

December 19, 2011

Pearl<sup>®</sup> Mutual Funds

**Supplement to the Prospectus dated May 1, 2011**

**Pearl Total Return Fund  
Pearl Aggressive Growth Fund  
(together the “Funds”)**

On December 3, 2011, the Board of Trustees of Pearl Mutual Funds (the “Board of Trustees”) determined that it is in the best interest of the Funds and their shareholders to close and liquidate the Funds, and authorized the Trust to enter into a plan of liquidation and termination with Pearl Management Company, the Trust’s investment manager, which was executed on December 19, 2011 (the “Plan”). It is anticipated that all outstanding shares of each Fund will be redeemed and the Funds will discontinue operations on or about September 28, 2012 pursuant to the Plan.

Effective immediately, the Funds have ceased the public offering of their shares to new investors. Shares of the Funds are no longer available for purchase by new investors.

However, existing shareholders of each Fund can continue to invest in that Fund until 3 p.m. Central Time on April 30, 2012. After this date each Fund will terminate the public offering of its securities, and no additional shares will be available for purchase.

Scheduled purchases through the Funds’ automatic investment plan scheduled to occur after April 30, 2012 will be canceled. Purchase applications received from existing shareholders by any means will not be accepted unless payment for the shares has been received before 3 p.m. Central Time on April 30, 2012. The exchange privilege will also be suspended effective on April 30, 2012. Any requests for exchanges after this date will be treated as a request for redemption of the number of shares or dollar amount that a shareholder seeks to exchange.

Shareholders may continue to redeem their shares on each day the Funds are open for business during the liquidation process. As part of this process, all of each Fund’s portfolio securities will be liquidated in an orderly manner commencing as early as August 31, 2012. As a result, each Fund’s normal exposure to equity investments will be reduced after this date, and eventually eliminated, and shareholders should not expect the Funds to achieve their stated investment objectives.

As noted above, the Funds expect that the mandatory redemption of all of their remaining outstanding shares will occur on or about September 28, 2012.

Any shareholder remaining in a Fund on this date will receive a liquidation distribution equal to the shareholder's proportionate interest in the remaining net assets of the Fund and such distribution will be mailed to the shareholder's address of record. Automatic withdrawals scheduled to occur after this date will not be processed, and instead the investors will receive the appropriate liquidation distribution.

During the entire liquidation phase, representatives of the Funds' investment manager, Pearl Management Company ("PMC"), will be available to answer any questions regarding the closing of the Funds. You may contact representatives of PMC toll-free at 1-866-747-9030.

The Board of Trustees may determine to accelerate the liquidation date. If this were to occur, revised information would be transmitted to remaining shareholders pursuant to a further prospectus supplement.

The Funds and PMC do not give tax advice. They believe the following information is correct, but shareholders should consult with their own tax advisors. This transaction will be considered for tax purposes a sale of Fund shares by shareholders, and shareholders should consult with their own tax advisors to ensure its proper treatment on their income tax returns. In addition, shareholders invested through an Individual Retirement Account (IRA) or other tax-deferred account should consult the rules regarding the reinvestment of these assets. In order to avoid a potential tax issue, shareholders may choose to authorize, prior to September 28, 2012, a direct transfer of their retirement account assets to another tax-deferred retirement account. If any Fund shares are held in such an account on September 28, 2012, the shareholder will receive a liquidation distribution equal to the shareholder's proportionate interest in the remaining net assets of the Fund and such distribution will be mailed to the shareholder's address of record or to another address as directed by the shareholder. Typically, shareholders have 60 days from the date of the liquidation to invest the distribution in another IRA or qualified retirement account; otherwise the liquidation distribution may be required to be included in the shareholder's taxable income for the current tax year, possibly with an additional penalty for premature withdrawal from the qualified retirement account.

**INVESTORS SHOULD RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE**

**PEARL<sup>®</sup> MUTUAL FUNDS**  
**2610 Park Avenue**  
**Muscatine, Iowa 52761**  
**866-747-9030 (toll-free)**

# PEARL MUTUAL FUNDS PROSPECTUS

MAY 1, 2011

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

PEARL<sup>®</sup>   
FUNDS

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)

The Securities and Exchange Commission has not approved or disapproved these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

## TABLE OF CONTENTS

	<u>Page</u>
Pearl Total Return Fund.....	1
Pearl Aggressive Growth Fund.....	6
Additional Fund Information.....	11
Purchase and Sale of Fund Shares.....	11
Tax Information.....	11
Payments to Financial Intermediaries.....	11
How the Funds Invest.....	11
Investment Objective and Strategies.....	11
Portfolio Funds and Other Investments in Which the Funds Invest.....	13
Principal Investment Risks.....	14
Managing Risks.....	15
Management of the Funds.....	16
The Investment Manager.....	16
Portfolio Transactions.....	19
Performance Information.....	19
Types of Accounts.....	20
How to Buy and Sell Fund Shares.....	22
How to Buy Shares.....	22
How to Sell Shares.....	25
Policy on Trading of Fund Shares.....	27
Net Asset Value (NAV).....	28
Dividends, Capital Gains, and Taxes.....	29
Financial Highlights.....	31

## Pearl Total Return Fund — PFTRX

### Investment Objective:

Pearl Total Return Fund (“PTRF”) seeks long-term total return.

### Fees and Expenses of the Fund:

This table describes the fees and expenses that you may pay if you buy and hold shares of PTRF.

#### Shareholder Fees (fees paid directly from your investment):

Maximum sales charge (load) imposed on purchases	None
Maximum deferred sales charge (load)	None
Redemption fee on shares held 30 days or less (as a percentage of amount redeemed)	2.00%
Exchange fee	None

#### Annual Fund Operating Expenses (Expenses that you pay each year as a percentage of the value of your investment):

Management fees	0.75%
Distribution (12b-1) fees	None
Other expenses	0.46%
Acquired fund (portfolio fund) fees and expenses <sup>1</sup>	0.99%
Total annual fund operating expenses <sup>2</sup>	2.20%
Expense reimbursement by Manager <sup>3</sup>	0.01%
Net expenses <sup>2</sup>	2.19%

<sup>1</sup> Acquired fund (portfolio fund) fees and expenses reflect the estimated fees and expenses incurred indirectly by PTRF through its investments in portfolio funds.

<sup>2</sup> Total and net annual fund operating expenses in the fee table may differ from the expense ratios in the “Financial Highlights” section because the Financial Highlights include only PTRF’s direct operating expenses and do not include fees and expenses incurred indirectly by PTRF through its investments in portfolio funds.

<sup>3</sup> Pearl Management Company (the “Manager” or “Management”) has contractually agreed to reimburse PTRF for all ordinary operating expenses (including all management and administrative fees) exceeding 1.20% of PTRF’s average net assets. This expense limit will continue for a period of at least one year from the date of this Prospectus, and thereafter will continue without expiration unless a change is approved by PTRF’s Board of Trustees. When the Manager has reimbursed PTRF for expenses in excess of this limit, the Manager may recover the reimbursed amounts under this limit, 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 PTRF’s ordinary operating expenses does not apply to acquired fund (portfolio fund) fees and expenses.

### Example:

This Example is intended to help you compare the cost of investing in Pearl Total Return Fund with the costs of investing in other mutual funds. The Example includes both PTRF’s operating expenses and the portfolio funds’ fees and expenses. It assumes that you invest \$10,000 for the time periods indicated and that you redeem all of your shares at the end of the periods. The Example also assumes a 5% return (before expenses) each year, reinvestment of dividends, and that operating expenses remain constant at the level shown above. Your actual costs may be higher or lower.

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Pearl Total Return Fund	\$223	\$669	\$1,120	\$2,524

**Portfolio Turnover:**

When Pearl Total Return Fund buys and sells securities (“turns over” its portfolio), a higher portfolio turnover rate may cause higher taxes when Fund shares are held in a taxable account. Higher portfolio turnover will also increase costs and affect PTRF’s performance if transaction costs (such as sales charges and commissions) are paid by PTRF. However, PTRF has not paid any transaction costs during the past 10 years. During the year 2010, PTRF’s portfolio turnover rate was 58% of the average value of its portfolio.

**Principal Investment Strategies:**

Pearl Total Return Fund is a diversified fund of funds that invests in shares of mutual funds (open-end investment companies) registered under the Investment Company Act of 1940. We refer to the mutual funds in which PTRF may invest as “portfolio funds.”

PTRF seeks long-term total return. PTRF seeks to achieve this objective by investing 80% or more of its net assets in equity portfolio funds whose objective is growth or capital appreciation, including portfolio funds that invest in U.S. or foreign securities (including emerging markets) or both. However, PTRF may invest less than 80% of its net assets in equity portfolio funds when Management believes there are high risks affecting stock markets. Because PTRF seeks to limit risk and preserve capital, it often takes a partial defensive position by investing part of PTRF’s net assets (often up to 20% of net assets) in money market, bond, and other fixed-income portfolio funds. PTRF may take a larger defensive position (up to 100% of net assets) on a temporary basis when Management believes there are high risks affecting stock markets. Because PTRF invests indirectly in the equity markets through portfolio funds, it is possible that PTRF may hold less than 80% of its assets in equity securities, depending on the asset allocation of the underlying portfolio funds. When PTRF takes such a temporary defensive position, PTRF might not be able to meet its investment objective. Management determines PTRF’s allocation among the various types of authorized investments. PTRF may invest up to 25% of its total assets in any one portfolio fund.

PTRF seeks to make all of its investments on a no-load basis and to avoid completely all transaction costs (sales charges, commissions, and redemption fees). This is an important goal but is not a requirement.

Under normal market conditions, PTRF holds equity portfolio funds with value, growth, or blend investment styles and with small-, mid-, or large-cap investment styles. There is no limit on the investment styles or capitalization ranges of the portfolio funds in which PTRF may invest. The allocation among portfolio funds using various investment styles and having various capitalization ranges may vary greatly depending on Management’s assessment of the stock markets. PTRF may also hold greater or lesser positions in portfolio bond, income, and money market funds based on Management’s overall assessment of market conditions and movements.

**Principal Investment Risks:**

All investments involve risk. Even though Pearl Total Return Fund invests in many portfolio funds, that investment strategy cannot eliminate investment risk. PTRF, or the portfolio funds in which PTRF invests, may be subject to the following principal risks:

**Securities Markets In General** — As with any investment whose performance is tied to these markets, the value of your investment in PTRF will fluctuate, which means that you could lose money.

**Stock Markets** — Many portfolio funds hold stocks. The same factors that affect stock market performance generally affect portfolio stock funds. Political and economic news can influence market-

wide trends; the outcome may be positive or negative, short-term or long-term. Any type of stock can temporarily fall out of favor. The values of certain types of stocks, such as small-cap stocks and foreign stocks, may fluctuate more widely than others.

**Bond Markets** — Some portfolio funds may hold bonds. Bond prices generally fall when interest rates rise. Funds that focus on bonds with longer maturities tend to be more sensitive to this risk. Portfolio performance also could be affected if bonds held by portfolio funds go into default. Some bonds may be paid off (“called”) substantially earlier or later than expected, forcing a portfolio fund to reinvest at what may be an undesirable time. Some funds may invest in high yield, high risk “junk bonds.” PTRF will be affected by these risks to the extent of its investments in portfolio funds investing in bonds.

