

PEARL MUTUAL FUNDS THIRD QUARTER REPORT

SEPTEMBER 30, 2002

www.pearlfunds.com

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

PEARL...

FUNDS

Pearl Mutual Funds

2002 Third Quarter Report

	Page
Letter from the Investment Management Team	1
Pearl Total Return Fund Overview	2 - 4
Pearl Aggressive Growth Fund Overview	5 - 7
General Information.....	8 - 9

November 26, 2002

Chairman & President

DAVID M. STANLEY

Executive Vice President

ROBERT H. SOLT

Vice President of Investment Management

KEVIN J. BURNS

Trustees

JOHN W. AXEL

JEFFREY R. BOEYINK

DOUGLAS B. CODER

DR. DAVID N. DEJONG

DAVID L. EVANS

ROBERT H. SOLT

DAVID M. STANLEY

Staff

KAREN M. BROOKHART

PEGGY A. CHERRIER

KAREN J. GRELL

RENATA R. LAMAR

Dear Fellow Shareholders:

Bad News. The third quarter of 2002 was painful for all investors and for Pearl Funds. Nearly all stock market indexes declined sharply; there was no place to hide. The long and deep bear market continued with a vengeance.

Good News for Pearl shareholders:

- Although both Pearl Funds had third quarter losses, they had better results during the preceding years of the bear market. **Pearl Total Return Fund** had **positive** total returns of **+ 1.56% in 2000, + 3.13% in 2001, and + 1.12% in the first half of 2002.** **Pearl Aggressive Growth Fund** began operations July 2, 2001 and had total returns of **+ 0.60%** in the last half of 2001 and **- 1.82%** in the first half of 2002.
- **Pearl Total Return Fund** outperformed all five of its comparison indexes for the year-to-date, one year, and five years ended September 30. See pages 2 and 3.
- **Pearl Aggressive Growth Fund** outperformed all five of its comparison indexes for the year-to-date and also from its inception (July 2, 2001) through September 30, 2002. See pages 5 and 6.
- Both Pearl Funds have recovered part of their third quarter losses since September 30. As of Monday, November 25, **Pearl Total Return Fund's** year-to-date total return was **- 10.33%** (up from **- 16.19%** at Sept. 30) and **Pearl Aggressive Growth Fund's** year-to-date total return was **- 14.55%** (up from **- 21.52%** at Sept. 30).

Please consider the information in the Prospectus and the general information on page 8. Past performance does not guarantee future results.

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

Thank you for your confidence in Pearl Mutual Funds.

Sincerely,



Kevin J. Burns
Vice President of
Investment Management



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



David M. Stanley
Chairman and
President

Pearl Total Return Fund

Performance of Pearl Total Return Fund and Comparison Indexes through 9-30-02:

Total Returns for periods ended 9-30-02 with dividends reinvested (except for Value Line Index):	3 Months *	YTD (9 Months) *
Pearl Total Return Fund	- 17.11%	- 16.19%
Wilshire 5000 Index	- 16.81%	- 26.60%
MSCI World Index	- 18.38%	- 25.58%
Value Line (Geometric) Index	- 24.58%	- 33.80%
All Equity Funds Average (Lipper)	- 17.50%	- 25.91%
All Long-Term Taxable Funds Average (Lipper)	- 15.98%	- 22.42%

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

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

Of course we are disappointed in the Fund's negative total return for this year to date, after seven years of positive total returns. However, we are pleased and encouraged that your Fund has outperformed all five of its comparison indexes during the first nine months of 2002 and also during the past one year and five years.

See the comparative performance graph and table on page 3.

