

# PEARL MUTUAL FUNDS

## FIRST QUARTER REPORT

MARCH 31, 2007

*Important News:  
See Page 1*

[www.pearlfunds.com](http://www.pearlfunds.com)

2610 Park Avenue PO Box 209 Muscatine IA 52761  
866-747-9030 (toll-free) or 563-288-2773  
Fax: 563-288-4101  
E-mail: [info@pearlfunds.com](mailto:info@pearlfunds.com)

PEARL<sup>®</sup>   
FUNDS

# PEARL MUTUAL FUNDS

PFTRX – Pearl Total Return Fund

PFAGX – Pearl Aggressive Growth Fund

## 2007 First Quarter Report

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### IRA CONTRIBUTION LIMITS FOR 2007 (IRA – INDIVIDUAL RETIREMENT ACCOUNT, ALL TYPES)

- You may contribute \$4,000 to your IRA in 2007.
- The 2007 limit is \$5,000 if you are age 50 or over.  
The extra \$1,000 is called a catch-up contribution.
- These limits apply to both Roth and Traditional IRAs.

IRA contribution limits may be different in subsequent years.

#### **MORE GOOD NEWS:**

- You can use Pearl Funds (either or both) for all types of IRAs and IRA rollovers.
- **No maintenance fee** for your **Pearl** IRA – or for any Pearl Funds Account.

### *Did you know?*

We are shareholders too!

**All** our Trustees, Officers, and employees, plus our Manager and all its shareholders, are Pearl Funds shareholders.

Together we own more than \$11 million of Pearl Funds shares.

We eat our own cooking!

When your Pearl Funds investment goes up or down, so does ours!

May 14, 2007

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**NEWS FOR PEARL SHAREHOLDERS:**

- **Pearl Total Return Fund** gained **3.32%** during the first 3 months of 2007 — **outperforming** all 3 comparison indexes. At May 11, 2007, this Fund was **up 7.49%** year-to-date.
- **Pearl Aggressive Growth Fund** gained **2.42%** during the first 3 months of 2007. At May 11, 2007, this Fund was **up 8.15%** year-to-date.
- **Pearl Total Return Fund** **outperformed** the S&P 500 Index **each year** for the 8 years 1999-2006. **Pearl Aggressive Growth Fund** also **outperformed** the S&P 500 **each year** since this Fund's inception on July 1, 2001. Both Funds are outperforming the S&P 500 in 2007 to date.
- For the 5 years through March 31, 2007, **Pearl Total Return Fund** was **up 87.07%**, **outperforming** all 3 benchmarks: Dow Jones Wilshire 5000 (Full Cap) **up 45.30%**, MSCI World **up 63.93%**, and S&P 500 **up 35.52%**.
- For the 5 years through March 31, 2007, **Pearl Aggressive Growth Fund** was **up 108.98%**, **outperforming** all 3 benchmarks: Dow Jones Wilshire 5000 (Full Cap) **up 45.30%**, MSCI World **up 63.93%**, S&P 500 **up 35.52%**.
- **Pearl Total Return Fund** **outperformed** all 3 benchmarks during all these periods through March 31, 2007: 3 years, 5 years, and 10 years.
- **Pearl Aggressive Growth Fund** **outperformed** all 3 benchmarks during all these periods through March 31, 2007: 3 years, 5 years, and the 5 ¾ years since this Fund's inception.
- All Pearl Funds performance figures are **net, after deducting all expenses** of each Fund and all expenses of all the mutual funds in its portfolio.

Please consider everything in this report and the Prospectus. Figures above are not annualized. Past performance does not guarantee future results.

**You are invited to visit our Website at [www.pearlfunds.com](http://www.pearlfunds.com). Please call, e-mail, fax or write to us. We are here to help you.**

Thank you for your confidence in Pearl Mutual Funds.

