

PEARL MUTUAL FUNDS

FIRST QUARTER REPORT

MARCH 31, 2003

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FUNDS

Pearl Mutual Funds

2003 First Quarter Report

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To all shareholders:

The updated Pearl Mutual Funds Prospectus, dated May 1, 2003, is enclosed.

Chairman & President

DAVID M. STANLEY

Executive Vice President

ROBERT H. SOLT

Vice President of Investment Management

KEVIN J. BURNS

Trustees

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JEFFREY R. BOEYINK

DOUGLAS B. CODER

DR. DAVID N. DEJONG

DAVID L. EVANS

ROBERT H. SOLT

DAVID M. STANLEY

Staff

KAREN M. BROOKHART

PEGGY A. CHERRIER

KAREN J. GRELL

RENATA R. LAMAR

Dear Fellow Shareholders:

Both Pearl Funds have fully recovered their first quarter losses and now have positive year-to-date total returns as of April 30, 2003. We believe there are hopeful signs the bear market may finally be coming to an end. We are pleased and encouraged by how well the two Pearl Funds have held up during the painful 3-year bear market:

- For the entire 3-year period ended March 31, 2003, **Pearl Total Return Fund was down only 14.19%**, while these indexes had worse declines: Wilshire 5000 **down 41.40%**, MSCI World **down 45.56%**, Value Line (Geometric) **down 42.97%**, All Equity Funds Average (Lipper) **down 39.62%**, All Long-Term Taxable Funds Average (Lipper) **down 25.72%**, and S&P 500 **down 40.92%**. These figures are not annualized.
- In spite of its negative total return for the first three months of 2003, **Pearl Total Return Fund** outperformed all 5 of its comparison indexes during the past 3 years and 5 years ended March 31. See pages 2 and 3.
- Although **Pearl Aggressive Growth Fund** had a negative total return as of March 31, 2003, this Fund has outperformed all 5 of its comparison indexes since its inception in July 2001. See pages 5 and 6.
- **Both Pearl Funds have recovered their entire first quarter losses** and both now have **positive year-to-date total returns** as of April 30, 2003: **Pearl Total Return Fund's** year-to-date total return was **+ 2.63%** and **Pearl Aggressive Growth Fund's** year-to-date total return was **+ 4.40%**.

Please consider the information in the Prospectus and in this report, including pages 8 and 9. Past performance does not guarantee future results.

You are invited to visit our Website at www.pearlfunds.com. Please call, write, fax, or e-mail us if you have any question.

Thank you for your confidence in Pearl Mutual Funds.

Sincerely,

YOUR INVESTMENT MANAGEMENT TEAM:



Kevin J. Burns
Vice President of
Investment Management



Robert H. Solt
Executive Vice President,
Secretary, and Treasurer



David M. Stanley
Chairman and
President

Pearl Total Return Fund

Performance of Pearl Total Return Fund and Comparison Indexes through 3-31-03:

Total Returns for quarter ended March 31, 2003 with dividends reinvested (except for Value Line Index):	3 Months ended 3-31-03 *
Pearl Total Return Fund	- 4.21%
Wilshire 5000 Index	- 3.09%
MSCI World Index	- 5.06%
Value Line (Geometric) Index	- 7.39%
All Equity Funds Average (Lipper)	- 3.94%
All Long-Term Taxable Funds Average (Lipper)	- 2.50%

* Not annualized. The total returns do not reflect the deduction of taxes that a shareholder would pay on Fund dividends or on redemption of Fund shares. Likewise, total returns on indexes do not reflect the deduction of taxes that an investor in stocks would pay on dividends or on sale of stocks. See page 8 for a description of each index.

Performance in Previous Years. Pearl Total Return Fund's total return was - **10.75%** in 2002, + **3.13%** in 2001, + **1.56%** in 2000, + **26.99%** in 1999, + **4.60%** in 1998, + **14.75%** in 1997, + **14.19%** in 1996, and + **21.13%** in 1995 (years ended December 31). See page 8.

We are pleased and encouraged that:

- Your Fund **has recovered all of its first quarter loss** and now has a **year-to-date positive total return of + 2.63%** as of April 30, 2003.
- Your Fund outperformed 4 of its 5 comparison indexes during the past 1 year and 10 years and outperformed all 5 indexes during the past 3 years and 5 years (as of March 31 each year). See page 3. We are working to continue this outperformance.