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

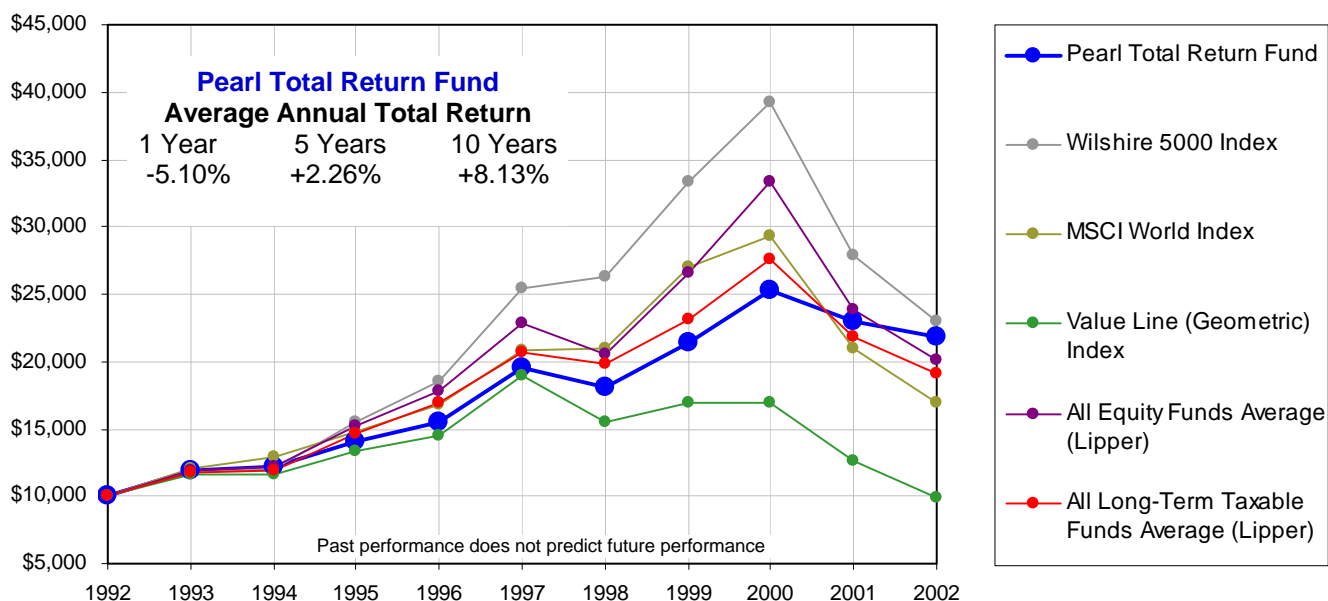
Net Asset Value and Net Assets. At the close of September 30, 2002:

NAV (net asset value) per share:	\$9.01
Net assets	\$38,160,590

Pearl Total Return Fund

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

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN PEARL TOTAL RETURN FUND AND ITS COMPARISON INDEXES *
(as of 9-30 each year) (with dividends reinvested, except for Value Line Index)



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

Pearl Total Return Fund's average annual total return was **+ 8.13%** during the last 10 years and **+ 2.26%** over the last five years. The value of an investment in this Fund grew **119%** during the last 10 years and grew **12%** in the last five years. We believe these are good rates of total return in view of market conditions during these years, but we seek to continue improving them.

Performance is historical and does not guarantee future results. See page 8.

Performance of Pearl Total Return Fund and Comparison Indexes through 9-30-02:

Average Annual Total Returns for years ended 9-30-02 with dividends reinvested (except for Value Line Index):	1 year	5 years	10 years
Pearl Total Return Fund	- 5.10%	+ 2.26%	+ 8.13%
Wilshire 5000 Index	- 17.52%	- 2.02%	+ 8.69%
MSCI World Index	- 19.10%	- 4.02%	+ 5.45%
Value Line (Geometric) Index	- 21.35%	- 12.14%	- 0.09%
All Equity Funds Average (Lipper)	- 15.27%	- 2.93%	+ 7.27%
All Long-Term Taxable Funds Average (Lipper)	- 12.76%	- 0.67%	+ 6.69%

See page 8 for a description of each index.