**Portfolio Management by Portfolio Funds** — PTRF’s Management has no control over the managers or investment decisions of portfolio funds. Decisions by portfolio funds’ managers will have a substantial effect on PTRF’s performance. Investment decisions by portfolio funds’ managers are made independently of each other. As a result there is a risk that one fund’s investment actions may be cancelled out by another fund’s actions — for example, if one portfolio fund buys a particular stock while another portfolio fund sells the same stock. This independence of investment decisions could also increase PTRF’s exposure to certain investments and their related risks.

**Non-diversified investments.** Performance of large positions in certain stocks may significantly impact a portfolio fund’s performance, resulting in greater volatility.

**Concentration.** Concentration of investments within one industry or market sector may subject a portfolio fund to greater market fluctuations. PTRF will not knowingly concentrate its investments, directly or indirectly, in an industry.

**Investments in foreign securities.** A portfolio fund’s investments in foreign securities may be subject to additional risks not typically associated with U.S. securities, such as changes in currency rates; less available public information about the issuers; less stringent regulatory standards; lack of uniform accounting, auditing, and financial reporting standards; and country risks including less liquidity, high inflation rates, unfavorable economic practices, and political instability. Foreign securities may also tend to be more volatile than U.S. securities.

**Emerging markets securities.** The risks of foreign securities are typically increased in emerging markets. For example, political and economic structures in these less developed countries may be new and changing rapidly, which may cause instability. The securities markets may be less developed. These countries are also more likely to experience high levels of inflation, deflation, or currency devaluations, which could hurt their economies and securities markets.

**Investments in “junk bonds”.** A portfolio fund’s investments in high yield, high risk “junk bonds” may be subject to additional risks such as increased possibility of default, illiquidity of the security, and changes in value based on public perception of the issuer.

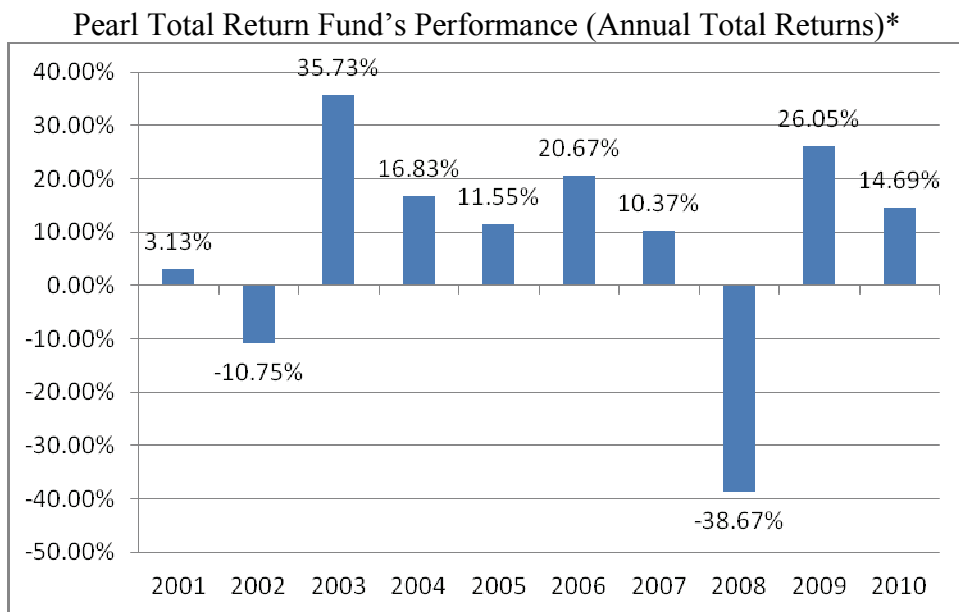
**Investments in small- and mid-cap securities.** Stocks of small- and medium-sized companies tend to be more volatile and less liquid than stocks of large companies.

### **Annual Total Return:**

The following bar chart shows the calendar year-by-year performance of Pearl Total Return Fund. This information helps you assess the variability of PTRF’s performance and the potential risks. *PTRF’s past performance (before and after taxes) is not an indication of future performance.* PTRF updates its

performance information periodically. You can get these performance updates at [www.pearlfunds.com](http://www.pearlfunds.com) or by calling 866-747-9030 (toll-free).

From July 1, 1972 through July 1, 2001, although PTRF was organized as an open-end management investment company under the Investment Company Act of 1940, PTRF's shares were not registered under the Securities Act of 1933 and sales of PTRF shares were made only on a private basis. PTRF began offering its shares to the public pursuant to an effective registration statement on July 2, 2001.



\* During the period shown in the bar chart, the highest return for a quarter was +17.36% during the quarter ended June 30, 2003 and the lowest return for a quarter was -18.10% during the quarter ended December 31, 2008.

#### **Average Annual Total Returns for Periods Ended 12-31-10:**

	<u>Average Annual Total Returns</u>		
<b>Pearl Total Return Fund</b>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Return before taxes	14.69%	3.38%	6.75%
Return after taxes on distributions	14.69%	1.96%	5.55%
Return after taxes on distributions and sale of PTRF shares	12.48%	2.61%	5.58%
<b>Dow Jones Wilshire 5000 (reflects no deduction for fees, expenses, or taxes)</b>	17.70%	3.17%	2.64%
<b>MSCI World Index (reflects no deduction for fees, expenses, or taxes)</b>	11.76%	2.43%	2.31%
<b>Standard &amp; Poor's 500 Index (reflects no deduction for fees, expenses or taxes)</b>	15.06%	2.29%	1.41%

The Dow Jones Wilshire 5000 Composite Index is an unmanaged index generally representative of the performance of the average dollar invested in U.S. common stocks. The MSCI World Index is an unmanaged index generally representative of the performance of the global market for common stocks. The Standard & Poor's (S&P) 500 Index is an unmanaged index generally representative of the performance of larger companies in the U.S.

After-tax returns are calculated using the highest individual federal marginal income tax rate in effect at the time of each distribution and assumed sale, but do not include the impact of state and local taxes. Your actual after-tax returns depend on your own tax situation and may differ from those shown. After-tax returns are not relevant (a) if you hold your PTRF shares in a tax-deferred or tax-advantaged account (such as a 401(k) plan or any type of IRA) or (b) if you are a tax-exempt investor.

**Investment Adviser and Manager:**

Pearl Total Return Fund is managed by Pearl Management Company (the “Manager” or “Management”).

**Portfolio Managers:**

Robert H. Solt is Chairman, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Treasurer, and Director of the Manager and has co-managed PTRF since February 2001.

David M. Stanley is Senior Counsel, Chief Legal Officer, Secretary, and a Director of the Manager and has co-managed PTRF since 1972.

Richard R. Phillips is Vice President, Chief Compliance Officer, and Assistant Secretary of the Manager and has co-managed PTRF since August 2005.

*For important information about purchase and sale of PTRF shares, dividends, capital gains, taxes, and payments to financial intermediaries, please turn to “Additional Fund Information” on page 11.*

## Pearl Aggressive Growth Fund — PFLAGX

### Investment Objective:

Pearl Aggressive Growth Fund (“PAGF”) seeks long-term aggressive growth of capital.

### Fees and Expenses of the Fund:

This table describes the fees and expenses that you may pay if you buy and hold shares of PAGF.

#### Shareholder Fees (fees paid directly from your investment):

Maximum sales charge (load) imposed on purchases	None
Maximum deferred sales charge (load)	None
Redemption fee on shares held 30 days or less (as a percentage of amount redeemed)	2.00%
Exchange fee	None

#### Annual Fund Operating Expenses (Expenses that you pay each year as a percentage of the value of your investment):

Management fees	0.78%
Distribution (12b-1) fees	None
Other expenses	0.47%
Acquired fund (portfolio fund) fees and expenses <sup>1</sup>	1.19%
Total annual fund operating expenses <sup>2</sup>	2.44%
Expense reimbursement by Manager <sup>3</sup>	0.05%
Net expenses <sup>4</sup>	2.39%

<sup>1</sup> Acquired fund (portfolio fund) fees and expenses reflect the estimated fees and expenses incurred indirectly by PAGF through its investments in portfolio funds.

<sup>2</sup> Total and net annual fund operating expenses in the fee table may differ from the expense ratios in the “Financial Highlights” section because the Financial Highlights include only PAGF’s direct operating expenses and do not include fees and expenses incurred indirectly by PAGF through its investments in portfolio funds.

<sup>3</sup> Pearl Management Company (the “Manager” or “Management”) has contractually agreed to reimburse PAGF for all ordinary operating expenses (including all management and administrative fees) exceeding 1.20% of PAGF’s average net assets. This expense limit will continue for a period of at least one year from the date of this Prospectus, and thereafter will continue without expiration unless a change is approved by PAGF’s Board of Trustees. When the Manager has reimbursed PAGF for expenses in excess of this limit, the Manager may recover the reimbursed amounts under this limit, 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 PAGF’s ordinary operating expenses does not apply to acquired fund (portfolio fund) fees and expenses.

### Example:

This Example is intended to help you compare the cost of investing in Pearl Aggressive Growth Fund with the costs of investing in other mutual funds. The Example includes both PAGF’s operating expenses and the portfolio funds’ fees and expenses. It assumes that you invest \$10,000 for the time periods indicated and that you redeem all of your shares at the end of the periods. The Example also assumes a 5% return (before expenses) each year, reinvestment of dividends, and that operating expenses remain constant at the level shown above. Your actual costs may be higher or lower.

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Pearl Aggressive Growth Fund	\$247	\$777	\$1,286	\$2,916

**Portfolio Turnover:**

When Pearl Aggressive Growth Fund buys and sells securities (“turns over” its portfolio), a higher portfolio turnover rate may cause higher taxes when Fund shares are held in a taxable account. Higher portfolio turnover will also increase costs and affect PAGF’s performance if transaction costs (such as sales charges and commissions) are paid by PAGF. However, PAGF has never paid any transaction costs. During the year 2010, PAGF’s portfolio turnover rate was 47% of the average value of its portfolio.

**Principal Investment Strategies:**

Pearl Aggressive Growth Fund is a diversified fund of funds that invests in shares of mutual funds (open-end investment companies) registered under the Investment Company Act of 1940. We refer to the mutual funds in which PAGF may invest as “portfolio funds.”

PAGF seeks long-term aggressive growth of capital. PAGF seeks to achieve this objective by being fully invested (meaning 95% or more of PAGF’s net assets) in equity portfolio funds whose objective is growth or capital appreciation, including portfolio funds that invest in U.S. or foreign securities (including emerging markets) or both. Because PAGF invests indirectly in the equity markets through portfolio funds, it is possible that PAGF may hold less than 95% of its assets in equity securities, depending on the asset allocation of the underlying portfolio funds. PAGF invests in money market funds only to meet its cash flow needs. PAGF almost never takes a defensive position, although it has the ability to do so if Management determines that extreme circumstances exist. PAGF might not be able to meet its investment objective during any period in which it takes a defensive position. Management intends that any defensive position would be temporary and rare. Management determines PAGF’s allocation among the various types of authorized investments. PAGF may invest up to 25% of its total assets in any one portfolio fund.