Sincerely,

YOUR INVESTMENT MANAGEMENT TEAM:



Robert H. Solt



David M. Stanley

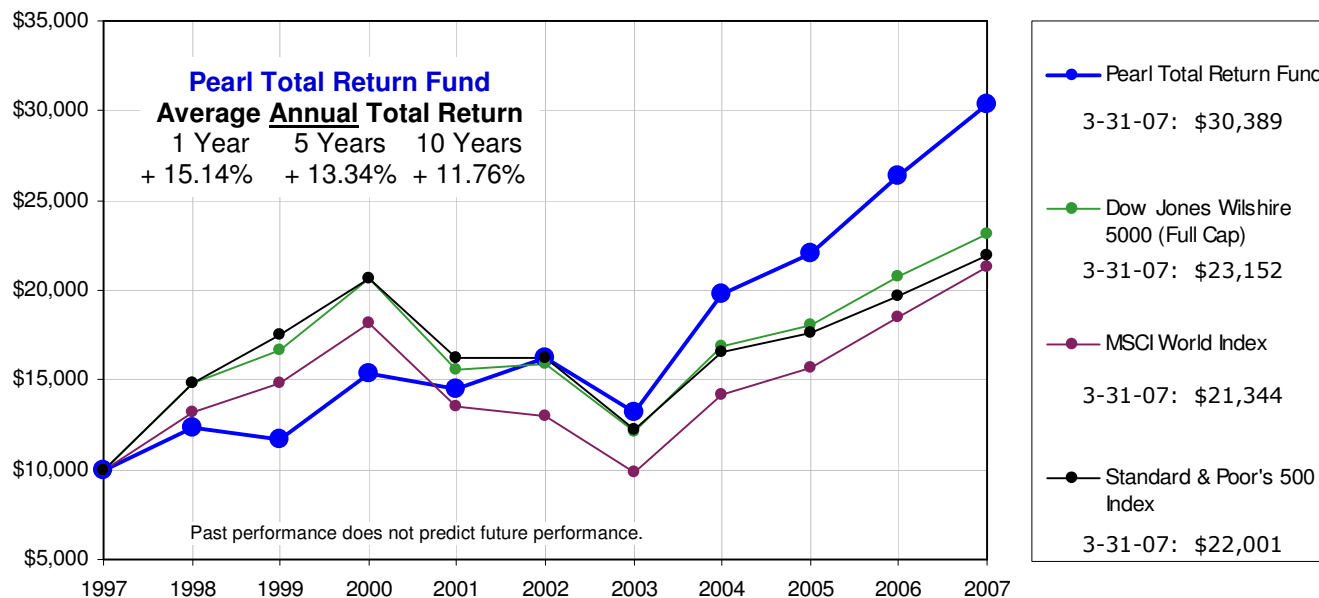


Richard R. Phillips

# Pearl Total Return Fund

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)



\* The Fund's 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 of indexes do not reflect the deduction of taxes that an investor in stocks would pay on dividends or on sale of stocks. All Pearl Funds total returns are net, after deducting all expenses (all fees, transaction costs, etc.) — including all expenses of the Fund and all expenses of all the mutual funds in its portfolio. The total returns of indexes do not reflect any deduction for expenses.

The value of an investment in **Pearl Total Return Fund** grew **53.87%** over the last 3 years, **87.07%** during the last 5 years, and **203.90%** over the last 10 years (not annualized).

## Performance of Pearl Total Return Fund and Comparison Indexes through 3-31-07:

Average Annual Total Returns for periods ended 3-31-07 with dividends reinvested:	Year-to-Date, not annualized	1 year	3 years	5 years	10 years
<b>Pearl Total Return Fund</b>	<b>+ 3.32%</b>	<b>+ 15.14%</b>	<b>+ 15.45%</b>	<b>+ 13.34%</b>	<b>+ 11.76%</b>
Dow Jones Wilshire 5000 Index (Full Cap)	+ 1.48%	+ 11.43%	+ 11.13%	+ 7.76%	+ 8.76%
MSCI World Index	+ 2.50%	+ 15.44%	+ 14.63%	+ 10.39%	+ 7.88%
Standard & Poor's 500 Index	+ 0.64%	+ 11.83%	+ 10.06%	+ 6.27%	+ 8.20%

\* See page 9 for information on expenses. See page 10 for a description of each index.

*Did you know?*

Our Pearl Investment Management Team – Rob Solt, Dave Stanley, and Rich Phillips – together have over 43 years of experience in mutual funds investment management.

Pearl Total Return Fund began in 1972 and has done mutual fund investing for 34 years.

# Pearl Total Return Fund

**Performance Summary.** All Pearl Funds performance figures are **after** deducting all expenses, fees, and transaction costs. Past performance does not predict future performance.

