trust (the “Trust”), which are registered under the Investment Company Act of 1940, as amended, as diversified, open-end management companies. The Funds’ investment objective is to seek growth of capital. The Funds invest primarily in common stocks which are believed by Bragg Financial Advisors (the “Advisor”) to be undervalued and have good prospects for capital appreciation. Under normal circumstances, the Small Cap Value Fund invests at least 80% of its assets in equity securities of companies with small market capitalization. The Fund defines a small capitalization (small cap) company as one whose market capitalization, at the time of purchase, is \$4 billion or less. 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 Funds in the preparation of their financial statements. The Funds are investment companies, as such, these financial statements have applied the guidance set forth in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (ASC) 946, Financial Services-Investment Companies, and Accounting Standards Update (ASU) 2013-08.

Federal Income Taxes: Each Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net investment income and any net realized gains to its shareholders. Therefore, no provision is made for federal income or excise taxes.

Accounting for Uncertainty in Income Taxes (the “Income Tax Statement”) requires an evaluation of tax positions taken (or expected to be taken) in the course of preparing a Fund’s tax returns to determine whether these positions meet a “more-likely-than-not” standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the “more-likely-than-not” recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statements of Operations.

The Income Tax Statement requires management of the Funds to analyze all open tax years 2013 – 2016, as defined by IRS statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of and during the year ended May 31, 2017, the Funds did not have a liability for any unrecognized tax benefits. The Funds have no examination in progress and are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

Distributions to Shareholders: Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The character of distributions made during the year from net investment income or net realized gain may differ from the characterization for federal income tax purposes due to differences in the recognition of income, expense and gain/(loss) items for financial statement and tax purposes. Where appropriate, reclassifications between net asset accounts are made for such differences that are permanent in nature.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Other: The Funds follow industry practice and record 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 Funds. Withholding taxes on foreign dividends have been provided for in accordance with the Funds’ understanding of the applicable country’s tax rules and regulations. Interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the respective securities.

QUEENS ROAD FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2017 (Unaudited)

Security Valuation: Securities, including common stocks and exchange-traded funds, which are traded on a national securities exchange are valued at the last quoted sales price, and generally classified as a Level 1 investment. Investments in mutual funds, including money market funds, are valued at the ending net asset value provided by the funds, and generally classified as a Level 1 investment. If there are no sales reported, the Fund's portfolio securities will be valued using the last reported bid price. Short-term obligations may be valued using amortized cost, which approximates fair value, and are generally classified as a Level 2 investment. 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 Trust's Board of Trustees, and generally classified as a Level 3 investment.

In accordance with GAAP, fair value is defined as the price that the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The three-tier hierarchy of inputs is summarized below.

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the company has the ability to access. An active market for the security is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Common Stocks, Exchange-Traded Funds and Mutual Funds are generally categorized as Level 1.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data. Fixed income securities, repurchase agreements, and securities valued by an independent fair value pricing service are generally categorized as Level 2.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the company's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The Funds did not hold any Level 2 or Level 3 securities during the period ended November 30, 2017. There were no transfers into and out of any level during the current year. It is the Funds' policy to recognize transfers into and out of all levels at the end of the reporting period.

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

The following is a summary of the inputs used to value the Funds' net assets as of November 30, 2017:

Value Fund

	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Common Stocks*	\$ 43,589,670	\$ —	\$ —	\$ 43,589,670
Exchange-Traded Funds	367,500	—	—	367,500
Short-Term Investments	2,719,764	—	—	2,719,764
Total	<u>\$ 46,676,934</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 46,676,934</u>

QUEENS ROAD FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2017 (Unaudited)

Small Cap Value Fund

	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Common Stocks*	\$ 109,340,761	\$ —	\$ —	\$ 109,340,761
Mutual Funds	1,401,819	—	—	1,401,819
Short-Term Investments	<u>32,512,977</u>	<u>—</u>	<u>—</u>	<u>32,512,977</u>
Total	<u>\$ 143,255,557</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 143,255,557</u>

* All sub-categories within common stocks represent Level 1 investments. See Schedules of Investments for industry categories.

Note 3. Investment Advisory Fee and Other Transactions with Affiliates

The Funds retain Bragg Financial Advisors, Inc. as their investment advisor. Under the terms of the management agreement, the Advisor provides investment management and administrative services for the Funds. For its services as Advisor, the Value Fund and Small Cap Value Fund pay a fee, computed daily and payable monthly at the annual rate of 0.95% and 1.24% of each Fund's first \$250,000,000 of average daily net assets, 0.85% and 1.24% of each Fund's next \$250,000,000 of average daily net assets, and 0.80% and 1.15% of each Fund's average daily net assets over \$500,000,000, respectively. At the October 24, 2017 Board of Trustees meeting, the Advisor proposed, and the Board approved a decrease in the annual advisory fee for the Small Cap Value Fund from 1.24% to 1.18% on the first \$500 million of average daily net assets, effective January 1, 2018. For the period ended November 30, 2017, the Advisor earned \$210,786 and \$878,207 from the Value Fund and Small Cap Value Fund, respectively. From these fees and its own resources the Advisor agreed to pay other operating expenses of the Funds including transfer agent fees, fund accountant fees, administrator fees, registration fees, custodial fees, and other ordinary expenses of the Funds. However, the agreement does not require the Advisor to pay interest, taxes, brokerage commissions, and extraordinary expenses of the Funds. The amounts due to the Advisor at November 30, 2017, from the Value Fund and Small Cap Value Fund were \$35,543 and \$142,271, respectively.