PAGF seeks to make all of its investments on a no-load basis and to avoid completely all transaction costs (sales charges, commissions, and redemption fees). This is an important goal but is not a requirement.

Under normal market conditions, PAGF holds equity portfolio funds with value, growth, or blend investment styles and with small-, mid-, or large-cap investment styles. There is no limit on the investment styles or capitalization ranges of the portfolio funds in which PAGF may invest. The allocation among portfolio funds using various investment styles and having various capitalization ranges may vary greatly depending on Management’s assessment of the stock markets. PAGF usually does not invest in bond funds, but the equity portfolio funds in which it invests may hold some bonds.

**Principal Investment Risks:**

All investments involve risk. Even though Pearl Aggressive Growth Fund invests in many portfolio funds, that investment strategy cannot eliminate investment risk. PAGF, or the portfolio funds in which PTRF invests, may be subject to the following principal risks:

**Securities Markets In General** — As with any investment whose performance is tied to these markets, the value of your investment in PAGF will fluctuate, which means that you could lose money.

**Stock Markets** — Many portfolio funds hold stocks. The same factors that affect stock market performance generally affect portfolio stock funds. Political and economic news can influence market-wide trends; the outcome may be positive or negative, short-term or long-term. Any type of stock can temporarily fall out of favor. The values of certain types of stocks, such as small-cap stocks and foreign stocks, may fluctuate more widely than others.

**Bond Markets** — Some portfolio funds may hold bonds. Bond prices generally fall when interest rates rise. Funds that focus on bonds with longer maturities tend to be more sensitive to this risk. Portfolio performance also could be affected if bonds held by portfolio funds go into default. Some bonds may be paid off (“called”) substantially earlier or later than expected, forcing a portfolio fund to reinvest at what may be an undesirable time. Some funds may invest in high yield, high risk “junk bonds.” PAGF will be affected by these risks to the extent of its investments in portfolio funds investing in bonds.

**Portfolio Management by Portfolio Funds** — PAGF’s Management has no control over the managers or investment decisions of portfolio funds. Decisions by portfolio funds’ managers will have a substantial effect on PAGF’s performance. Investment decisions by portfolio funds’ managers are made independently of each other. As a result there is a risk that one fund’s investment actions may be cancelled out by another fund’s actions — for example, if one portfolio fund buys a particular stock while another portfolio fund sells the same stock. This independence of investment decisions could also increase PAGF’s exposure to certain investments and their related risks.

**Non-diversified investments.** Performance of large positions in certain stocks may significantly impact a portfolio fund’s performance, resulting in greater volatility.

**Concentration.** Concentration of investments within one industry or market sector may subject a portfolio fund to greater market fluctuations. PAGF will not knowingly concentrate its investments, directly or indirectly, in an industry.

**Investments in foreign securities.** A portfolio fund’s investments in foreign securities may be subject to additional risks not typically associated with U.S. securities, such as changes in currency rates; less available public information about the issuers; less stringent regulatory standards; lack of uniform accounting, auditing, and financial reporting standards; and country risks including less liquidity, high inflation rates, unfavorable economic practices, and political instability. Foreign securities may also tend to be more volatile than U.S. securities.

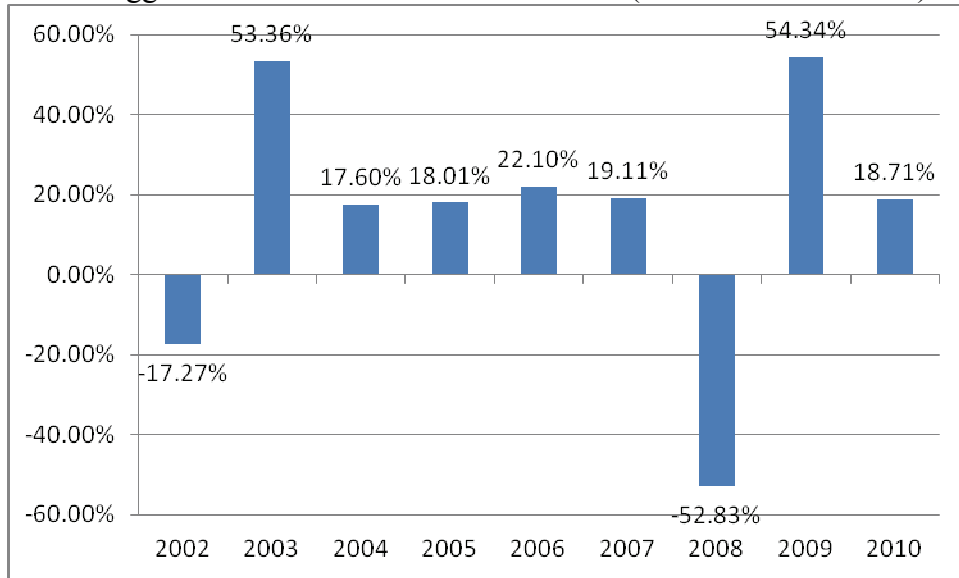
**Emerging markets securities.** The risks of foreign securities are typically increased in emerging markets. For example, political and economic structures in these less developed countries may be new and changing rapidly, which may cause instability. The securities markets may be less developed. These countries are also more likely to experience high levels of inflation, deflation, or currency devaluations, which could hurt their economies and securities markets.

**Investments in small- and mid-cap securities.** Stocks of small- and medium-sized companies tend to be more volatile and less liquid than stocks of large companies.

### **Annual Total Return:**

The following bar chart shows the calendar year-by-year performance of Pearl Aggressive Growth Fund. This information helps you assess the variability of PAGF’s performance and the potential risks. *PAGF’s past performance (before and after taxes) is not an indication of future performance.* PAGF updates its performance information periodically. You can get these performance updates at [www.pearlfunds.com](http://www.pearlfunds.com) or by calling 866-747-9030 (toll-free).

**Pearl Aggressive Growth Fund's Performance (Annual Total Returns)\***



\*During the period shown in the bar chart, the highest return for a quarter was +33.03% during the quarter ended June 30, 2009 and the lowest return for a quarter was -29.55% during the quarter ended December 31, 2008.

**Average Annual Total Returns for Periods Ended 12-31-10:**

	<u>Average Annual Total Returns</u>		
Pearl Aggressive Growth Fund (inception date July 2, 2001)	<u>1 Year</u>	<u>5 Years</u>	<u>Since Inception</u>
Return before taxes	18.71%	4.68%	8.79%
Return after taxes on distributions	18.71%	3.62%	7.65%
Return after taxes on distributions and sale of PAGF shares	15.90%	3.82%	7.46%
<b>Dow Jones Wilshire 5000 (reflects no deduction for fees, expenses, or taxes)</b>	17.70%	3.17%	3.45%
<b>MSCI World Index (reflects no deduction for fees, expenses, or taxes)</b>	11.76%	2.43%	3.64%
<b>Standard &amp; Poor's 500 Index (reflects no deduction for fees, expenses, or taxes)</b>	15.06%	2.29%	2.23%

The Dow Jones Wilshire 5000 Composite Index is an unmanaged index generally representative of the performance of the average dollar invested in U.S. common stocks. The MSCI World Index is an unmanaged index generally representative of the performance of the global market for common stocks. The Standard & Poor's (S&P) 500 Index is an unmanaged index of 500 stocks generally representative of the performance of larger companies in the U.S.

After-tax returns are calculated using the highest individual federal marginal income tax rate in effect at the time of each distribution and assumed sale, but do not include the impact of state and local taxes. Your actual after-tax returns depend on your own tax situation and may differ from those shown. After-tax returns are not relevant (a) if you hold your PAGF shares in a tax-deferred or tax-advantaged account (such as a 401(k) plan or any type of IRA) or (b) if you are a tax-exempt investor.

**Investment Adviser and Manager:**

Pearl Aggressive Growth Fund is managed by Pearl Management Company (the “Manager” or “Management”).

**Portfolio Managers:**

Robert H. Solt is Chairman, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Treasurer, and Director of the Manager and has co-managed PAGF since its inception in July 2001.

David M. Stanley is Senior Counsel, Chief Legal Officer, Secretary, and a Director of the Manager and has co-managed PAGF since its inception in July 2001.

Richard R. Phillips is Vice President, Chief Compliance Officer, and Assistant Secretary of the Manager and has co-managed PAGF since August 2005.

*For important information about purchase and sale of PAGF shares, dividends, capital gains, taxes, and payments to financial intermediaries, please turn to “Additional Fund Information” on page 11.*

## **Additional Fund Information**

### **PURCHASE AND SALE OF FUND SHARES:**

Your initial investment in either PTRF or PAGF (each, a “Fund,” and together, the “Funds”) ordinarily must be at least \$5,000. However, your initial investment in the Fund must be at least \$2,000 for any tax-deferred or tax-advantaged account, including all types of IRA accounts, other retirement accounts, and Coverdell Education Savings Accounts. Your initial investment in an Automatic Investment Plan (AIP) account must be at least \$1,000.

There is a \$100 minimum amount for each subsequent investment. There is no minimum amount for reinvestment of dividends.

You may sell (redeem) your Fund shares back to the Fund on each day the Fund is open for business. You may sell shares by mailing the appropriate Redemption Form or IRA Withdrawal Form to the Fund (or to Pearl Mutual Funds), 2610 Park Avenue, PO Box 209, Muscatine, Iowa 52761 or by faxing it to 563-288-4101. You can get these Forms at [www.pearlfunds.com](http://www.pearlfunds.com) or by calling 866-747-9030 (toll-free). You must include your name, signatures of all persons required to sign for transactions, the Fund name and account number, and the dollar amount of shares or the number of shares you want to sell.

### **TAX INFORMATION:**

Each Fund intends to make distributions that are generally taxable to you as ordinary income or capital gains, unless (a) you hold your Fund shares in a tax-deferred or tax-advantaged account (such as a 401(k) plan or any type of IRA) or (b) you are a tax-exempt investor.

### **PAYMENTS TO FINANCIAL INTERMEDIARIES:**

Neither the Fund nor any related company pays financial intermediaries for the sale of Fund shares or related services.

## **How the Funds Invest**

### **INVESTMENT OBJECTIVE AND STRATEGIES**

Each Fund is a diversified fund of funds that seeks to achieve its investment objective by investing in shares of mutual funds (portfolio funds). Each Fund may invest up to 25% of its total assets in any one portfolio fund.

Each Fund’s investments are limited to:

- shares of mutual funds that the Fund buys on a no-load basis (with no applicable sales charge or redemption fee);
- shares of “low-load” mutual funds that the Fund can buy with a sales load or redemption charge that together do not exceed 2% of the purchase price (however, each Fund expects that all or nearly all of its investments in mutual funds will be on a no-load basis with no transaction costs); and
- cash and cash equivalents.

Each Fund invests only in the above kinds of portfolio funds (including money market funds) except for cash and cash equivalents.

Each Fund seeks to make all of its investments on a no-load basis and to avoid completely all transaction costs (sales charges, commissions, and redemption fees). This is an important goal but is not a requirement.