- During the **5 years** through March 31, 2007, your Fund was **up 87.07%** while the 3 comparison indexes were **up 48.25%** on average (not annualized). See page 1.
- **Pearl Total Return Fund** outperformed all 3 comparison indexes year-to-date and during the 3 years, 5 years, and 10 years through March 31, 2007. We believe this outperformance is significant because it was achieved during generally rising stock markets, while at all times this Fund had a risk-reducing partial defensive position. Usually less than 80% of the Fund's total assets were invested in stocks, as measured by the holdings of the mutual funds in the Fund's portfolio. The 3 benchmarks are pure stock indexes that are always 100% in stocks.
- Your Fund's total return was **+ 20.67%** in 2006, **+ 11.55%** in 2005, **+ 16.83%** in 2004, **+ 35.73%** in 2003, **- 10.75%** in 2002, **+ 3.13%** in 2001, **+ 1.56%** in 2000, and **+ 26.99%** in 1999.
- During the 3-year bear market (2000-2002), **Pearl Total Return Fund** had **2 up years** and only 1 down year. In those 3 years, your Fund was **down only (6.52%)** (not annualized).
- **Pearl Total Return Fund** has outperformed the **S&P 500 Index for 8 straight years** — each year from 1999 through 2006 — and again in 2007 to date. According to a *Wall Street Journal* article (1-4-07, "Honor Roll of Market-Beating Funds"), **Pearl Total Return Fund** is **one of 43** U.S. mutual funds that have the longest active streak of annually beating the S&P 500 Index (8 years, 1999-2006). The information in the *Wall Street Journal* article was based on an analysis performed by Morningstar Inc. at the *Wall Street Journal's* request. Bond funds, convertible-bond funds, and funds that invest exclusively overseas were not included. Pearl Mutual Funds and Pearl Management Company (the Funds' Manager) cannot guarantee the accuracy or completeness of any statement or numerical data in the *Wall Street Journal* article.
- **All Pearl Funds performance figures are net — after deducting all expenses** (all fees, transaction costs, etc.) — including all expenses of your Fund and all expenses of all the mutual funds in its portfolio. In contrast, the total returns of indexes do not reflect any deduction for expenses.

**Net Asset Value and Net Assets** of **Pearl Total Return Fund** at March 31, 2007:

NAV (net asset value) per share: \$15.86 — up from \$15.35 (after dividends) at 12-31-06

Net assets: \$117,929,930 — up from \$106,712,205 at 12-31-06

**No-Load Investing. No Transaction Costs.** Your **no-load** Fund is a **no-load** investor, seeking to prevent all transaction costs for you and all our shareholders. The Fund can invest **only** in no-load (no sales charge, no redemption fee), load-waived (no-load due to large purchases), or low-load (sales load and redemption fee together must not exceed 2%) mutual funds. The Fund does **not** impose any distribution fee (12b-1 fee). Some mutual funds in which the Fund may invest may impose a 12b-1 fee.

Your Fund **has not paid any sales charge, commission, or redemption fee** since 1998. **All** of its investments in the years 1999 through 2007 to date were made on a **no-load** basis.

# Pearl Total Return Fund

**Access to Many Funds.** Your Fund's investments in most 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 — even though many of those funds would require most investors to pay a sales charge.

Another potential benefit to shareholders is that **Pearl Total Return Fund** owns shares of some mutual funds that are **closed** to most new investors. At March 31, 2007, this Fund held 12 equity mutual funds and 7 of them were no longer open to most new investors.

**Investments.** **Pearl Total Return Fund** is a **diversified fund of funds** that seeks long-term total return by being primarily invested (80% or more of net assets) in equity mutual funds, except when Management believes 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 have demonstrated relatively lower volatility.

At March 31, 2007, 90% 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; 4% in income funds that primarily hold bonds; and 6% in cash.

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

At March 31, 2007, **Pearl Total Return Fund's** investment portfolio assets breakdown was: 78% stocks (including 25% U.S. and 53% foreign stocks), 3% bonds, 16% cash, and 3% other. Your Fund's asset allocation varies when the Fund changes its investments in mutual funds and when those funds change their investments.