Past performance does not predict future performance. See page 8.

<u>Net Asset Value and Net Assets.</u> At the close of:	March 31, 2003	April 30, 2003
NAV (net asset value) per share:	\$ 9.10	\$ 9.75
Net assets	\$ 37,479,698	\$ 40,489,566

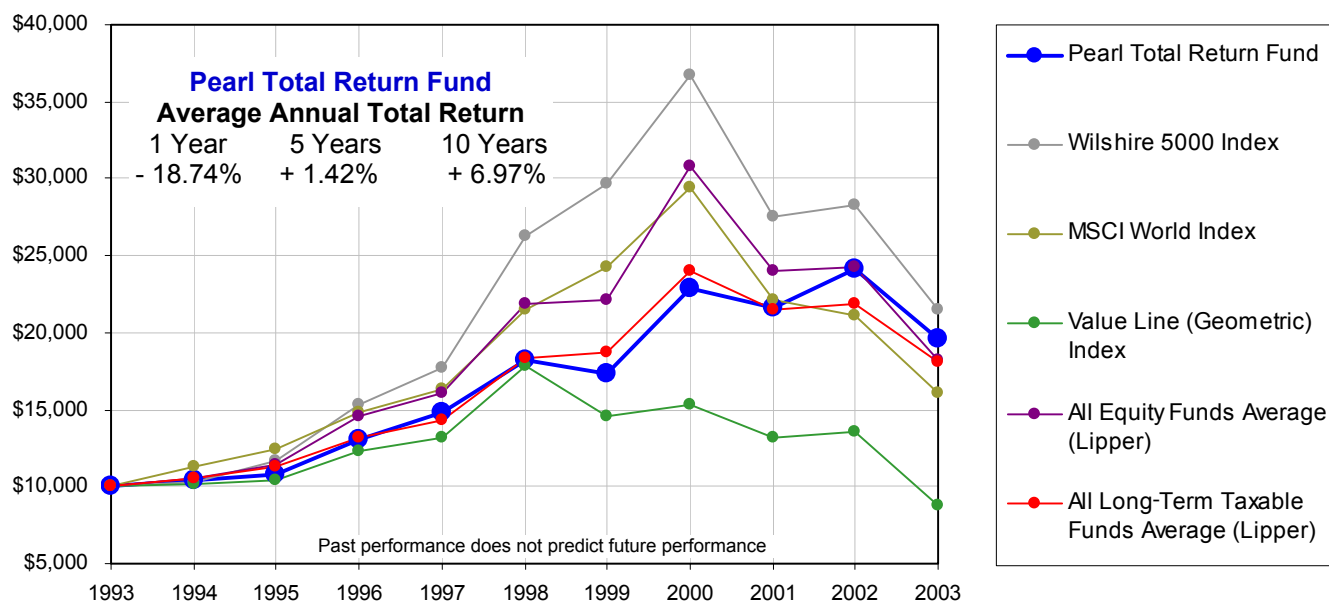
No-Load Investing. Pearl Total Return Fund is **completely no-load** – no sales charge, no redemption fee, no distribution fee (12b-1 fee). However, some of the mutual funds in which the Fund may invest may impose a 12b-1 fee. The Fund can invest **only** in no-load (no sales charge and no redemption fee), low-load (2% or lower), or load-waived (due to large purchases) mutual funds. The Fund can also invest in closed-end funds but has not yet done so. The Fund **seeks to avoid sales charges completely.**

The Fund **has not paid any sales charge or any redemption fee** in this year to date. **All** of the Fund's investments in the years 2000 through 2003 to date were made on a **no-load** basis.

Pearl Total Return Fund

10-Year Performance. Pearl Total Return Fund's 10-year performance record is summarized in this graph:

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN PEARL TOTAL RETURN FUND AND ITS COMPARISON INDEXES *
(as of 3-31 each year) (with dividends reinvested, except for Value Line Index)



* The total returns in this report, including the graph and tables, do not reflect the deduction of taxes that a shareholder would pay on Fund dividends or on redemption of Fund shares. Likewise, total returns on indexes do not reflect the deduction of taxes that an investor in stocks would pay on dividends or on sale of stocks.