Certain employees and officers of the Advisor are also "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 \$4,000 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 Funds' 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 Funds' portfolio investments during the period ended November 30, 2017.

Note 4. Investment Transactions

For the period ended November 30, 2017, the cost of purchases and the proceeds from sales of portfolio securities, other than short-term investments, amounted to \$0 and \$358,948, respectively, for the Value Fund, and \$572,184 and \$16,314,065, respectively, for the Small Cap Value Fund.

QUEENS ROAD FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2017 (Unaudited)

Note 5. Federal Income Taxes

At May 31, 2017, gross unrealized appreciation and depreciation of investments based on cost for federal income tax purposes were as follows:

	Value Fund	Small Cap Value Fund
Cost of Investments	\$ 26,411,042	\$ 104,042,738
Gross Unrealized Appreciation	\$ 16,607,800	\$ 38,172,760
Gross Unrealized Depreciation	(290,051)	(1,626,036)
Net Unrealized Appreciation on Investments	\$ 16,317,749	\$ 36,546,724

The difference between cost amounts for financial statement and federal income tax purposes is due primarily to wash sale loss deferrals and timing differences in recognizing certain gains and losses in security transactions.

As of May 31, 2017, the components of accumulated earnings on a tax basis were as follows:

	Value Fund	Small Cap Value Fund
Undistributed ordinary income	\$ 244,988	\$ —
Undistributed long-term capital gains	1,054,836	1,681,765
Tax accumulated earnings	1,299,824	1,681,765
Accumulated capital and other losses	—	(694,367)
Net unrealized appreciation	16,317,749	36,546,724
Total accumulated earnings	\$ 17,617,573	\$ 37,534,122

Post-October capital losses and late-year ordinary losses incurred after October 31 and within the taxable year are deemed to arise on the first business day of the Funds' next taxable year. As of May 31, 2017, the following Funds had the following post-October capital losses and late-year ordinary losses:

	Value Fund	Small Cap Value Fund
Post-October capital losses	\$ —	\$ 566,438
Late-year ordinary losses	—	127,929

The tax character of distributions paid during the fiscal years ended May 31, 2017 and May 31, 2016 were as follows:

	Value Fund		Small Cap Value Fund	
	2017	2016	2017	2016
Distributions paid from:				
Ordinary Income	\$ 648,272	\$ 426,863	\$ 925,377	\$ —
Net Long Term Capital Gains ...	1,510,479	680,087	7,222,567	302,677
Total Taxable Distributions Paid ..	\$ 2,158,751	\$ 1,106,950	\$ 8,147,944	\$ 302,677

QUEENS ROAD FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2017 (Unaudited)

Note 6. 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, 2017, Pershing, LLC, for the benefit of its customers, owned 95.23% and 44.45% of the Value Fund and Small Cap Value Fund, respectively. As of November 30, 2017, Charles Schwab & Co., Inc. owned 34.53% of the Small Cap Value Fund.

Note 7. Subsequent Event Disclosure

Within the financial statements, the Funds are required to recognize the effects of all subsequent events that provide additional evidence about conditions that existed as of the date of the Statements of Assets and Liabilities. For non-recognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Funds are required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made.

Income and capital gain distributions were made to the shareholders of the Queens Road Funds after November 30, 2017, meeting the criteria of a subsequent event. The record date of the distribution was December 20, 2017, and the ex-date and payable date was December 21, 2017. The Funds' distribution type and amount are listed as follows:

Fund Name	Distribution Type	Rate	Amount
Queens Road Value Fund	Income	\$0.2867	\$549,243.68
Queens Road Value Fund	Long-Term Capital Gain	\$0.6429	\$1,231,631.55
Queens Road Small Cap Value Fund	Long-Term Capital Gain	\$0.5652	\$2,899,449.49

At the October 24, 2017 Board of Trustees meeting, the Advisor proposed, and the Board approved a decrease in the annual advisory fee for the Small Cap Value Fund from 1.24% to 1.18% on the first \$500 million of average daily net assets, effective January 1, 2018.

There were no other events management was aware of after November 30, 2017 and through the date that the financial statements were filed that met the criteria of a subsequent event

QUEENS ROAD FUNDS

EXPENSE ILLUSTRATION

November 30, 2017 (Unaudited)

ABOUT YOUR FUND'S EXPENSES

Expense Example

As a shareholder of the Funds, you incur ongoing costs which typically consist of management fees and other Fund expenses. 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, 2017 through November 30, 2017.