**Pearl Total Return Fund** continues to be mostly invested in equity mutual funds. We diligently seek to select appropriate mutual funds in view of changing market conditions and this Fund's investment objective. Taking into account the opportunities and risks, we believe your Fund's current portfolio mix is appropriate for the current market environment.

Recent month-end portfolio holdings are available at [www.pearlfunds.com](http://www.pearlfunds.com). Portfolio holdings are subject to change at any time without notice, and changes have been made recently.

## *Did you know?*

Both Pearl Funds are flexible, investing in a mixture of mutual funds with different investment styles: small-cap, mid-cap, and large-cap; value, blend, and growth; U.S. and foreign.

We change the mixture when we believe this is in our shareholders' interest.

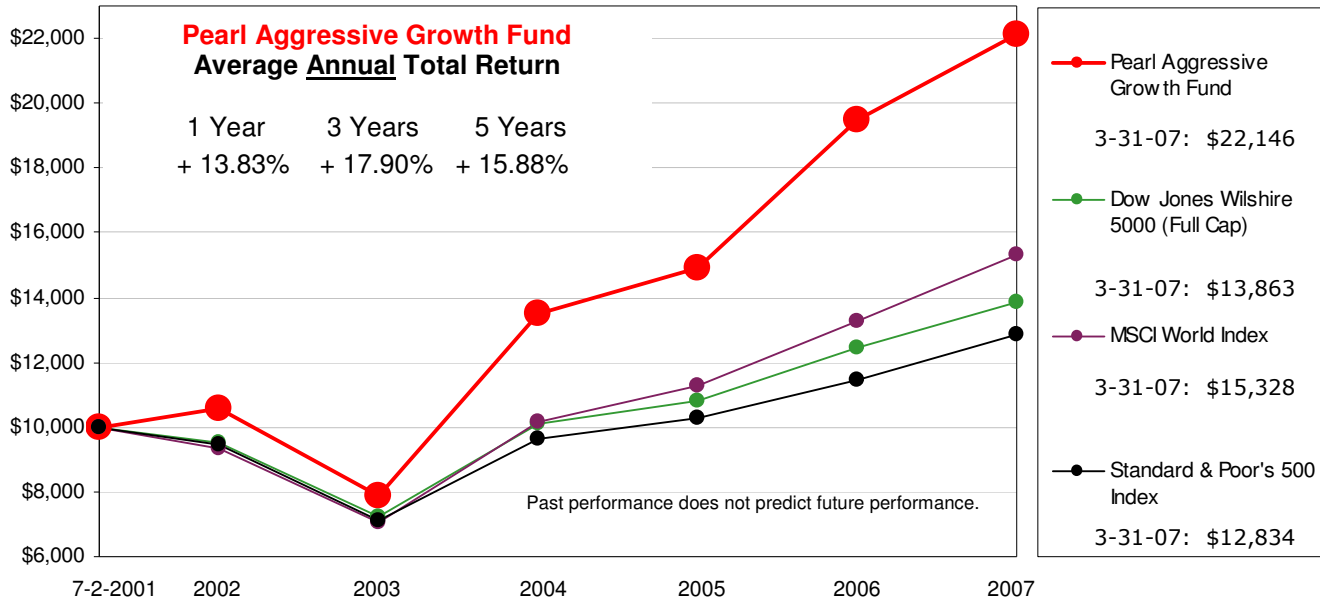
Your investment in either Pearl Fund (or both) gives you immediate diversification.

Each Pearl Fund owns shares of 10 or more mutual funds, and through those mutual funds each Pearl Fund indirectly invests in more than 1,000 stocks.

# Pearl Aggressive Growth Fund

Pearl Aggressive Growth Fund's Performance Record for the 5 ¾ years 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 — with dividends reinvested)



\* The Fund's 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 of indexes do not reflect the deduction of taxes that an investor in stocks would pay on dividends or on sale of stocks. All Pearl Funds total returns are net, after deducting all expenses (all fees, transaction costs, etc.) — including all expenses of the Fund and all expenses of all the mutual funds in its portfolio. The total returns of indexes do not reflect any deduction for expenses.

The value of an investment in **Pearl Aggressive Growth Fund** grew **63.89%** over the last 3 years and **108.98%** during the last 5 years through March 31, 2007 (not annualized).

