

Chairman & President

DAVID M. STANLEY

October 18, 2001

Executive Vice President

ROBERT H. SOLT

THIRD QUARTER 2001 REPORT

Dear Fellow Shareholder:

Vice President of Investment Management

KEVIN J. BURNS

Both Funds Now Offered in 15 States. Shares of **Pearl Total Return Fund** (previously Mutual Selection Fund) and the new **Pearl Aggressive Growth Fund** are now available for purchase by U.S. residents in 15 states with more than half the U.S. population. Both Funds' public offering began on July 2, 2001. See the Prospectus we previously sent to you.

Trustees

JOHN W. AXEL

JEFFREY R. BOEYINK

DOUGLAS B. CODER

DR. DAVID N. DEJONG

DAVID L. EVANS

DAVID M. STANLEY

ROBERT W. TOBORG

Shareholders also have the privilege to exchange shares (\$1,000 or more) of either Fund for shares of the other Fund as stated on page 13 of the Prospectus.

Staff

KAREN M. BROOKHART

PEGGY A. CHERRIER

KAREN J. GRELL

RENATA R. LAMAR

We welcome all our new shareholders, and the many shareholders of Pearl Total Return Fund who have also chosen to become Pearl Aggressive Growth Fund shareholders.

Bad News and Good News. Stock markets declined sharply during the third quarter. The tragic September 11 attacks caused widespread fear. During these three months both of your Funds had a negative total return: Pearl Total Return Fund - **13.28%** (year to date - **8.92%**) and Pearl Aggressive Growth Fund - **12.00%**.*

So what is the good news? We will never be satisfied with a decline, but we are pleased that:

- **Pearl Total Return Fund outperformed all five of its comparison indexes during the third quarter, and outperformed them by a wider margin for the year to date.**
- **Pearl Aggressive Growth Fund also outperformed all five of its comparison indexes in the third quarter, its first quarter of operations. See page 5.**
- **As of October 17, 2001, both Funds have recovered a large part of their loss. On October 17 Pearl Total Return Fund's year-to-date total return was - 6.36%, and Pearl Aggressive Growth Fund's total return from inception (July 2) was - 8.40%.***
- **Pearl Total Return Fund has a positive performance history. See the information on pages 2 and 3.**

Performance is historical and does not guarantee future results.

* Not Annualized

Pearl Total Return Fund

Long-Term Investment Outlook. Both Funds invest for the long term, not the short term. We believe history has shown that long-term holding of a diversified group of common stocks or equity mutual funds is likely to provide a higher total return than other kinds of investments. We also believe experience proves that after a long stock market decline, or during a time of fear and worry, buying and holding stocks is more likely to be profitable than selling stocks.

Performance This Year: Total Returns of Pearl Total Return Fund and Comparison Indexes, with dividends reinvested (except for Value Line Index):	3 Months to 9-30-01*	YTD to 9-30-01*
Pearl Total Return Fund	- 13.28%	- 8.92%
MSCI World Index	- 14.37%	- 23.40%
Value Line (Geometric) Index	- 22.22%	- 20.94%
Wilshire 5000 Index	- 15.90%	- 20.77%
All Equity Funds Average (Lipper)	- 17.97%	- 24.06%
All Long-Term Taxable Funds Average (Lipper)	- 13.97%	- 18.30%