“No-load basis,” with respect to each Fund’s investments, means that the Fund does not pay any transaction costs (sales charges, commissions, or redemption fees) when buying or selling shares of a mutual fund. If the portfolio fund has any redemption fee, (1) it is for short-term trading, (2) it does not, together with any sales load, exceed 2% of the purchase price, (3) Management intends that the Fund will hold the shares long enough to avoid paying any redemption fee, and (4) the Fund does so. (Although each Fund buys and sells shares of portfolio mutual funds on a no-load basis, some portfolio funds may impose a 12b-1 distribution fee; any such fee is reflected in the portfolio fund’s expenses. Neither Fund directly imposes a 12b-1 fee.)

Each Fund has its own investment objective and strategies designed to meet different investment goals. Each Fund’s investment objective is fundamental, meaning that it cannot be changed without shareholder approval.

### ***Pearl Total Return Fund***

The investment objective of Pearl Total Return Fund is long-term total return.

PTRF seeks to achieve this objective by investing 80% or more of its net assets in equity portfolio funds whose objective is growth or capital appreciation, including portfolio funds that invest in U.S. or foreign securities (including emerging markets) or both. However, PTRF may invest less than 80% of its net assets in equity portfolio funds when Management believes there are high risks affecting stock markets. Because PTRF seeks to limit risk and preserve capital, it often takes a partial defensive position by investing part of PTRF’s net assets (often up to 20% of net assets) in money market, bond, and other fixed-income portfolio funds. The Fund may take a larger defensive position (up to 100% of net assets) on a temporary basis when Management believes there are high risks affecting stock markets. When the Fund takes such a temporary defensive position, PTRF might not be able to meet its investment objective. Management determines PTRF’s allocation among the various types of authorized investments.

Under normal market conditions, PTRF holds equity portfolio funds with value, growth, or blend investment styles and with small-, mid-, or large-cap investment styles. There is no limit on the investment styles or capitalization ranges of the portfolio funds in which PTRF may invest. The allocation among portfolio funds using various investment styles and having various capitalization ranges may vary greatly depending on Management’s assessment of the stock markets. PTRF may also hold greater or lesser positions in portfolio bond, income, and money market funds based on Management’s overall assessment of market conditions and movements.

As of March 31, 2011, Pearl Total Return Fund’s investment portfolio included 15 portfolio funds.

PTRF measures its performance against three indexes – Dow Jones Wilshire 5000, MSCI World Index, and Standard & Poor’s 500 Index – on a long-term total return basis.

### ***Pearl Aggressive Growth Fund***

The investment objective of Pearl Aggressive Growth Fund is long-term aggressive growth of capital.

PAGF seeks to achieve this objective by being fully invested (meaning 95% or more of PAGF's net assets) in equity portfolio funds whose objective is growth or capital appreciation, including portfolio funds that invest in U.S. or foreign securities (including emerging markets) or both. PAGF invests in money market funds only to meet its cash flow needs. PAGF almost never takes a temporary defensive position, although it has the ability to do so if Management determines that extreme circumstances exist. PAGF might not be able to meet its investment objective during any period in which it takes a temporary defensive position. Management intends that any defensive position would be rare. Management determines PAGF's allocation among the various types of authorized investments.

Under normal market conditions, PAGF holds equity portfolio funds with value, growth, or blend investment styles and with small-, mid-, or large-cap investment styles. There is no limit on the investment styles or capitalization ranges of the portfolio funds in which PTRF may invest. The allocation among portfolio funds using various investment styles and having various capitalization ranges may vary greatly depending on Management's assessment of the stock markets.

As of March 31, 2011, Pearl Aggressive Growth Fund's investment portfolio included 11 portfolio funds.

PAGF measures its performance against three indexes – Dow Jones Wilshire 5000, MSCI World Index, and Standard & Poor's 500 Index – on a long-term total return basis.

#### **PORTFOLIO FUNDS AND OTHER INVESTMENTS IN WHICH THE FUNDS INVEST**

In selecting *categories of portfolio funds* for each Fund, the portfolio managers consider many factors, such as (1) perceived opportunities and risks in the U.S. and world stock markets; (2) monetary, investor sentiment, momentum, fundamental, business cycle, and market cycle conditions; and (3) recent performance and momentum of various categories of portfolio funds.

In selecting *specific portfolio funds* for each Fund, the portfolio managers consider many factors (in addition to those summarized in the preceding paragraph), such as (1) management experience and continuity; (2) performance history, volatility, and comparative return and risk data; (3) asset size; (4) expense ratio; (5) investment style (such as value, growth, or blend); (6) market capitalization and diversification of portfolio; and (7) whether the Fund can invest in the portfolio fund on a no-load or low-load basis. However, each Fund expects that all, or nearly all, of its investments in portfolio funds will be on a no-load basis with no transaction costs.

The weight given to each of the above factors may vary greatly from time to time depending upon Management's analysis and judgment. In comparison to Pearl Total Return Fund, Pearl Aggressive Growth Fund (1) expects to seek a higher total return and to have a higher degree of risk and volatility in its portfolio, (2) is likely to invest a greater portion of its assets in portfolio funds with an aggressive-growth style, and (3) is likely to give more weight to recent performance and momentum of specific portfolio funds and various categories of portfolio funds. PAGF believes that this higher degree of risk provides the opportunity for greater growth of capital, although there is no guarantee of the success of this kind of investing. Pearl Total Return Fund (1) expects to have less volatility in its portfolio than Pearl Aggressive Growth Fund, (2) is likely to invest in less aggressive equity funds (or invest a smaller part of its assets in aggressive growth funds), and (3) is likely to give less weight to recent short-term performance and momentum in selecting investments.

When determining the percentage invested in equity portfolio funds for each Fund, the following amounts are counted as fully invested to the extent that Management intends to, and does, invest them within 30 days in equity portfolio funds: (1) temporary receivables and cash resulting from changes of investments in portfolio funds, and (2) cash received from sale of the Fund's shares.

Both Funds uniformly disclose their portfolio holdings to the public once a month, reporting the most recent month-end portfolio. This is done no later than the fifth day after month-end. This portfolio information is available at [www.pearlfunds.com](http://www.pearlfunds.com) and upon request. In addition, any Executive Officer of a Fund may decide to update the portfolio information on the Website at any time when this additional disclosure is believed to be advisable. A description of the Funds' policies and procedures for disclosure of the Funds' portfolio holdings is available in the Statement of Additional Information ("SAI") and at [www.pearlfunds.com](http://www.pearlfunds.com).

### **PRINCIPAL INVESTMENT RISKS**

When you invest in a mutual fund, you are exposed to certain risks. These include the risk that you may receive little or no return on your investment. Investments that provide higher potential reward also have greater risk. Likewise, investments with lower potential reward have lower risk. Before investing in PTRF or PAGF, you should carefully consider the risks associated with that Fund. You should consider an investment in either Fund as a long-term investment. Each Fund may be subject to the following risks:

*Securities Markets In General* — As with any investment whose performance is tied to these markets, the value of your investment in a Fund will fluctuate, which means that you could lose money.

*Stock Markets* — The same factors that affect stock market performance generally affect portfolio stock funds. Political and economic news can influence marketwide trends; the outcome may be positive or negative, short-term or long-term. Any type of stock can temporarily fall out of favor. The values of certain types of stocks, such as small-cap stocks and foreign stocks, may fluctuate more widely than others. Because Pearl Aggressive Growth Fund stays fully invested and almost never takes a defensive position, the impact of stock market changes on PAGF is expected to be even greater than the impact on PTRF.

*Bond Markets* — Bond prices generally fall when interest rates rise. Bond funds that focus on bonds with longer maturities tend to be more sensitive to this risk. Portfolio performance also could be affected if bonds held by portfolio funds go into default. Some bonds may be paid off ("called") substantially earlier or later than expected, forcing a portfolio fund to reinvest at what may be an undesirable time. Some bond funds may invest in high yield, high risk "junk bonds." The Funds (particularly Pearl Total Return Fund) will be affected by these risks to the extent of their investments in portfolio funds investing in bonds. Pearl Aggressive Growth Fund usually does not invest in bond funds, but the equity portfolio funds in which it invests may hold some bonds.

*Characteristics of Portfolio Funds and Related Risks* — The Funds may invest in portfolio funds that have any or all of these characteristics and related risks:

- Non-diversified investments. Performance of large positions in certain stocks may significantly impact a portfolio fund's performance, resulting in greater volatility.
- Concentration. Concentration of investments within one industry or market sector may subject a portfolio fund to greater market fluctuations. The Funds will not knowingly concentrate their investments, directly or indirectly, in an industry.

- Investments in foreign securities. A portfolio fund's investments in foreign securities may be subject to additional risks not typically associated with U.S. securities, such as changes in currency rates; less available public information about the issuers; less stringent regulatory standards; lack of uniform accounting, auditing, and financial reporting standards; and country risks including less liquidity, high inflation rates, unfavorable economic practices, and political instability. Foreign securities may also tend to be more volatile than U.S. securities.
- Emerging markets securities. The risks of foreign securities are typically increased in emerging markets. For example, political and economic structures in these less developed countries may be new and changing rapidly, which may cause instability. The securities markets may be less developed. These countries are also more likely to experience high levels of inflation, deflation, or currency devaluations, which could hurt their economies and securities markets.
- Investments in high yield, high risk "junk bonds". A portfolio fund's investments in high yield, high risk "junk bonds" may be subject to additional risks such as increased possibility of default, illiquidity of the security, and changes in value based on public perception of the issuer.
- Investments in small- and mid-cap securities. Stocks of small- and medium-sized companies tend to be more volatile and less liquid than stocks of large companies.

*Portfolio Management of Portfolio Funds* — Management has no control over the managers or investment decisions of portfolio funds. Decisions by portfolio funds' managers will have a substantial effect on each Fund's performance. Investment decisions by portfolio funds' managers are made independently of each other. At any time, one portfolio fund may buy a particular stock while another portfolio fund sells the same stock. As a result, the Funds could indirectly incur certain transaction costs of their portfolio funds without accomplishing any investment purpose.

*Direct Investment in Portfolio Funds* – You could invest directly in many portfolio funds. By investing in portfolio funds indirectly through PAGF or PTRF, you bear not only your proportionate share of the Funds' expenses but also, indirectly, similar expenses (including operating costs and investment management fees) of the portfolio funds. You may indirectly bear expenses paid by portfolio funds related to the distribution of those funds' shares. As a result of the Funds' policies of investing in portfolio funds, you may receive taxable capital gains distributions to a greater extent than would be the case if you invested directly in the portfolio funds. See "Dividends, Capital Gains, and Taxes."

However, all performance figures (total returns) of the Funds are net – after deduction of all expenses (all fees, transaction costs, etc.), including all expenses of each Fund and (indirectly) all expenses of all the mutual funds in its portfolio.

In addition, both Funds often hold portfolio funds that are closed to most new investors.

Also, both Funds' investments in portfolio funds are generally large enough to take advantage of sales load waivers on large purchases. Thus, both Funds are able to make no-load investments in many mutual funds that would require most investors to pay a sales charge.

## **MANAGING RISKS**

Management uses various techniques and practices to seek to reduce the Funds' exposure to risk.

### ***Investment Limitations***

Each Fund has adopted these investment limitations that cannot be changed without shareholder approval and are designed to limit risk:

- Neither Fund may invest more than 25% of its total assets in any one portfolio fund. This restriction does not apply when a Fund reinvests distributions from a portfolio fund in shares of that portfolio fund.
- Neither Fund may invest more than 25% of its total assets in securities of issuers in any particular industry. This restriction does not apply to securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities.