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 Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in this Fund 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 June 1, 2017	Ending Account Value November 30, 2017	Expenses Paid During the Period* June 1, 2017 to November 30, 2017
Value Fund			
Actual	\$1,000.00	\$1,108.30	\$5.02
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,020.24	\$4.81
Small Cap Value Fund			
Actual	\$1,000.00	\$1,073.30	\$6.44
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,018.78	\$6.27

* Expenses are equal to the Funds' annualized expense ratio of 0.95% and 1.24%, respectively, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period).

QUEENS ROAD FUNDS

ADDITIONAL INFORMATION

November 30, 2017 (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 ended June 30, are available without charge upon request by (1) calling the Fund at 1-800-595-3088 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 Funds file a complete schedule of investments with the SEC for the first and third quarter of each fiscal year on Form N-Q. The Funds’ 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 Funds’ first Form N-Q was filed with the SEC on October 8, 2004. The Funds’ Form N-Qs 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.

Advisory Agreement Renewal – At a Board meeting held on July 24, 2017, the Trustees unanimously approved the continuance of the Investment Advisory Agreement between Bragg Financial Advisors, Inc. (the “Advisor”) and the Bragg Capital Trust on behalf of the Funds (“Advisory Agreement”). The Trustees considered the following factors to be of fundamental importance in their consideration of whether to approve the continuance of the Funds’ Contract: (i) the Advisor’s value investing experience, performance and that of the Funds; (ii) the nature, quality and extent of services provided by the Advisor to the Fund; (iii) the cost of the services provided and the profit to be realized by the Advisor and its affiliates from the relationship with the Fund; (iv) the potential for economies of scale to be shared by the Funds; (v) whether the fee levels reflect these economies of scale to the benefit of shareholders; and (vi) the Funds’ expense ratios relative to their peer group.

The Trustees had an opportunity to review the Advisory Agreement and the Advisor’s current Form ADV, which were provided in the Meeting Materials. The Trustees also reviewed and discussed the Renewal of Advisory Agreement memo completed by the Advisor for each of the Funds. The Trustees were asked to consider the nature, extent and quality of services the Advisor has previously provided to the Funds based on a review of information provided by the Advisor.

The Trustees took into account information furnished throughout the year at regular Board meetings, including reports on investment performance, shareholder services, distribution services, regulatory compliance, and other services provided to the Funds. The Trustees noted that the Funds’ absolute performance was strong as well as in comparison to each Fund’s Morningstar peer group. The Trustees also considered the amount of Advisor resources spent on the Funds. The Trustees concluded that they have a reasonable belief that the nature, extent and quality of services provided to the Funds is appropriate.

The Trustees then reviewed disclosures made in the Form ADV and then discussed the Advisor’s solvency. They noted the Advisor is profitable and has a clean balance sheet with no debt. The Trustees then reviewed a peer group analysis that described the difference in the Funds’ unitary fee structure versus that of its peer group.

The Trustees also reviewed and discussed information provided by the Advisor comparing the expense ratio of each of the Funds with the expense ratios of the applicable Fund’s peers. The source of the information provided by the Advisor was Morningstar Associates, LLC, an independent third party specializing in mutual fund data and analytics. The cost to the Advisor for providing the services under the terms of the contract was discussed. The estimated aggregate cost of the services provided was compared to the amount paid to the Advisor under the terms of the contract. Upon review and discussion of this information, the Trustees concluded that the cost of services provided and any expected profits to the Advisor were reasonable.

Next, the Funds’ current marketing efforts and the Advisor’s effort to achieve economies of scale were discussed. The Trustees reviewed and considered the cost structure to the Advisor for providing services under the terms of the contract. The Trustees determined that as the Funds’ assets continue to increase, economies of scale would be realized. The Trustees also considered the contract’s stipulation that management fee percentage payout would be reduced as certain asset levels of the Funds’ were achieved. The Trustees concluded that reasonable economies of scale would be realized under the terms of the contract.

The Advisor had no other Advisory contracts with other investment companies or other types of clients that were comparable in services provided under the terms of the contract and therefore the Trustees could not rely on any comparisons between the Funds’ contract and other investment management contracts entered into by the Advisor.

The Board relied upon their own business judgment in determining the material factors to be considered in evaluating the Advisory Agreement and the weight to be given to each such factor. The conclusions reached by the Trustees were based on a comprehensive evaluation of all of the information provided and were not the result of any one factor. Moreover, each Trustee may have afforded different weight to the various factors in reaching his conclusions with respect to the Agreement.

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QUEENS ROAD FUNDS

Board of Trustees

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Philip C. Blount, III
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Shares of Queens Road Value and Queens Road Small Cap Value Fund are distributed by Queens Road Securities, LLC, an affiliate of the Investment Advisor. 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.