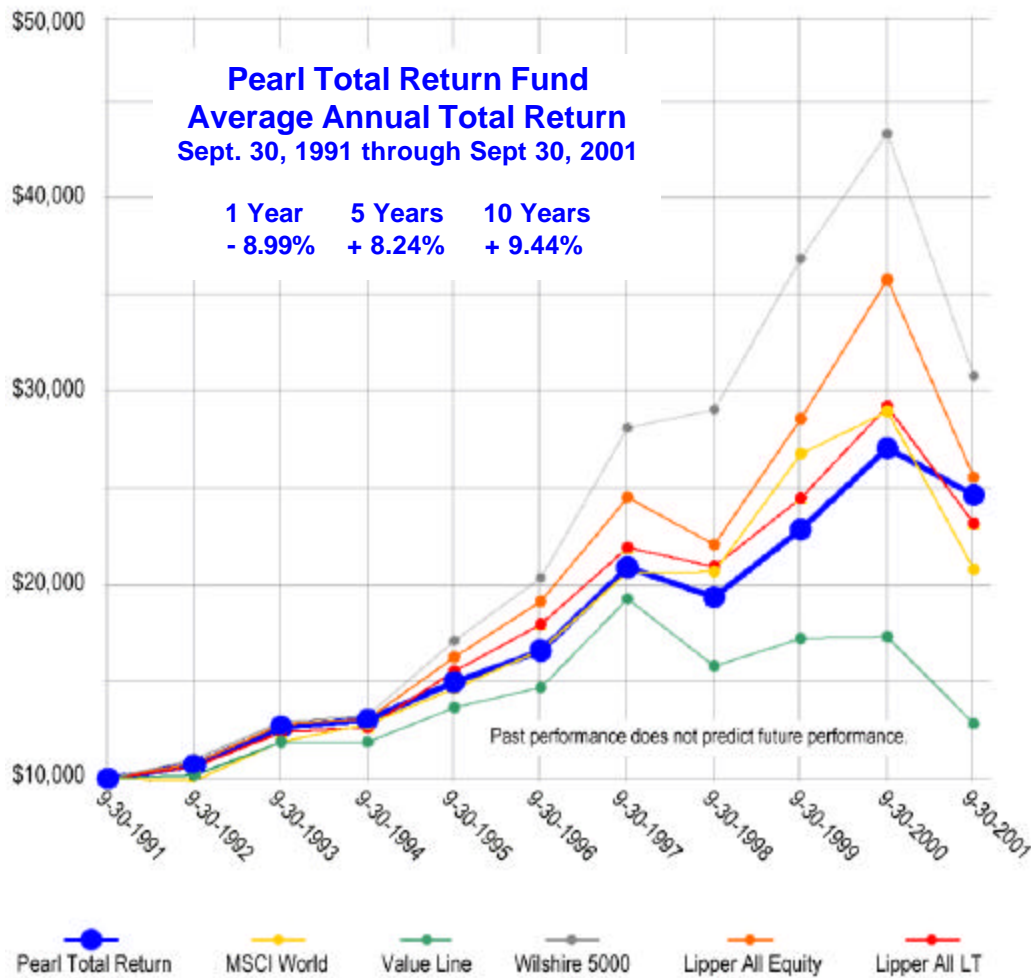
Markets recently have been quite volatile and by the time you receive this report, short-term performance could be different than shown.

The MSCI World Index is an unmanaged index that is market-capitalization weighted and is generally representative of the performance of the global (including U.S. and international) market for common stocks. The Value Line (Geometric) Index is an unmanaged index that equally weights all publicly-traded U.S. common stocks and is generally representative of the performance of the average U.S. common stock. The Wilshire 5000 index is an unmanaged index that is market-capitalization weighted and includes all publicly-traded U.S. common stocks, and is generally representative of the performance of the average dollar invested in U.S. common stocks. Pearl Total Return Fund's holdings are not identical to the MSCI World Index, the Value Line (Geometric) Index, the Wilshire 5000 Index, the All Equity Funds Average (Lipper), the All Long-Term Taxable Funds Average (Lipper), or any other market index. Therefore, the performance of the Fund will not mirror the returns of any particular index. All returns reflect reinvested dividends except those of Value Line (Geometric) Index.

Performance in Previous Years. The total return of Pearl Total Return Fund was **1.56%** in 2000, **26.99%** in 1999, **4.60%** in 1998, **14.75%** in 1997, **14.19%** in 1996, and **21.13%** in 1995 (years ended December 31). Prior to July 2, 2001, this Fund's shares were not registered under the Securities Act of 1933 and sales were made only on a private basis. The Fund began offering its shares to the public pursuant to an effective registration statement on July 2, 2001.

* Not Annualized

Pearl Total Return Fund



This graph compares the results of \$10,000 invested in Pearl Total Return Fund on September 30, 1991 with the indexes noted below. Each of the indexes is unmanaged and returns include reinvested dividends (except for Value Line Index).

Performance is historical and does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that Fund shares, when redeemed, may be worth more or less than their original cost.

Average Annual Total Returns for years ended 9-30-01 with dividends reinvested (except for Value Line Index):	1 year	5 years	10 years
Pearl Total Return Fund	- 8.99%	+ 8.24%	+ 9.44%
MSCI World Index	- 28.14%	+ 4.58%	+ 7.61%
Value Line (Geometric) Index	- 25.91%	- 2.68%	+ 2.54%
Wilshire 5000 Index	- 28.93%	+ 8.61%	+ 11.91%
All Equity Funds Average (Lipper)	- 28.52%	+ 4.98%	+ 9.85%
All Long-Term Taxable Funds Average (Lipper)	- 20.71%	+ 6.50%	+ 8.77%

* Not Annualized

Pearl Total Return Fund

The Fund's total return was better than most of the comparison indexes over the past five and ten years. We are very encouraged by outperforming all five indexes over the past one year.

Past performance does not predict future performance. See the information in the Prospectus.

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

For the one, three, and five years through June 30, 2001, Pearl Total Return Fund's risk-adjusted total return was better than all five comparison indexes. See our First Half 2001 Report, p. 4. Risk-adjusted total return results through year-end will be included in our 2001 Annual Report. Again, past performance does not predict future performance.

Pearl Total Return Fund has sought to limit our shareholders' risk by holding a modest defensive position at times and by selecting some mutual funds that have a history of low volatility or that use a "value" investment style or both.

Current Investments: Pearl Total Return Fund. As of September 30, 2001, 93% of this Fund's total assets were invested in equity mutual funds, 7% in income funds that primarily hold bonds, and less than 1% in cash.