Pearl Total Return Fund's average annual total return was **+ 6.97%** during the last 10 years and **+ 1.42%** over the last five years (ended March 31). The value of an investment in this Fund grew **96%** during the last 10 years and grew **7%** in the last five years. We believe these are good rates of total return in view of market conditions during these years, and we seek to continue improving them. Performance is historical and does not guarantee future results.

Performance of Pearl Total Return Fund and Comparison Indexes through 3-31-03:

Average Annual Total Returns for years ended 3-31-03 with dividends reinvested (except for Value Line Index):	1 year	3 years	5 years	10 years
Pearl Total Return Fund	- 18.74%	- 4.97%	+ 1.42%	+ 6.97%
Wilshire 5000 Index	- 24.03%	- 16.32%	- 3.91%	+ 7.95%
MSCI World Index	- 24.20%	- 18.39%	- 5.68%	+ 4.84%
Value Line (Geometric) Index	- 35.36%	- 17.07%	- 13.33%	- 1.35%
All Equity Funds Average (Lipper)	- 24.89%	- 15.48%	- 3.85%	+ 6.19%
All Long-Term Taxable Funds Average (Lipper)	- 17.18%	- 9.44%	- 1.44%	+ 6.13%

See page 8 for a description of each index.

Pearl Total Return Fund

Risk-adjusted Return: Pearl Total Return Fund. This Fund seeks to outperform its 5 benchmark indexes on a long-term risk-adjusted total return basis. We believe 2 factors should be considered together in assessing a mutual fund's performance: its total return and its risk. Therefore, we measure your Fund's total return in relation to the risk (volatility) it incurred.

For information about **Pearl Total Return Fund's** risk-adjusted total return, see our 2002 Annual Report, page 7.

Current Investments. **Pearl Total Return Fund** is a fund of funds that seeks long-term total return by being primarily invested (80% or more) in equity mutual funds, except when in Management's judgment a lower percentage is justified by high risks affecting stock markets. This Fund seeks to limit shareholders' risk by frequently holding a modest defensive position and by selecting some mutual funds that we believe have relatively lower volatility.

As of March 31, 2003, 91% of **Pearl Total Return Fund's** total assets were invested in equity mutual funds (a diversified group of funds investing in U.S. and international markets), 8% in income funds that primarily hold bonds, and 1% in cash.

A more precise way to measure your Fund's asset allocation is its investment portfolio asset breakdown, which counts the Fund's indirect investments through the mutual funds in its portfolio, using the most recent information on the portfolio assets of those mutual funds.

As of March 31, 2003, **Pearl Total Return Fund's** investment portfolio asset breakdown was: 80% stocks (including 44% U.S. and 36% foreign stocks), 11% bonds, and 9% cash. The Fund's asset allocation and portfolio holdings vary with changes in investments.

We continue to perceive many stock market risks, including high valuations of many stocks (higher than at past bear market bottoms), uncertainty about the strength of an economic recovery in the U.S. and the world, timing and strength of a recovery in corporate earnings, and potential panic and capitulation by disillusioned investors if the bear market resumes. However, we believe overall risks have been reduced by the very favorable interest rate environment and by the deep decline in most stock prices since March 2000. It is always difficult to judge, but we believe the reward/risk ratio is now positive overall for stock investing. We believe the near-term outlook continues to favor small-to-mid-cap funds and continues (by a narrowing margin) to favor value-style mutual funds.

Considering the important factors of valuation, sentiment, and monetary conditions, we believe foreign stocks as a whole (especially small-cap and mid-cap stocks) continue to offer a slightly better reward/risk ratio than U.S. stocks. Foreign markets have unique risks and opportunities.

We diligently seek to select the best mutual funds for investment in view of changing market conditions and this Fund's investment objective. We believe your Fund's current investments provide a reasonable reward/risk ratio in this market environment. Portfolio holdings are subject to change, and several changes have been made in 2003 to date.