In addition, in accordance with Section 12(d)(1)(F)(i) of the Investment Company Act of 1940, as amended, a Fund (and all of its affiliated persons, including the Manager) will not acquire more than 3% of total outstanding stock of any portfolio fund, unless the SEC grants permission to do so.

### ***Defensive Investment Strategies***

The Funds' portfolio managers may use these strategies if they believe a defensive position is advisable:

- Pearl Total Return Fund may invest on a temporary basis up to 100% of its net assets in portfolio funds selected primarily for defensive purposes, such as money market, bond, and other fixed-income funds. However, these defensive investments will not exceed 20% of PTRF's net assets (a partial defensive position) unless Management believes there are high risks affecting stock markets.
- Pearl Aggressive Growth Fund almost never takes a defensive position, although it has the ability to do so if Management determines that extreme circumstances exist. Management intends that any defensive position would be temporary and rare. In that highly unusual situation, PAGF may invest up to 100% of its net assets in portfolio funds selected primarily for defensive purposes, such as money market, bond, and other fixed-income funds.

## **Management of the Funds**

### **THE INVESTMENT MANAGER**

On July 2, 2001, Mutual Selection Fund, Inc., an Iowa corporation, was reorganized into a new series of Pearl Mutual Funds ("PMF"). The new series was designated Pearl Total Return Fund. Throughout this Prospectus, "Pearl Total Return Fund" or "PTRF" refers to Pearl Total Return Fund, as a series of PMF, and to its predecessor corporation. Pearl Aggressive Growth Fund is also a series of PMF. Its inception date was July 2, 2001 and it is referred to as "Pearl Aggressive Growth Fund" or "PAGF" throughout this Prospectus.

The Funds are managed by Pearl Management Company (referred to as "Management" or "Manager" throughout this Prospectus), 2610 Park Avenue, Muscatine, Iowa 52761. The Manager chooses the portfolio funds in which the Funds invest and handles the Funds' business under the direction of PMF's Board of Trustees.

The Manager was organized in 1972 and as of March 31, 2011 managed approximately \$134 million in assets. That entire amount consists of the assets of the Funds plus the Manager's own investment assets. The Manager does not manage any other account.

A detailed discussion of the factors considered by the Board of Trustees in its most recent approval of the Funds' Investment Management Agreement, including its conclusions with respect thereto, is available in the Funds' December 31, 2010 annual report.

The Investment Committee of the Manager and the Funds, consisting of the three Executive Officers named below, manages each Fund's portfolio. All three Investment Committee members share responsibility for portfolio management and work together to determine the asset mix and portfolio of both Funds.

### ***Portfolio Managers and Executive Officers***

These three Executive Officers serve as Portfolio Managers and Investment Committee members for both Pearl Total Return Fund and Pearl Aggressive Growth Fund:

Robert H. Solt is President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Treasurer, and a Trustee of Pearl Mutual Funds. He has held Executive Officer positions with PMF continuously since February 2001. He has been a Trustee of PMF since September 2002. Mr. Solt also is Chairman, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Treasurer, and a Director of the Manager and has held Executive Officer positions with the Manager continuously since February 2001 including Chief Compliance Officer from 2004-2006. He has been a Director of the Manager since February 2001. His degrees include a BA (Economics) and a MA (Economics) from Eastern Illinois University. He participates regularly in Investment Committee meetings, discussions, and decisions and has shared responsibility and active involvement with the other two Investment Committee members for all portfolio management decisions.

David M. Stanley is Senior Counsel, Chief Legal Officer, Secretary, and a Trustee of Pearl Mutual Funds. He has held Executive Officer positions with PMF and its predecessor continuously since 1972. Mr. Stanley also is Senior Counsel, Chief Legal Officer, Secretary, and a Director of the Manager and has held Executive Officer positions with the Manager continuously since 1972. Through 1995, Mr. Stanley was Chairman and a Director of Stanley, Lande & Hunter, a professional corporation of attorneys. His degrees include a BA (Political Science) and a JD (Law) from the University of Iowa. He participates regularly in Investment Committee meetings, discussions, and decisions and has shared responsibility and active involvement with the other two Investment Committee members for all portfolio management decisions.

Richard R. Phillips has been Vice President of Pearl Mutual Funds since September 2005, Vice President of the Manager since August 2005, Chief Compliance Officer of the Manager since May 2006, and Assistant Secretary of PMF and the Manager since May 2006. From November 2004 to July 2005, Mr. Phillips served as a consultant to the Manager. He has been Vice President, Secretary, and General Counsel (1998-2009) for Reynolds Engineering & Equipment, Inc. since 1998 and was the Owner of Phillips Law Office from April 1998 through July 2006. From November 1992 through January 2003 he was the County Attorney of Muscatine County, Iowa. His degrees include a BA (Political Science) from Iowa State University and a JD (Law) from Drake University. He participates regularly in Investment Committee meetings, discussions, and decisions and has shared responsibility and active involvement with the other two Investment Committee members for all portfolio management decisions.

The SAI provides additional information about the Portfolio Managers' compensation and their ownership of shares of the Funds.

The Manager and the Portfolio Managers do not manage any other registered investment company and do not receive any compensation or fee for managing any account other than the Funds.

***Other Officers and Persons Providing Services for the Funds and Shareholders***

Anthony J. Toohill has been Chief Compliance Officer of PMF and the Funds (selected by the independent Trustees of PMF) since August 2004. Mr. Toohill was employed as a senior associate with Stinnett & Associates, a risk management firm, from September 2004 to December 2007. From January 2003 to August 2004, Mr. Toohill served as an accounting supervisor, financial and operational principal, and co-chair of an internal control committee for Modern Woodmen of America, an insurance and securities firm. He is a certified public accountant. He received a BA (Accounting) from the University of Northern Iowa.

Karen M. Brookhart is Portfolio Management Associate of PMF and the Manager. She has been employed by the Manager since September 2001. She received a BA (Marketing) from the University of Northern Iowa.

Peggy A. Cherrier is Compliance Associate, Transfer Agent Representative, and Assistant Secretary of PMF and the Manager. She has been employed by the Manager since August 2000. She is a graduate of Marion High School, Marion, Iowa.

Christopher S. Ingstad is Shareholder Services Director of PMF and the Manager. He has been employed by the Manager since August 2006. From April 2004 to August 2006, Mr. Ingstad served as a financial analyst and credit analyst at Allsteel, an office furniture company. He received a BA (Finance) and an MBA from Saint Ambrose University.

Renata R. LaMar is Controller and Assistant Treasurer of PMF and the Manager. She has been employed by the Manager since August 2000. She received a BA (Business Administration and Accounting) from Mount Mercy College.

***Management Fees***

For investment management and administrative services provided to each Fund, the Manager receives fees, accrued daily and payable monthly based on net assets as of the beginning of the month, at these annual rates:

<b>Net Assets of the Fund</b>	<b>Investment Management</b>	<b>Administrative Services</b>	<b>Total Fees (Annual Rate)</b>
First \$30 million	0.65%	0.16%	0.81%
In excess of \$30 million to \$100 million	0.58%	0.14%	0.72%
In excess of \$100 million	0.40%	0.08%	0.48%

The administrative services provided by the Manager include, but are not limited to, transfer agency, internal legal, accounting, compliance, audit, and risk management services.

For the year ended December 31, 2010, the Manager earned, as a percentage of net assets, 0.75% and 0.78% for services provided to Pearl Total Return Fund and Pearl Aggressive Growth Fund, respectively, which included administrative services fees of 0.15%.

The Manager has contractually agreed to reimburse each Fund for all ordinary operating expenses (including all management and administrative fees) exceeding 1.20% of a Fund's average net assets. When the Manager has reimbursed a Fund for expenses in excess of this expense 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 Manager may similarly recover amounts reimbursed under the Funds' previous contractual expense limit to the extent this can be done without exceeding that 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 the portfolio funds' fees and expenses, which are indirect expenses incurred by the Funds through their investments in the portfolio funds. Without the acquired fund (portfolio fund) fees and expenses: (a) Total annual fund operating expenses for PTRF and PAGF would be 1.21% and 1.25%, respectively; (b) Taking into account the Manager's agreement to limit the Funds' expenses, Net annual fund operating expenses for each Fund would be 1.20%. After reimbursement, "Other expenses" for PTRF and PAGF are 0.45% and 0.42%, respectively. This expense limit 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.

#### **PORTFOLIO TRANSACTIONS**

Management places orders for the purchase and sale of portfolio funds for a Fund's account directly with the mutual funds in which the Funds invest. Orders are not placed through broker-dealers, except for the rare instances when a portfolio mutual fund requires placement through a broker-dealer; in those situations, Management selects the broker-dealer.

Each Fund is actively managed and has no restrictions on portfolio turnover. Each Fund's rate of portfolio turnover may be greater than that of some other mutual funds. A 100% annual portfolio turnover rate would be achieved if each security in a Fund's portfolio were replaced once during the year. There is no limit on, and Management cannot control, the portfolio turnover rate of portfolio funds.

The portfolio turnover rates for the year 2010 were 58% for Pearl Total Return Fund and 47% for Pearl Aggressive Growth Fund. However, neither Fund has paid any transaction costs during the past 10 years.

#### **PERFORMANCE INFORMATION**

The Funds' holdings are not the same as the indexes shown on pages 4 and 9 for PTRF and PAGF, respectively, and the Funds' performance will not mirror the returns of any particular index. It is not possible to invest directly in an index. All returns shown above reflect reinvested dividends.

Trademarks and copyrights relating to the indexes are owned by: Dow Jones Wilshire 5000: Dow Jones Indexes and Wilshire Associates, Inc. MSCI World Index: Morgan Stanley Capital International. Standard & Poor's 500 Index: The McGraw Hill Companies.

After-tax returns are intended to show the impact of assumed federal income taxes on an investment in the Funds. "Return after taxes on distributions" above shows the effect of all taxable distributions (dividends) of income and capital gains, but assumes that you still hold your Fund shares at the end of the

period and therefore do not have any taxable gain or loss on your investment. “Return after taxes on distributions and sale of Fund shares” shows the effect of both taxable distributions (dividends) and any taxable gain or loss that would be realized if your Fund shares were purchased at the beginning and sold at the end of the specified period. In contrast, total returns of the indexes do not reflect any deduction for taxes. After-tax returns reflect past tax effects and do not predict future tax effects.

Total returns of the Funds shown on pages 4 and 9 for PTRF and PAGF, respectively, are net — after deduction of all expenses (all fees, transaction costs, etc.), including all expenses of the Funds and (indirectly) all expenses of all the mutual funds in their portfolios.

## **Types of Accounts**

You may set up an account directly with either or both Funds, in any of the following ways. If you have any question, please call us at 866-747-9030 (toll-free) or visit [www.pearlfunds.com](http://www.pearlfunds.com).

### ***Individual or Joint Tenant***

Individual accounts are owned by one individual. Joint tenant accounts have two or more owners and provide for rights of survivorship. Each account is registered under one social security or tax identification number.