Pearl Total Return Fund

No-Load Investing. Pearl Total Return Fund is completely no-load – no sales charge, no redemption fee, no distribution fee (12b-1 fee). The Fund can invest only in no-load (no sales charge and no redemption fee), low-load (2% or lower), or load-waived (due to large purchases) mutual funds. (The Fund can also invest in closed-end funds but has not yet done so.) The Fund seeks to avoid sales charges completely. However, some of the mutual funds in which the Fund may invest may impose a 12b-1 fee. During 2002 to date the Fund **did not pay any sales charge or any redemption fee.** All of the Fund's investments in 2000, 2001, and 2002 to date were made on a **no-load** basis.

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

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

As of September 30, 2002, 92% of Pearl Total Return Fund's total assets were invested in equity mutual funds (a diversified group of funds investing in U.S. and international markets), 7% in income funds that primarily hold bonds, and 1% in cash.

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 on the portfolio assets of those mutual funds. As of September 30, 2002, your Fund's investment portfolio asset breakdown was: 83% stocks (including 44% U.S. and 39% foreign stocks), 7% bonds, and 10% cash. The Fund's asset allocation and portfolio holdings vary with changes in investments.

We continue to perceive many risks, including high valuations of many stocks (higher than in past bear market bottoms), uncertainty about the timing and strength of an economic recovery in the U.S. and the world, potential war with Iraq, oil prices, and continued pressures on corporate profits. However, we believe overall market risks have been reduced by the very favorable interest rate environment and by the deep decline in most stock prices since March 2000. We believe the reward/risk ratio is now positive overall for stock investing. We believe the near-term outlook continues to favor value-style mutual funds and small-to-mid-cap funds.

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

We diligently seek to select the best mutual funds for investment in view of changing market conditions and this Fund's investment objective. We believe your Fund's current investments provide a reasonable reward/risk ratio in this market environment. Portfolio holdings are subject to change, and several changes have been made in 2002 to date.

Pearl Aggressive Growth Fund

Performance of Pearl Aggressive Growth Fund and Comparison Indexes through 9-30-02:

Total Returns for periods ended 9-30-02 with dividends reinvested (except for Value Line Index)	3 Months *	YTD (9 Months) *	Since 7-02-01 (inception)*
Pearl Aggressive Growth Fund	- 20.06%	- 21.52%	- 21.04%
Wilshire 5000 Index	- 16.81%	- 26.60%	- 30.64%
MSCI World Index	- 18.38%	- 25.58%	- 30.80%
Value Line (Geometric) Index	- 24.58%	- 33.80%	- 38.83%
Standard & Poor's 500 Index	- 17.28%	- 28.16%	- 32.16%
All Equity Funds Average (Lipper)	- 17.50%	- 25.91%	- 30.50%

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

Even though we will never be satisfied with a decline, we are pleased that **Pearl Aggressive Growth Fund** outperformed all five of its benchmark indexes for the year-to-date through September 30, 2002, and also since its inception.

See the comparative performance graph and table on page 6.