## Performance of Pearl Aggressive Growth Fund and Comparison Indexes through 3-31-07:

Average Annual Total Returns for periods ended 3-31-07 with dividends reinvested:	Year-to-Date, not annualized	1 year	3 years	5 years	5 ¾ years (since inception)
<b>Pearl Aggressive Growth Fund</b>	<b>+ 2.42%</b>	<b>+ 13.83%</b>	<b>+ 17.90%</b>	<b>+ 15.88%</b>	<b>+ 14.83%</b>
Dow Jones Wilshire 5000 Index (Full Cap)	+ 1.48%	+ 11.43%	+ 11.13%	+ 7.76%	+ 5.85%
MSCI World Index	+ 2.50%	+ 15.44%	+ 14.63%	+ 10.39%	+ 7.71%
Standard & Poor's 500 Index	+ 0.64%	+ 11.83%	+ 10.06%	+ 6.27%	+ 4.43%

\* See page 9 for information on expenses. See page 10 for a description of each index.

### Did you know?

Both Pearl Funds are long-term investors, not traders. We change investments when we believe this is in our shareholders' interest, but we work to avoid excessive portfolio turnover.

Portfolio turnover in the year 2006 was:

15% for **Pearl Total Return Fund** and 24% for **Pearl Aggressive Growth Fund**.

# Pearl Aggressive Growth Fund

**Performance Summary.** All Pearl Funds performance figures are **after** deducting all expenses, fees, and transaction costs. Past performance does not predict future performance.

- During the **5 years** through March 31, 2007, your Fund was **up 108.98%** while the 3 comparison indexes were **up 48.25%** on average (not annualized). See page 1.
- **Pearl Aggressive Growth Fund** outperformed all 3 comparison indexes during the 3 years, 5 years, and 5 3/4 years (since inception) through March 31, 2007.
- Your Fund's annual total return was **+ 22.10%** in 2006, **+ 18.01%** in 2005, **+ 17.60%** in 2004, **+ 53.36%** in 2003, **- 17.27%** in 2002, and **+ 0.60%** in the last six months of 2001.
- **All Pearl Funds performance figures are net – after deducting all expenses** (all fees, transaction costs, etc.) – including all expenses of your Fund and all expenses of all the mutual funds in its portfolio. In contrast, the total returns of indexes do not reflect any deduction for expenses.

**Net Asset Value and Net Assets** of **Pearl Aggressive Growth Fund** at March 31, 2007:

NAV (net asset value) per share: \$14.83 — up from \$14.48 (after dividends) at 12-31-06

Net assets: \$53,275,857 — up from \$47,872,481 at 12-31-06

**No-Load Investing. No Transaction Costs.** Your **no-load** Fund is a **no-load** investor, seeking to prevent all transaction costs for you and all our shareholders. The Fund can invest **only** in no-load (no sales charge, no redemption fee), load-waived (no-load due to large purchases), or low-load (sales load and redemption fee together must not exceed 2%) mutual funds. The Fund does **not** impose any distribution fee (12b-1 fee). Some mutual funds in which the Fund may invest may impose a 12b-1 fee.

**Pearl Aggressive Growth Fund has never paid any sales charge, commission, or redemption fee.** All of its investments to date were made on a **no-load** basis.

## Did you know?

We give you **prompt, personal service**. When you call us, a *real, live person* will take your call.

You can talk with one of our Officers or Portfolio Managers.

You will get a straight answer. If we don't know the answer, we will find it and get back to you fast.

Your calls, e-mails, and faxes come directly into our office, to help us respond to you quickly.

We handle all inquiries, shareholder accounts, and transactions within our one and only office in Muscatine, Iowa. Because you and your concerns are important to us, we do this work ourselves instead of hiring it out to some big, faceless company that puts you on hold.

## Did you know?

Pearl Funds offer you an **Automatic Investment Plan** that allows you to make regular monthly investments by electronic transfer from your bank account in the amount you choose.

To begin this plan, the minimum investment is \$1,000; then the minimum monthly investment is \$100.

For information, call 866-747-9030 (toll-free) or go to [http://www.pearlfunds.com/application\\_forms.htm](http://www.pearlfunds.com/application_forms.htm)

# Pearl Aggressive Growth Fund

**Access to Many Funds.** Your Fund's investments in most 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 — even though many of those funds would require most investors to pay a sales load.