### ***Gifts or Transfers to Minors (UGMA or UTMA)***

These custodial accounts provide a way to invest money on behalf of a minor child. The account is registered under the minor’s social security number. Depending on state laws, you may set up a custodial account under the Uniform Gifts to Minors Act (UGMA) or the Uniform Transfers to Minors Act (UTMA).

### ***Trust***

You must establish a trust before investing money on behalf of a trust. The account is registered under the trust’s tax identification number.

### ***Business or Organization***

You may invest on behalf of a corporation, association, partnership, or other group. In order to redeem shares, a certified corporate resolution or certificate of authorization is required.

### ***Retirement Accounts***

Retirement plans provide individuals with tax-advantaged ways to save for retirement, through contributions which may be tax-deductible and which have tax-deferred growth, and also through withdrawals which may be tax-exempt. The following is a summary of the types of retirement accounts that are available through the Funds. When we send your retirement account application, including the custodial account agreement, we will include an IRA Disclosure Statement. It contains more detailed information about the requirements for specific retirement accounts. There are no custodian fees and no maintenance fees for retirement accounts with the Funds.

### *Traditional Individual Retirement Accounts (IRAs)*

Traditional IRAs allow individuals with earned income from employment or self-employment who are under the age of 70 ½ to contribute up to the lesser of \$5,000 or 100% of their earned income for each taxable year. If your spouse has less than \$5,000 in earned income and you file a joint return, you may jointly contribute up to the lesser of \$10,000 or 100% of your combined earned income to Traditional IRAs. Taxpayers age 50 and over are permitted to make a \$1,000 annual “catch-up” contribution to a Traditional IRA, over and above the otherwise applicable limit. Your contributions to a Traditional IRA may be tax-deductible depending on your income level, and the earnings on your investments grow tax-deferred. The maximum amount you can contribute to a Traditional IRA for any taxable year is reduced by the amount you contribute to a Roth IRA and other IRAs in which you participate. You may be eligible to receive a tax credit for your contribution to a Traditional IRA.

### *Roth IRAs*

Roth IRAs allow taxpayers with adjusted gross incomes below certain levels for federal income tax purposes to save for retirement up to the same maximum limits that apply to Traditional IRAs (as described above). Single taxpayers with adjusted gross income of up to \$120,000, married couples with adjusted gross income of up to \$176,000, and married taxpayers filing separate returns with adjusted gross income of up to \$10,000, are eligible to make contributions to Roth IRAs. Only contributions from earned income are permitted.

If your income, or (if married) your and your spouse’s income, is close to the maximum income limitations, the maximum amount you may be able to contribute to a Roth IRA will be reduced. Contributions to Roth IRAs are not tax-deductible, but withdrawals are tax-exempt if the Roth IRA has been held at least five years and you are at least 59 ½, disabled, or use the proceeds (up to a maximum lifetime limit of \$10,000) to purchase your first home. The amount you can contribute to a Roth IRA in any year is reduced by the amount you contribute to a Traditional IRA. You can contribute to a Roth IRA even after you have reached age 70 ½. You may be eligible to receive a tax credit for your contribution to a Roth IRA.

### *SIMPLE IRAs*

SIMPLE IRAs allow small business owners or self-employed persons and their eligible employees to elect to have a portion of their pay withheld on a before-tax basis and contributed to a SIMPLE IRA, as long as the employer does not maintain another qualified plan. Taxpayers can contribute up to \$11,500 of their compensation to a SIMPLE IRA each taxable year, on a before-tax basis. Taxpayers over the age of 50 can make an annual “catch-up” contribution of up to \$2,500 to a SIMPLE IRA on a before-tax basis, over and above the otherwise applicable limit. Generally, the employer is also required to make a contribution for each employee who elects to contribute. You can contribute to a SIMPLE IRA even after you have reached the age of 70 ½. You may be eligible to receive a tax credit for your contribution to a SIMPLE IRA.

### *Simplified Employee Pension (SEP) IRAs*

Generally, your employer may contribute up to the lesser of \$49,000 or 25% of your compensation up to certain limits to a SEP IRA on your behalf. You can contribute to a SEP IRA even after you have reached the age of 70 ½. You may be eligible to receive a tax credit for your contribution to a SEP IRA. If your employer maintained a salary reduction SEP (SARSEP) prior to January 1, 1997, you may be eligible to make before-tax salary deferral contributions to the SARSEP in an amount of up to \$16,500 for each

taxable year. Taxpayers over the age of 50 can make an annual “catch-up” contribution of up to \$5,500 to a SARSEP on a before-tax basis, over and above the otherwise applicable limit.

### *Other Retirement Plans*

Either or both Funds may be used for investment in other kinds of retirement plans, including but not limited to 401(k) plans, Keogh plans maintained by self-employed individuals or owner-employees, traditional pension plans, corporate profit-sharing and money purchase pension plans, Section 403(b)(7) custodial tax-deferred annuity plans, other plans maintained by tax-exempt organizations, cash balance plans, and any and all other types of retirement plans. All of these plans need to be established by the trustee of the plan, who should then contact the Funds to establish an investment relationship.

### *Coverdell Education Savings Accounts (formerly known as Education IRAs)*

Coverdell Education Savings Accounts (“Education Accounts”) provide a tax-favored vehicle through which educational expenses can be funded on behalf of the individual for whom the Education Account is established. Education Accounts permit tax-free growth and tax-free withdrawals as long as the amounts are used for education (higher, secondary, or elementary). The maximum annual Education Account contribution is \$2,000 per beneficiary. Individuals, corporations, and tax-exempt organizations can establish and contribute to Education Accounts on behalf of one or more designated beneficiaries.

Single individuals with modified adjusted gross income of less than \$110,000 may contribute to Education Accounts. The phase-out for partial contribution eligibility is \$95,001 to \$109,999. Married taxpayers filing joint returns with modified adjusted gross income of less than \$220,000 may contribute to Education Accounts. The phase-out for partial contribution eligibility is \$190,001 to \$219,999. These modified adjusted gross income limitations do not apply to corporations or tax-exempt organizations. All Education Account assets must be distributed by the time the designated beneficiary attains age 30, unless the beneficiary is a special needs beneficiary. Unused amounts in an Education Account may be transferred to another Education Account for use by the designated beneficiary’s family member.

**For more information about the tax advantages and consequences of IRAs, retirement plan accounts, and education accounts, please consult a qualified tax advisor.**

## **How to Buy and Sell Fund Shares**

### **HOW TO BUY SHARES**

Shares of Pearl Total Return Fund and Pearl Aggressive Growth Fund are sold without a sales charge at the next price calculated after a Fund’s receipt of an order in proper form. The price is equal to the net asset value (NAV) per share.

Your initial investment in a Fund ordinarily must be at least **\$5,000**. However, your initial investment in a Fund must be at least **\$2,000** for any tax-deferred or tax-advantaged account, including all types of IRA accounts, other retirement accounts, and Coverdell Education Savings Accounts. Your initial investment in an Automatic Investment Plan (AIP) account must be at least **\$1,000**. Each Fund reserves the right, in its sole discretion, to waive any minimum investment amount for any one or more investors or shareholders, whenever Management believes this waiver is in the interest of the Fund and its shareholders.

There is a **\$100** minimum amount for each subsequent investment. There is no minimum amount for reinvestment of dividends.

Please call 866-747-9030 (toll-free) or visit [www.pearlfunds.com](http://www.pearlfunds.com) if you have any question or to determine whether you are eligible to purchase Fund shares. Shares of the Funds are available to persons residing in certain states only. At [www.pearlfunds.com](http://www.pearlfunds.com) you can view a map and list of the states in which both Funds' shares are available.

### ***How to Open an Account***

A new investor must be a U.S. resident with a social security or tax identification number. You can open a new account and make an initial investment in PAGF or PTRF or both, by sending a check and a completed account application form to the Fund (or to Pearl Mutual Funds), 2610 Park Avenue, PO Box 209, Muscatine, Iowa 52761. Checks should be made payable to the Fund in which you are investing. Third-party checks ordinarily will not be accepted, except for properly endorsed rollover checks from IRAs or other retirement plans.

IRA accounts require an IRA Account Application. Call us at 866-747-9030 (toll-free) or visit [www.pearlfunds.com](http://www.pearlfunds.com) for an IRA Account Application.

### ***How to Add to an Existing Account***

You can add to an existing account by making a check payable to the Fund in which you are investing. Write your account number on the check. Mail the check to the address above.

### ***General Policies for Buying Fund Shares***

These policies apply at all times, including any time you buy shares of PTRF or PAGF:

- All purchases must be made in U.S. dollars, and checks must be drawn on U.S. banks. The Funds ordinarily do not accept third-party checks, except for properly endorsed rollover checks from IRAs or other retirement plans. The Funds do not accept cash, traveler's checks, credit cards, or credit card checks.
- Each Fund reserves the right to reject any specific order or request to buy, exchange, or transfer shares. A Fund may reject any order or request if Management believes it could interfere with the Fund's operations or administration or would not be in the interest of the Fund's shareholders. Neither the Funds nor their agents shall be held liable for any loss resulting from rejection of any order or request.
- The Funds are intended for long-term investment and seek to prevent, and strongly discourage, any frequent trading of the Funds' shares. Excessive trading can hurt Fund performance and shareholders. The Funds cannot guarantee that all frequent trading activity can be identified or prevented, but will seek to do so.
- If payment for your check does not clear, the Fund will cancel your purchase and you will be liable for any losses or fees the Fund or its transfer agent incurs.
- Each Fund also reserves the right to cancel a purchase of Fund shares within two business days after the purchase is processed, if Management believes cancellation is necessary to protect the Fund or its shareholders for any reason, such as compliance with the Funds' registration statement, policies, and regulatory requirements. If a purchase is canceled pursuant to this provision, the entire purchase price will be refunded promptly and the

Manager will reimburse the Fund for any resulting loss. Neither the Funds nor their agents shall be held liable for any loss resulting from cancellation of any purchase.

- The Funds do not impose any load, which means you do not pay any sales charge. You also pay no 12b-1 fee. You pay no redemption fee on shares owned for more than 30 days. However, in order to discourage frequent trading of Fund shares, a short-term 2% redemption fee is charged if you sell shares you have owned for 30 days or less, with certain exceptions. For more information about the redemption fee, see “How to Sell Shares.”

### ***Automatic Investment Plan (AIP)***

This service is a convenient way to make regular investments into your Fund. If you choose the Automatic Investment Plan when you open your account, subsequent purchases of shares will be made automatically on a monthly basis, by electronic transfer from your bank account in the dollar amount you specify. After you make your initial investment of at least \$1,000, your monthly investment must be at least \$100. Simply decide how much you want to invest and when you want the transfer to take place, and the rest is automatic. If you wish to discontinue or change the amount of the AIP at any time, just complete and sign the AIP Change Form which is available at [www.pearlfunds.com](http://www.pearlfunds.com) or by calling 866-747-9030 (toll-free). The Funds may terminate or modify the AIP at any time, but will try to give prior notice whenever reasonably possible.