Pearl Aggressive Growth Fund

Performance of Pearl Aggressive Growth Fund and Comparison Indexes through 3-31-03:

Total Returns for periods ended March 31, 2003 with dividends reinvested (except for Value Line Index)	3 Months*	Since 7-02-01 (inception)*
Pearl Aggressive Growth Fund	- 5.25%	- 21.16%
Wilshire 5000 Index	- 3.09%	- 27.52%
MSCI World Index	- 5.06%	- 29.28%
Value Line (Geometric) Index	- 7.39%	- 38.88%
Standard & Poor's 500 Index	- 3.15%	- 28.76%
All Equity Funds Average (Lipper)	- 3.94%	- 29.10%

* Not annualized. The total returns do not reflect the deduction of taxes that a shareholder would pay on Fund dividends or on redemption of Fund shares. Likewise, total returns on indexes do not reflect the deduction of taxes that an investor in stocks would pay on dividends or on sale of stocks. See page 8 for a description of each index.

After a small positive total return during its first 9 months, **Pearl Aggressive Growth Fund** had a loss during the most recent 12 months and 3 months. See page 6.

We will never be satisfied with a decline, but we are pleased that your Fund outperformed all 5 of its benchmark indexes during the 21 months since its inception.

We are working to continue this outperformance.

We are pleased and encouraged that **Pearl Aggressive Growth Fund** has recovered all of its **first quarter loss** and now has a **year-to-date positive total return of + 4.40%** as of April 30, 2003.

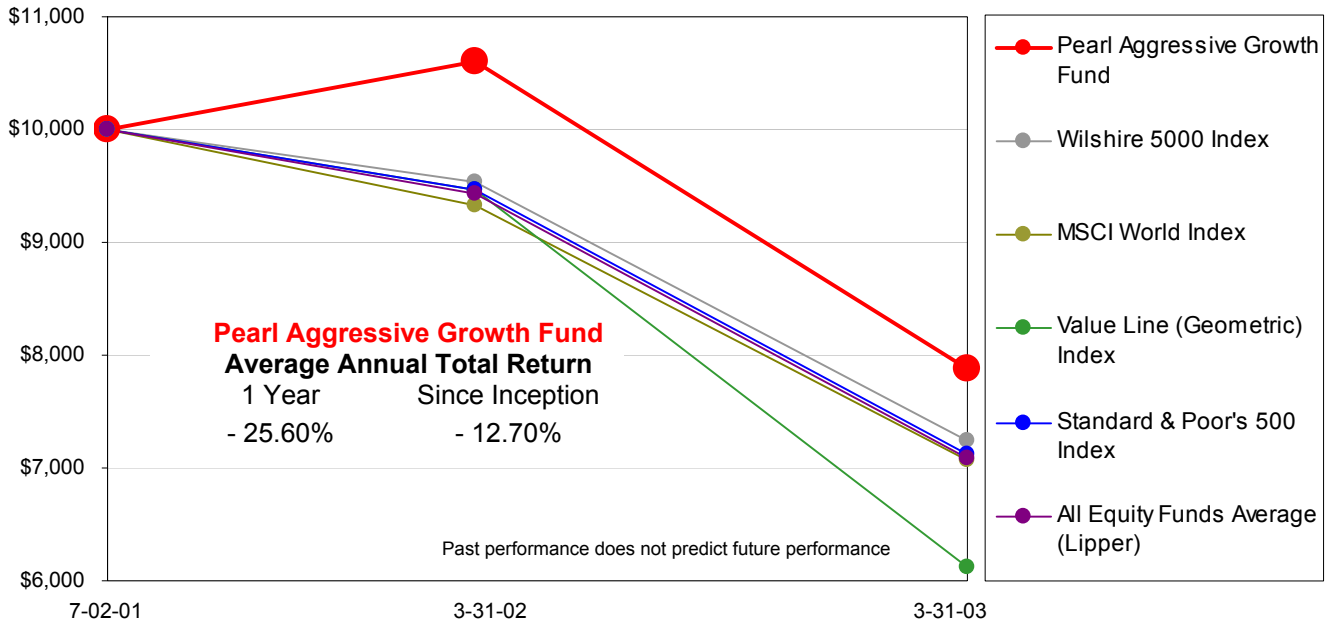
Past performance does not predict future performance. See page 8.