Another potential benefit to shareholders is that this Fund also owns shares of some mutual funds that are **closed** to most new investors. At March 31, 2007, **Pearl Aggressive Growth Fund** held 15 equity mutual funds and 4 of them were closed to new investors.

**Investments.** **Pearl Aggressive Growth Fund** is a **diversified 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.

At March 31, 2007, 98% of this Fund's total assets were invested in equity mutual funds — a diversified group of funds investing in U.S. and international markets — and 2% in cash.

In comparison with **Pearl Total Return Fund**, **Pearl Aggressive Growth Fund's** portfolio as a whole is more volatile and is more heavily weighted toward stocks.

**Pearl Aggressive Growth Fund's investment portfolio assets breakdown** counts the Fund's indirect investments through the mutual funds held in its portfolio, using recent information on the portfolio assets of those mutual funds.

At March 31, 2007, your Fund's investment portfolio assets breakdown was: 93% stocks (including 33% U.S. and 60% foreign stocks), 0% bonds, 6% cash, 1% other. Your Fund's asset allocation varies when the Fund changes its investments in mutual funds and when those funds change their investments.

We diligently seek to select appropriate mutual funds in view of changing market conditions and **Pearl Aggressive Growth Fund's** aggressive investment objective. Taking into account the opportunities and risks, we believe your Fund's current portfolio mix is appropriate for the market environment.

Recent month-end portfolio holdings are available at [www.pearlfunds.com](http://www.pearlfunds.com). Portfolio holdings are subject to change at any time without notice, and changes have been made recently.

## *Did you know?*

Pearl Management Company, the Funds' Manager, receives compensation **only** from Pearl Funds. Pearl Management Company does not manage any other fund or account except Pearl Management Company's own investment assets.

We believe this **single focus on Pearl Funds** helps your Management to avoid conflicts of interest and give Pearl shareholders the top-priority service you deserve.

## General Information

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This report is provided for the shareholders of Pearl Mutual Funds. This report is not authorized for distribution to prospective investors unless preceded or accompanied by a current Prospectus.

**Before investing, an investor should read the Prospectus and carefully consider a Fund's objectives, risks, charges, and expenses. To obtain a Prospectus containing this and other information, please visit our Website at [www.pearlfunds.com](http://www.pearlfunds.com) or call toll-free 866-747-9030.**

Pearl Funds shares are available to residents of 42 states and the District of Columbia. Please go to [www.pearlfunds.com](http://www.pearlfunds.com) or call toll-free 866-747-9030 to determine whether Pearl Funds shares are available in your state. This report is not an offer of or a solicitation of an offer to buy either Fund, nor shall either Fund be offered or sold to any person, in any jurisdiction in which the offer, solicitation, purchase, or sale would be unlawful under its securities laws. The Funds are offered only to residents of the United States.

**We Invite and Welcome Your Calls.** A real, live person will talk with you – **promptly**. 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. **866-747-9030** (toll-free).

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

E-mail: [info@pearlfunds.com](mailto:info@pearlfunds.com)

Fax: 563-288-4101

Write to: Pearl Mutual Funds, 2610 Park Avenue, PO Box 209, Muscatine, IA 52761

**You May Send a Message to the Funds' Board of Trustees** on any subject. Send your message to the Pearl office, addressed to the Board of Trustees. We will promptly send it to all of the Trustees.

**Communications Invited on Accounting and Auditing.** Any person 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 either of these two means:

1. Mail to 32500 El Diente Court, Evergreen, CO 80439 (preferred method)
2. Telephone to 303-679-9689

**Performance is historical and does not guarantee future results.** Investment return and principal value of an investment in each Pearl Fund will fluctuate, so 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 read this report. For recent information on performance, prices, and portfolio holdings, go to [www.pearlfunds.com](http://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.

Many factors affect risks of mutual funds that invest in various kinds of stocks. For example:

Stocks of small and mid-sized companies may be more volatile or less liquid than stocks of larger companies. Smaller companies may have a shorter history of operations, may not have the ability to raise capital as easily as large companies, and may have a less diversified product line, making them more susceptible to market pressure.

Value stocks include stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and undervalued. Growth stocks are stocks of companies believed to have above-average potential for growth of revenue and earnings. Prices of growth stocks may be more sensitive to changes in current or expected earnings than prices of other stocks. Growth stocks may not perform as well as value stocks or the stock market in general.