#### *To open an Automatic Investment Plan account:*

- If you choose the Automatic Investment Plan when you open your account, the minimum initial investment is **\$1,000**. Then the minimum monthly investment is **\$100**.
- Complete and sign the account application, including the Automatic Investment Plan section of your account application. Choose whether you want your electronic transfer to be made on or about the 5<sup>th</sup> or 20<sup>th</sup> day of the month.
- IRA accounts require an IRA Account Application. Call us at 866-747-9030 (toll-free) or visit [www.pearlfunds.com](http://www.pearlfunds.com) for an IRA Account Application.
- In addition to your investment check and account application, send a check marked “Void” from your bank account where the transfers will take place.

#### *To add the Automatic Investment Plan to an existing account:*

- You may add this convenient feature to your account at any time. Please call 866-747-9030 (toll-free) or visit [www.pearlfunds.com](http://www.pearlfunds.com).

A holiday, weekend, or other interruption can affect the normal processing of an investment. Thus, in the Automatic Investment Plan, if the date you selected for electronic transfer falls on a holiday or weekend, your monthly investment may be transferred from your bank to your Fund account on the first business day preceding or following the date you selected. The Funds will not be responsible for non-sufficient funds fees. If your AIP transfer does not clear, your purchase will be cancelled. You will also be liable for any resulting losses or fees your Fund or its transfer agent incurs.

## **HOW TO SELL SHARES**

### ***How to Sell Shares***

You may sell (redeem) shares of Pearl Total Return Fund or Pearl Aggressive Growth Fund back to the Fund on each day the Funds are open for business. You may sell shares by mailing the appropriate Redemption Form or IRA Withdrawal Form to the Fund (or to Pearl Mutual Funds), 2610 Park Avenue, PO Box 209, Muscatine, Iowa 52761 or by faxing it to 563-288-4101. These forms are available at [www.pearlfunds.com](http://www.pearlfunds.com) or by calling 866-747-9030 (toll-free). You must include your name, signatures of all persons required to sign for transactions, the Fund name and account number, and the dollar amount of shares or the number of shares you want to sell.

If you have any question, please call us at 866-747-9030 (toll-free) or visit [www.pearlfunds.com](http://www.pearlfunds.com).

### ***Exchange Privilege***

Shares of each Fund may be exchanged for the other Fund. You may request an exchange by sending or faxing a letter of instruction to the address or number above. The Funds seek to prevent and strongly discourage frequent exchanges, and have adopted policies to discourage this practice. The Funds intend to encourage long-term investment, rather than trading, in the Funds' shares. A Fund may reject any exchange or transfer order if Management believes it could interfere with the Fund's operations or administration or would not be in the interest of the Fund's shareholders. Neither the Funds nor their agents shall be held liable for any loss resulting from rejected exchange or transfer orders.

- You will be permitted to make up to two round-trip exchanges during any 12-month period. A round trip is an exchange out of one Fund into the other Fund, and then back again.
- You may exchange between accounts that are registered in the same name(s), address, and taxpayer identification number.
- Shares of the Fund you are exchanging into must be available for sale in your state.
- If you are opening a new account by exchange, your exchange must be at least \$1,000.
- The Funds may temporarily or permanently terminate the exchange privilege of any investor who in Management's judgment makes excessive use of the privilege. Excessive trading can hurt Fund performance and shareholders.
- Each Fund may refuse exchange purchases by anyone if Management believes the purchase would not be in the interest of the Fund's shareholders.
- Exchanges may result in tax consequences for you.
- The Funds may terminate or modify the exchange privilege at any time, but will try to give prior notice whenever reasonably possible.

### ***General Policies for Selling Fund Shares***

These policies apply any time you sell shares of PTRF or PAGF:

- Normally, the Funds will mail your share proceeds within seven days after receiving your request to sell.

- In order to discourage frequent trading of PTRF and PAGF shares, a short-term 2% redemption fee is charged if you sell shares you have owned for 30 days or less. The Funds use the first-in-first-out method to determine when shares were purchased, so the shares you redeem are assumed to be your longest-held shares. The redemption fee does not apply to exchanges between the Funds. Also, there will be no redemption fee if any of these three exceptions applies: (1) if the amount redeemed is \$2,500 or less, (2) if there is a verified emergency or hardship situation as determined by the Fund, or (3) if at least 90% of the shares redeemed have been owned for more than 30 days and the part of the redemption proceeds that would otherwise be subject to the redemption fee is not more than \$10,000. The redemption fee (if any) will be deducted from the redemption proceeds and will be kept by the Fund for the benefit of its shareholders.
- Checks are made payable to the shareholder(s) of record, unless otherwise requested in writing with all registered account owners' signatures guaranteed.
- Checks cannot be mailed to addresses outside the United States.
- If you recently bought your shares, the proceeds of your sale may be held until your funds for the purchase have been received (which may take up to 15 days).
- The Funds may suspend accepting sales of shares or postpone payment dates on days when the NYSE is closed, when trading on the NYSE is restricted, or as permitted by the SEC.
- If a check representing sale proceeds or a dividend is returned "undeliverable" or remains uncashed for six months, the Funds may (but are not required to) cancel the check and reinvest the proceeds in the Fund issuing the check, at the NAV calculated on the date of cancellation.
- If the value of your account with a Fund falls below \$1,000 because you sold shares, the Funds reserve the right to close your account and send the proceeds to you. However, before closing a small account, the Fund will notify you and give you at least 30 days to bring your account's value up to \$1,000. The Fund will process the sale of your shares at the NAV calculated on the day your account is closed.
- Each Fund intends to pay all redemptions in cash. During any 90-day period for any one shareholder, each Fund is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1% of the Fund's net assets. Redemptions in excess of these limits may be paid wholly or partly by an in-kind distribution of securities.

### ***Automatic Withdrawals***

This service lets you withdraw a fixed dollar amount from your account each month or quarter. You may designate on your account application whether the proceeds will be sent to you by check or will be deposited by electronic transfer into your bank account. To be eligible for automatic withdrawal, you must have at least \$100,000 in your account and you must withdraw at least \$1,000 per transaction. Each Fund reserves the right, in its sole discretion, to waive any minimum amount for any one or more investors or shareholders, whenever Management believes this waiver is in the interest of the Fund and its shareholders.

If you would like to add the automatic withdrawal option to your account, please call us at 866-747-9030 (toll-free).

Because withdrawal payments may have tax consequences, you should consult your tax advisor before choosing automatic withdrawal.

### *Signature Guarantees*

In some cases, you will need to have the signature on your redemption request guaranteed. A signature guarantee is designed to protect you and the Funds from fraud. It is required in each of these situations:

- You request any change in your current account registration.
- You want to sell more than \$50,000 in shares.
- You want the check mailed to an address other than the address on your account registration.
- Your address of record was changed within the past 90 days.
- You want the check made payable to someone other than the account owner(s).
- Your name has changed by marriage, divorce, or otherwise.

*Signature guarantees can be obtained from a commercial bank, broker-dealer, credit union (if authorized under state law), or securities exchange or association.* The Funds require that the original signature guarantee be provided. **A notary public cannot provide a signature guarantee.**

### *Verification of Identity*

Pursuant to the International Money Laundering Abatement and Anti-Terrorist Act of 2001 enacted as part of the USA PATRIOT Act, all financial institutions, including mutual funds, are required to obtain and verify each investor's identity.

In order to open an account, the Funds are required to obtain and verify each investor's name, date of birth, address, and identification number (i.e., social security number, individual taxpayer identification number, or employer number). Failure to provide this information may result in the rejection of your application. It is very important to fill out the application completely in order to establish an account.

After your account is established, the Funds are required to take additional steps to verify your identity, which may include checking your identity against various databases. If your identity cannot be verified by the Funds, all items received will be returned promptly.

### **POLICY ON TRADING OF FUND SHARES**

Pearl Total Return Fund and Pearl Aggressive Growth Fund are intended for long-term investment and seek to prevent, and strongly discourage, any frequent trading of the Funds' shares. Excessive trading can hurt Fund performance and shareholders. For example, excessive trading has the potential to interfere with efficient portfolio management, generate transaction and other costs, and dilute the value of Fund shares held by long-term shareholders. The Funds cannot guarantee that all frequent trading activity can be identified or prevented, but will seek to do so. The Board of Trustees has adopted the policies and procedures set forth below. These policies apply uniformly to all shareholders; there are no exceptions.

In order to discourage frequent trading of Fund shares, a short-term 2% redemption fee is charged if you sell shares you have owned for 30 days or less. The Funds use the first-in-first-out method to determine when shares were purchased, so the shares you redeem are assumed to be your longest-held shares. The redemption fee does not apply to exchanges between the Funds. Also, there will be no redemption fee if any of these three exceptions applies: (1) if the amount redeemed is \$2,500 or less, (2) if there is a verified emergency or hardship situation as determined by the Fund, or (3) if at least 90% of the shares

redeemed have been owned for more than 30 days and the part of the redemption proceeds that would otherwise be subject to the redemption fee is not more than \$10,000. The redemption fee (if any) will be deducted from the redemption proceeds and will be kept by the Fund for the benefit of its shareholders. The Funds seek to apply these policies uniformly to all shareholders. For more information about the Funds' policies, see "How to Buy and Sell Fund Shares."

A portion of purchase, redemption, and exchange orders may be received through omnibus accounts. Omnibus accounts, in which shares are held in the name of an intermediary on behalf of multiple beneficial owners, are a common form of holding shares among financial intermediaries and retirement plans. Although the Funds make efforts to monitor for frequent trading and seek the assistance of financial intermediaries through which Fund shares are purchased and held, the Funds typically are not able to identify trading by a particular beneficial owner through an omnibus account, which may make it difficult or impossible to determine whether a particular account is engaged in frequent trading. In an attempt to detect and deter excessive trading in omnibus accounts, the Funds may require intermediaries to impose restrictions on the trading activity of accounts traded through those intermediaries (including prohibiting further transactions by such accounts), may require the intermediaries to provide certain information to the Funds regarding shareholders who hold shares through such accounts, or may close the omnibus account (although there can be no assurance that the Funds will do so). The Funds' ability to impose restrictions for accounts traded through particular intermediaries may vary depending upon the systems' capabilities, applicable contractual restrictions, and cooperation of those intermediaries. There can be no assurance that the Funds will be able to identify or eliminate all frequent trading, and the Funds may not be able to completely eliminate the possibility of excessive trading in certain omnibus accounts and other accounts traded through intermediaries.

The Funds seek to act in a manner that Management believes is consistent with the interests of Fund shareholders in making any judgments regarding frequent trading. Neither the Funds nor their agents shall be held liable for any loss resulting from rejected purchase, exchange, or transfer orders.

#### **Net Asset Value (NAV)**

PTRF and PAGF are open for business each day the NYSE is open. The offering price (the price to buy one share) and the redemption price (the price to sell one share) are a Fund's NAV calculated at the next Closing Time after the Fund receives your purchase or redemption order. Closing Time is the time of the close of regular session trading on the NYSE, which is usually 4:00 PM Eastern time.

A Fund must receive both your purchase money and your application by Closing Time for you to receive that day's price. Likewise, a Fund must receive your request to sell shares by Closing Time for you to receive that day's price. These requirements apply uniformly to all investors and shareholders; there are no exceptions.

Each Fund's NAV is the value of a single share of the Fund. The NAV is computed by adding the value of the Fund's investments, cash, and other assets, subtracting its liabilities, and then dividing the result by the number of shares outstanding. Each Fund's NAV is calculated based upon the NAVs of the portfolio funds.