<u>Net Asset Value and Net Assets.</u> At the close of:	March 31, 2003	April 30, 2003
NAV (net asset value) per share:	\$ 7.76	\$ 8.55
Net assets	\$ 13,853,353	\$ 14,946,080

Pearl Aggressive Growth Fund

Fund Performance. Pearl Aggressive Growth Fund's performance record since its inception is summarized in this graph:

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN PEARL AGGRESSIVE GROWTH FUND AND ITS COMPARISON INDEXES *
(as of 3-31 each year, from 7-2-01 inception) (with dividends reinvested, except for Value Line Index)



* The total returns in this report, including the graph and tables, do not reflect the deduction of taxes that a shareholder would pay on Fund dividends or on redemption of Fund shares. Likewise, the total returns on indexes do not reflect the deduction of taxes that an investor in stocks would pay on dividends or on sale of stocks.

Performance of Pearl Aggressive Growth Fund and Comparison Indexes through 3-31-03:

Average Annual Total Returns for periods ended 3-31-03 with dividends reinvested (except for Value Line Index):	1 year	From 7-02-01 (inception)
Pearl Aggressive Growth Fund	- 25.60%	- 12.70%
Wilshire 5000 Index	- 24.03%	- 16.80%
MSCI World Index	- 24.20%	- 17.96%
Value Line (Geometric) Index	- 35.36%	- 24.52%
Standard & Poor's 500 Index	- 24.76%	- 17.61%
All Equity Funds Average (Lipper)	- 24.89%	- 17.84%

See page 8 for a description of each index.

Pearl Aggressive Growth Fund

No-Load Investing. Pearl Aggressive Growth Fund is **completely no-load** – no sales charge, no redemption fee, no distribution fee (12b-1 fee). However, some of the mutual funds in which the Fund may invest may impose a 12b-1 fee.

The Fund can invest **only** in no-load (no sales charge and no redemption fee), low-load (2% or lower), or load-waived (due to large purchases) mutual funds. The Fund can also invest in closed-end funds but has not yet done so. The Fund **seeks to avoid sales charges completely.**

From its inception the Fund **has not paid any sales charge or any redemption fee.** All of the Fund's investments to date were made on a **no-load** basis.

The Fund's investments in many mutual funds are generally large enough to take advantage of sales load waivers on large purchases. Thus, the Fund is able to select no-load investments from a very wide range of funds.

Current Investments. Pearl Aggressive Growth Fund is a fund of funds that seeks long-term aggressive growth of capital by being fully invested (95% or more) in equity mutual funds. This Fund almost never takes a temporary defensive position, although it has the ability to do so if Management determines that extreme circumstances exist.

As of March 31, 2003, 98.7% of **Pearl Aggressive Growth Fund's** total assets were invested in equity mutual funds (a diversified group of funds investing in U.S. and international markets) and 1.3% in cash.

In comparison with **Pearl Total Return Fund**, **Pearl Aggressive Growth Fund's** portfolio as a whole is more volatile, includes more growth-oriented funds, has an even greater emphasis on small-to-mid-cap stock funds, and also has a significant investment in international stock funds (with a larger percentage invested in emerging markets).

The Fund's investment portfolio asset breakdown counts the Fund's indirect investments through the mutual funds in its portfolio, using the most recent information on the portfolio assets of those mutual funds. As of March 31, 2003, your Fund's investment portfolio asset breakdown was: 96% stocks (including 55% U.S. and 41% foreign stocks), 0% bonds, and 4% cash. The Fund's asset allocation and portfolio holdings vary with changes in investments.

We diligently seek to select the best mutual funds for investment in view of changing market conditions and this Fund's investment objective. We believe your Fund's current investments provide a reasonable reward/risk ratio in this market environment. Portfolio holdings are subject to change, and several changes have been made in 2003 to date.

General Information

This report is provided for the general information of the shareholders of Pearl Mutual Funds. This report is not authorized for distribution to prospective investors unless preceded or accompanied by a current Prospectus. Please read the Prospectus carefully before you invest or send money. For more information on either Fund, including fees and expenses, please call (toll-free) 866-747-9030 or visit our Website at www.pearlfunds.com.

Shares of the Pearl Funds are available to persons residing in certain states. Please call (toll-free) 866-747-9030 to determine whether you are eligible to purchase Fund shares. This report is not an offer of or a solicitation of an offer to buy any of the Pearl Mutual Funds, nor shall any of the Pearl Mutual Funds be offered or sold to any person, in any jurisdiction in which the offer, solicitation, purchase, or sale would be unlawful under the securities law of that jurisdiction.