Throughout 2001 to October 18, 2001, this Fund has been mostly invested (about 92-93%) in a diversified group of equity mutual funds investing in U.S. and international markets. We continue to perceive many risks, including terrorism, war, U.S. and world economic weakness, probable recession, and heavy pressure on corporate profits. However, we believe overall market risks have been reduced by the sharp cuts in interest rates and by the deep decline in stock prices since March 2000. We believe the reward/risk ratio is now somewhat positive.

We believe foreign stocks as a whole continue to offer a slightly better reward/risk ratio and more good values than are available in U.S. stocks. We recognize that foreign markets have unique risks, difficulties, and opportunities.

A more precise way to measure the Fund's asset allocation is its investment portfolio asset breakdown, which counts the Fund's indirect investments through the mutual funds in its portfolio, using the most recent information (not necessarily as of the same date) on the portfolio assets of those mutual funds. Using this method, as of September 30, 2001, this Fund's investment portfolio asset breakdown was: 83% stocks (including 50% U.S. and 33% foreign stocks), 7% bonds, and 10% cash. The Fund's asset allocation and portfolio holdings vary with changes in investments.

Given our somewhat cautious view of stock markets, we continue to search for mutual funds with good performance and below-average risk records. This is a challenge. We diligently seek to select what we believe are the best mutual funds for investment in view of changing market conditions. We believe your Fund's current investments provide a reasonable reward/risk ratio in this market environment.

Pearl Aggressive Growth Fund

Performance:

Total Returns of Pearl Aggressive Growth Fund and Comparison Indexes, 3rd quarter (7-02-01 inception to 9-30-01), with dividends reinvested (except for Value Line Index)*	
Pearl Aggressive Growth Fund	- 12.00%
MSCI World Index	- 14.37%
Value Line Index	- 22.22%
Wilshire 5000 Index	- 15.90%
Standard & Poor's 500 Index	- 14.68%
All Equity Funds Average (Lipper)	- 17.97%

Markets recently have been quite volatile and by the time you receive this report, short-term performances could be different than shown here.

Your management team does not pretend to know how to time the market, and we proved it by beginning an aggressive growth fund on July 2, 2001.

However, we are pleased that in its inaugural three months Pearl Aggressive Growth Fund outperformed all five of its comparison indexes.

The Standard & Poor's 500 Index is an unmanaged index of 500 stocks that is market-capitalization weighted and is generally representative of the performance of larger companies in the U.S. See page 2 for descriptions of the other indexes. Pearl Aggressive Growth Fund's holdings are not identical to the MSCI World Index, the Value Line (Geometric) Index, the Wilshire 5000 Index, the Standard & Poor's 500 Index, the All Equity Funds Average (Lipper), or any other market index. Therefore the performance of the Fund will not mirror the returns of any particular index. All returns reflect reinvested dividends except those of Value Line (Geometric) Index.

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

As of September 30, 2001, 99.9% of Pearl Aggressive Growth Fund's total assets were invested in equity mutual funds, and less than 0.1% in cash. Due to market conditions, the Fund currently holds more value-style equity funds than it would normally hold.

Based upon the most recent information (though not necessarily as of the same date), the September 30, 2001 investment portfolio asset breakdown, which counts your Fund's indirect investments through the mutual funds in its portfolio, was: 89% stocks (including 61% U.S. and 28% foreign stocks), 1% bonds, and 10% cash. The Fund's asset allocation and portfolio holdings vary with changes in investments.

* Not Annualized

Pearl Mutual Funds

While there are obviously many risks in today's uncertain and volatile markets, we believe history shows that times of fear and uncertainty have usually been good times to buy stocks and to stay invested. We also believe there are some positive indicators that could provide a good base for stock markets to build on, including the very low interest rates, pessimistic investor sentiment (a contrary indicator), and improved fundamental values.

Our Goals for Both Funds. We continue working to improve performance, select and change our investments in mutual funds, and attempt to achieve long-term growth of your capital.

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

Pearl Management Company, the Funds' investment manager, has contractually undertaken to reimburse each of Pearl Total Return Fund and Pearl Aggressive Growth Fund until December 31, 2005 for all ordinary operating expenses (including management and administrative fees) exceeding the following expense ratios: 0.96% of average net assets up to \$30 million; 0.90% in excess of \$30 million up to \$100 million; and 0.78% in excess of \$100 million.

This report is not authorized for distribution unless preceded or accompanied by a prospectus. This report is not an offer or a solicitation of an offer to buy any of the Pearl Mutual Funds, nor shall any of the Pearl Mutual Funds be offered or sold to any person, in any jurisdiction in which the offer, solicitation, purchase, or sale would be unlawful under the securities law of that jurisdiction.

You are invited to visit our Website at www.pearlfunds.com

Please call, write, fax, or e-mail us if you have any question.

Sincerely,

K

Kevin J. Burns
Vice President of
Investment Management

R

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

S

David M. Stanley
Chairman and
President