Shares of the portfolio funds are valued at their respective NAVs. The portfolio funds generally value securities in their portfolios for which market quotations are readily available at the current market values of those securities (generally the last reported sale price) and all other securities and assets at fair value pursuant to methods established in good faith by the Board of Directors or Trustees of the portfolio fund. The prospectuses of the portfolio funds explain the circumstances under which those funds will use fair value pricing and the effects of using fair value pricing.

Foreign securities in which the portfolio funds may invest may be listed primarily on foreign stock exchanges that may trade on days, and at times, when the NYSE is not open for business. Accordingly, the NAV of a portfolio fund (and correspondingly a Fund) may be significantly affected by such trading on days when neither the Manager nor the Funds' shareholders have access to the portfolio funds and the Funds.

If market quotations of portfolio funds are not readily available, or if a quotation is determined not to represent a fair value, Management will use a method that the Fund's Trustees believe accurately reflects a fair value.

Each day, newspapers and other reporting services may publish the share prices of mutual funds at the close of business on the previous day. When and if the Funds' prices are reported in newspapers, the Funds' prices generally will be reported one day behind most other mutual funds. This is because as noted above, each Fund uses the net asset value of its portfolio funds to calculate the Fund's NAV, and this information is typically received and calculated after the publishing deadlines of reporting services. As described above, each Fund still calculates its share price (NAV) daily, and this is the price at which you may buy and sell shares each day.

The daily NAV of each Fund is available at [www.pearlfunds.com](http://www.pearlfunds.com).

#### **Dividends, Capital Gains, and Taxes**

Pearl Total Return Fund and Pearl Aggressive Growth Fund both qualify as regulated investment companies under Subchapter M of the Internal Revenue Code of 1986 (the "Code"). In any year in which a Fund qualifies as a regulated investment company, the Fund will not be subject to federal income tax provided it distributes income and capital gains in the manner required by the Code.

If your investment is a tax-deferred or tax-advantaged account – any type of IRA, for example – the following tax discussion does not apply.

In this Prospectus "dividends" includes all distributions of income and capital gains. Income other than net long-term capital gains received by a Fund from its portfolio funds (including income dividends and short-term capital gains dividends) will be distributed by the Fund (after deductions for expenses) and will be taxable to you as ordinary income, unless such income is "qualified dividend income" (as defined in the Code) eligible for a reduced rate of tax. Because each Fund is actively managed and may realize taxable net short-term capital gains by selling shares of a portfolio fund with unrealized portfolio appreciation, investing in a Fund rather than directly in the portfolio fund may result in increased tax liability to you since each Fund must distribute its gains in accordance with the Code. Long-term capital gains dividends received by a Fund from its portfolio funds, plus net long-term capital gains realized by a Fund from the purchase and sale of portfolio fund shares or other securities held by a Fund for more than one year, will be distributed by the Fund and will be taxable to you as long-term capital gains (even if you have held Fund shares for one year or less). If a shareholder who has received a capital gains dividend suffers a loss on the sale of his or her shares not more than six months after purchase, the loss will be treated as a long-term capital loss to the extent of the capital gains dividend received. Long-term capital gains of non-corporate taxpayers, including long-term capital gains dividends, are currently subject to a maximum federal tax rate of 15%, as is "qualified dividend income" of non-corporate shareholders who satisfy certain holding periods. This rate is less than the maximum rate imposed on other types of taxable income. Capital gains also may be advantageous since, unlike ordinary income, they may be offset by capital losses. For taxable years beginning after December 31, 2012, the maximum long-term capital gain

rate of non-corporate taxpayers is scheduled to increase to 20%, and the favorable treatment of certain dividends as qualified dividend income is scheduled to expire.

For purposes of determining the character of income received by a Fund when a portfolio fund distributes net long-term capital gains to a Fund, the Fund will treat the distribution as long-term capital gains, even if the Fund has held shares of the portfolio fund for one year or less. Any loss incurred by a Fund on the sale of that portfolio fund's shares held for six months or less, however, will be treated as a long-term capital loss to the extent of the long-term capital gains dividend.

The tax treatment of dividends from a Fund is the same whether the dividends are received in additional shares or in cash. Shareholders receiving dividends in the form of additional shares will have an initial cost basis for federal income tax purposes in each share received equal to the net asset value of a share of a Fund on the reinvestment date.

A Fund may invest in portfolio funds with capital loss carryforwards. If such a portfolio fund realizes capital gains, it will be able to offset the gains to the extent of its loss carryforwards in determining the amount of capital gains which must be distributed to shareholders.

Redemptions of shares of the Funds are taxable events on which you may realize a gain or loss. An exchange of a Fund's shares for shares of the other Fund will be treated as a sale of such shares and any gain on the transaction may be subject to federal income tax.

Each year the Fund will notify you of the tax status of your dividends during the year. Depending upon your residence for tax purposes, dividends may also be subject to state and local taxes, including withholding taxes. You should consult your own tax advisor regarding the tax consequences of ownership of shares of a Fund in your particular circumstances.

Each Fund will distribute investment company taxable income and any net realized capital gains at least annually.

All dividends will be reinvested automatically at net asset value in additional shares of the Fund paying the dividend, unless you have notified the Fund in writing of your election to receive dividends in cash.

In IRA accounts, all dividends are automatically reinvested. Otherwise, they could be subject to income tax and penalties. After you are 59½, you may request payment of dividends in cash, although these too might be subject to income tax.

## Financial Highlights

The tables below will help you better understand the Funds' financial performance for the last five years. Information for each Fund is excerpted from the Funds' financial statements for the fiscal year ended December 31, 2010. The financial highlights for each Fund were audited by Deloitte & Touche LLP, an independent registered public accounting firm. Certain information reflects financial results for a single Fund share. Total returns in the tables represent the rate that an investor would have earned (or lost) on an investment in each Fund, assuming reinvestment of all dividends (distributions of income and capital gains). You may obtain the complete financial statements and the independent registered public accounting firm's report by calling 866-747-9030 (toll-free) and requesting a free copy of the Funds' latest annual shareholder report. These documents are also available at [www.pearlfunds.com](http://www.pearlfunds.com).

PEARL TOTAL RETURN FUND	Years Ended December 31,				
	2010	2009	2008	2007	2006
For a share outstanding throughout each year					
Net asset value, beginning of period	\$10.01	\$8.00	\$13.26	\$15.35	\$14.13
<b>Income from Investment Operations</b>					
Net investment income	(0.03)	0.07	0.13	0.44	0.34
Net realized and unrealized gains (losses) on investments	1.50	2.01	(5.26)	1.15	2.58
Total investment operations	1.47	2.08	(5.13)	1.59	2.92
<b>Less Dividends</b>					
Dividends from net investment income	None	(0.07)	(0.13)	(0.44)	(0.34)
Dividends from net realized capital gains on investments	None	None	None	(3.24)	(1.36)
Total dividends	0.00	(0.07)	(0.13)	(3.68)	(1.70)
Net asset value, end of period	\$11.48	\$10.01	\$8.00	\$13.26	\$15.35
Total Return	14.69%	26.05%	(38.67%)	10.37%	20.67%
<b>RATIOS AND SUPPLEMENTAL DATA:</b>					
Net assets, end of period (thousands of dollars)	\$84,132	\$78,582	\$66,602	\$121,204	\$106,712
Ratio of net expenses to average net assets	1.20%	0.97%	0.98%	0.94%	0.98%
Ratio of gross expenses to average net assets	1.21%	1.26%	1.14%	1.03%	1.10%
Ratio of net investment income to average net assets	(0.26%)	0.82%	1.12%	2.64%	2.20%
Ratio of total investment income less gross expenses to average net assets	(0.27%)	0.53%	0.97%	2.56%	2.07%
Portfolio turnover (excluding money market mutual funds)	58%	82%	50%	67%	15%

PEARL AGGRESSIVE GROWTH FUND	Years Ended December 31,				
	2010	2009	2008	2007	2006
For a share outstanding throughout each year					
Net asset value, beginning of period	\$10.85	\$7.03	\$15.01	\$14.48	\$13.50
<b>Income from Investment Operations</b>					
Net investment income (loss)	(0.02)	(0.01)	0.05	0.21	0.35
Net realized and unrealized gains (losses) on investments	2.05	3.83	(7.98)	2.56	2.63
Total investment operations	2.03	3.82	(7.93)	2.77	2.98
<b>Less Dividends</b>					
Dividends from net investment income	None	None	(0.05)	(0.21)	(0.35)
Dividends from net realized capital gains on investments	None	None	None	(2.02)	(1.65)
Total dividends	0.00	0.00	(0.05)	(2.24)	(2.00)
Net asset value, end of period	\$12.88	\$10.85	\$7.03	\$15.01	\$14.48
Total Return	18.71%	54.34%	(52.83%)	19.11%	22.10%
RATIOS AND SUPPLEMENTAL DATA:					
Net assets, end of period (thousands of dollars)	\$45,989	\$41,455	\$31,680	\$67,944	\$47,872
Ratio of net expenses to average net assets	1.20%	0.96%	0.98%	0.97%	0.98%
Ratio of gross expenses to average net assets	1.25%	1.31%	1.16%	1.10%	1.16%
Ratio of net investment income (loss) to average net assets	(0.14%)	(0.09%)	0.41%	1.44%	2.45%
Ratio of total investment income (loss) less gross expenses to average net assets	(0.20%)	(0.44%)	0.23%	1.31%	2.26%
Portfolio turnover (excluding money market mutual funds)	47%	57%	36%	38%	24%

## FOR MORE INFORMATION

Additional information about the Funds is included in the Statement of Additional Information (“SAI”), which is incorporated by reference (and is legally considered part of this Prospectus).

Additional information about both Funds’ investments is available in the Funds’ annual, semi-annual, and quarterly reports to shareholders. In the Funds’ annual report, you will find a discussion of the market conditions and investment strategies that significantly affected each Fund’s performance during the last fiscal year.

You can obtain free copies of the SAI and shareholder reports, request additional information, or discuss your questions about the Funds by calling 866-747-9030 (toll-free) or 563-288-2773, sending an e-mail to [info@pearlfunds.com](mailto:info@pearlfunds.com), or visiting the Funds’ Website: [www.pearlfunds.com](http://www.pearlfunds.com).

Text-only versions of the Funds’ documents can be viewed online or downloaded from the EDGAR database on the SEC’s Internet Website at [www.sec.gov](http://www.sec.gov). You may obtain copies of the Funds’ documents by visiting the SEC’s Public Reference Room in Washington, D.C. Call the SEC at 202-551-8090 or 800-SEC-0330 for information about the Public Reference Room’s operations. You may also obtain copies of the Funds’ documents by sending your request and a duplicating fee to the SEC’s Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549-0102, or by e-mail request at [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

For purposes of any electronic version of this Prospectus, all references to Websites or universal resource locators (URLs) are intended to be inactive and are not meant to incorporate the contents of any Website into this Prospectus.

Pearl Mutual Funds’ investment company registration number is 811-10261.

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

2610 Park Avenue PO Box 209 Muscatine IA 52761  
866-747-9030 (toll-free) or 563-288-2773  
Fax: 563-288-4101

**PEARL**  **FUNDS**