Performance is historical and does not guarantee future results. Investment return and principal value of an investment in each Pearl Fund will fluctuate, so that an investor's shares in the Fund, when redeemed, may be worth more or less than their original cost. Performance changes over time and may be materially different by the time you receive this report. For recent performance information, go to www.pearlfunds.com or call (toll-free) 866-747-9030.

All investments involve risk. Even though **Pearl Total Return Fund** and **Pearl Aggressive Growth Fund** each invest in many mutual funds, that investment strategy cannot eliminate risk.

From July 1, 1972 through July 1, 2001, **Pearl Total Return Fund's** shares were not registered under the Securities Act of 1933 and sales were made only on a private basis. The Fund began offering its shares to the public pursuant to an effective registration statement on July 2, 2001.

Total return means total growth of the investment, with all dividends and distributions (including capital gains) reinvested.

All total returns for any period of less than 12 months are not annualized, unless stated otherwise.

Limits on Expenses. Pearl Management Company, the Funds' Manager, has contractually agreed to reimburse each Pearl Fund for all ordinary operating expenses (including management and administrative fees) exceeding these expense ratios: 0.98% of a Fund's average net assets up to \$100 million and 0.78% in excess of \$100 million. When the Manager has reimbursed a Fund for expenses in excess of these limits, the Manager may recover the reimbursed amounts, for a period that does not exceed five years, to the extent this can be done without exceeding the expense limits. These expense limits will continue at least through December 31, 2007 unless a change is approved by the Funds' Board of Trustees.

The Manager's reimbursement of expenses that exceed the expense limit lowers the expense ratio and increases the overall return to investors.

Description of Indexes: The Wilshire 5000 Index is an unmanaged index that is market-capitalization weighted, includes all publicly-traded U.S. common stocks with readily available price data, and is generally representative of the performance of the average dollar invested in U.S. common stocks. The MSCI World Index is an unmanaged index that is market-

capitalization weighted and is generally representative of the performance of the global (including U.S. and international) market for common stocks. The Value Line (Geometric) Index is an unmanaged index that equally weights a broad range of publicly-traded U.S. common stocks included in The Value Line Investment Survey and is generally representative of the performance of the average U.S. common stock. The Standard & Poor's (S & P) 500 Index is an unmanaged index of 500 stocks that is market-capitalization weighted and is generally representative of the performance of larger companies in the U.S. The All Equity Funds Average (Lipper) is an unmanaged and unweighted average of the total return performance of all equity-oriented mutual funds as classified and calculated by Lipper Inc. The All Long-Term Taxable Funds Average (Lipper) is an unmanaged and unweighted average of the total return performance of all long-term taxable mutual funds as classified and calculated by Lipper Inc.

The holdings of each of the Pearl Mutual Funds are not identical to the Wilshire 5000 Index, MSCI World Index, Value Line (Geometric) Index, S & P 500 Index, All Equity Funds Average (Lipper), All Long-Term Taxable Funds Average (Lipper), or any other market index. Therefore, the performance of each Pearl Fund will not mirror the returns of any particular index. It is not possible to invest directly in an index.

Communications Invited on Accounting and Auditing. Any shareholder may communicate, confidentially and anonymously, any concerns regarding accounting or auditing matters to David L. Evans, Chairman of the Audit Committee of Pearl Mutual Funds, by any of these three means:

1. E-mail addressed to dave@evanwood.com (this is the preferred method)
2. Telephone to 303-679-9689
3. Mail to 32500 El Diente Court, Evergreen, CO 80439

Privacy Policy. Because we consider the preservation of your privacy a priority, Pearl Mutual Funds has adopted a privacy policy. You may view the privacy policy at www.pearlfunds.com (click the Privacy Policy page) or receive it by calling (toll-free) 866-747-9030.

We Invite and Welcome Your Calls. A real, live person will talk with you -- promptly! You will know the full name of the person you talk with. He or she will be one of our Officers or key staff persons. You will get a straight answer. If we don't know the answer, we will find it and get back to you quickly.

If we break this promise, tell us and you will receive our personal apology.

We Also Invite You to E-mail, Fax, or Write to Us:

E-mail to info@pearlfunds.com

Fax to 563-288-4101

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