Investments in foreign securities involve risks, including currency fluctuation, different regulation, accounting standards, trading practices, levels of available information, generally higher transaction costs, and political risks. The risks of foreign investments are typically increased in less developed countries, which are sometimes referred to as emerging markets. For example, political and economic structures in these countries may be new and developing rapidly, which may cause instability. These countries are also more likely to experience high levels of inflation, deflation, or currency devaluations, which could hurt their economies and securities markets.

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

**Expenses.** Each Pearl Fund is a fund of funds which bears its allocable share of the expenses of the mutual funds in which it invests. Each Fund is thus subject to two levels of expenses and a potentially higher expense ratio than would be associated with an investment in a fund that invests directly in stocks or other financial instruments. However, **all Pearl Funds performance** figures are **net, after deducting all expenses** (all fees, transaction costs, etc.) — including all expenses of your Fund and all expenses of all the mutual funds in its portfolio.

For the year 2006, each Fund's total annual fund operating expenses, including the Fund's share of all expenses of all the mutual funds in its portfolio, were: **Pearl Total Return Fund** 2.06%, which was reduced to 1.94% by the Manager's reimbursement due to the Limit on Expenses; and **Pearl Aggressive Growth Fund** 2.41%, reduced to 2.23% by the Manager's reimbursement. However, **all Pearl Funds performance** figures are **net, after deducting all expenses** (all fees, transaction costs, etc.) — including all expenses of your Fund and all expenses of all the mutual funds in its portfolio.

**Limit on Expenses.** Pearl Management Company, the Funds' Manager, has contractually agreed to reimburse each Pearl Fund for all ordinary operating expenses (including all management, advisory 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 this limit, 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 limit. The agreement to limit the Funds' ordinary operating expenses is limited to the Funds' direct operating expenses and, therefore, does not apply to indirect expenses incurred by the Funds through their investments in the mutual funds in their portfolios. This Limit on Expenses does not have an expiration date, and will continue 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.

**Disclosure of Portfolio Holdings.** Pearl Funds' most recent month-end portfolio holdings are disclosed to the public on the Funds' Website: [www.pearlfunds.com](http://www.pearlfunds.com). The Funds also file a complete schedule of portfolio holdings with the SEC for the first and third quarters of each year on Form N-Q, and for the half-year and full year on Form N-CSR. The Funds' Forms N-Q and N-CSR are available on the SEC's Website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC's

Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

**Proxy Votes by the Funds.** A description of each Fund's proxy voting policies and procedures and a record of each Fund's proxy votes for the most recent 12-months period ended June 30 are available without charge at [www.pearlfunds.com](http://www.pearlfunds.com) or by calling toll-free 866-747-9030, and are also available on the SEC's Website at [www.sec.gov](http://www.sec.gov).

**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](http://www.pearlfunds.com) (click the Privacy Policy page) or by calling toll-free 866-747-9030. The policy is sent to shareholders annually.

**Comparison Indexes.** The Dow Jones Wilshire 5000 Composite Index (Full Cap), commonly referred to as Dow Jones Wilshire 5000 (Full Cap), is an unmanaged index that is market-capitalization weighted, includes all publicly-traded U.S. common stocks headquartered in the U.S. 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 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 Funds' holdings are not identical to the indexes. Each Pearl Fund's performance will not mirror the returns of any particular index. It is not possible to invest directly in an index. Trademarks and copyrights relating to the indexes are owned by: Dow Jones Wilshire 5000 (Full Cap): Dow Jones Indexes and Wilshire Associates, Inc; MSCI World Index: Morgan Stanley Capital International; Standard & Poor's 500 Index: The McGraw Hill Companies.

**Other Information.** Please consult your tax advisor regarding the tax consequences of owning shares of the Funds in your particular circumstances.

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

### Did you know?

Current performance, daily prices (net asset value), and recent portfolio holdings of both Pearl Funds are available at [www.pearlfunds.com](http://www.pearlfunds.com).

Both Pearl Funds are **no-load** — no sales charge or commission.

No redemption fee on shares owned for more than 30 days.

To help protect long-term shareholders and discourage frequent trading of Fund shares, a 2% redemption fee is charged if a shareholder sells shares owned for 30 days or less.

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