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

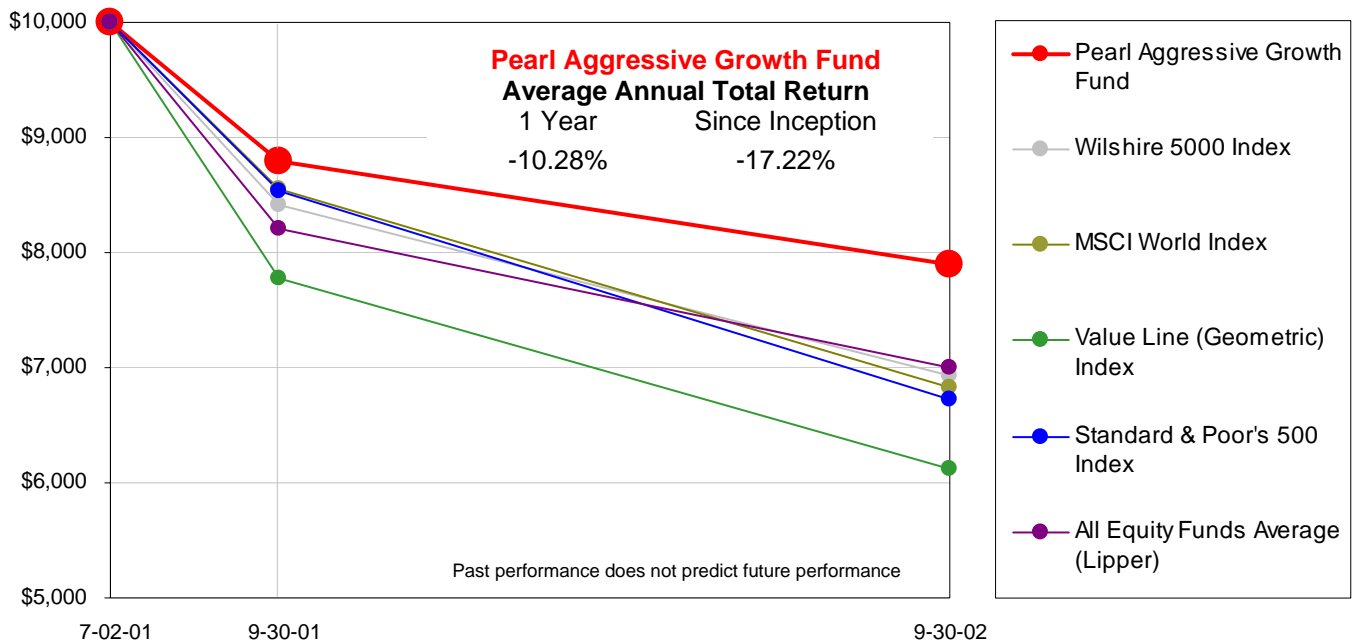
Net Asset Value and Net Assets. At the close of September 30, 2002:

NAV (net asset value) per share:	\$7.77
Net assets	\$13,830,543

Pearl Aggressive Growth Fund

Performance, First 1 ¼ Years. Pearl Aggressive Growth Fund's performance record since its July 2, 2001 inception is summarized in this graph:

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN PEARL AGGRESSIVE GROWTH FUND AND ITS COMPARISON INDEXES *
(as of 9-30-02) (with dividends reinvested, except for Value Line Index)



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

Performance of Pearl Aggressive Growth Fund and Comparison Indexes through 9-30-02:

Average Annual Total Returns for periods ended 9-30-02 with dividends reinvested (except for Value Line Index):	1 year	Since 7-02-01 (inception)
Pearl Aggressive Growth Fund	- 10.28%	- 17.22%
Wilshire 5000 Index	- 17.52%	- 25.37%
MSCI World Index	- 19.10%	- 25.51%
Value Line (Geometric) Index	- 21.35%	- 32.51%
Standard & Poor's 500 Index	- 20.49%	- 26.69%
All Equity Funds Average (Lipper)	- 15.27%	- 25.25%

See page 8 for a description of each index.

Pearl Aggressive Growth Fund

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

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

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

Current Investments. **Pearl Aggressive Growth Fund** 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, 2002, 99.4% of **Pearl Aggressive Growth Fund's** total assets were invested in equity mutual funds (a diversified group of funds investing in U.S. and international markets) and 0.6% in cash. In comparison with **Total Return Fund, Aggressive Growth Fund's** portfolio as a whole is more volatile, includes more growth-oriented funds, has a similar emphasis on small-to-mid-cap stock funds, and has a similar position in foreign stock funds.

The Fund's investment portfolio asset breakdown counts the Fund's indirect investments through the mutual funds in its portfolio, using the most recent information on the portfolio assets of those mutual funds. As of September 30, 2002, your Fund's investment portfolio asset breakdown was: 95% stocks (including 50% U.S. and 45% foreign stocks), 0% bonds, and 5% cash. The Fund's asset allocation and portfolio holdings vary with changes in investments.

Pearl Aggressive Growth Fund continues to hold more value-style investments than it would normally hold, taking into account the long-term pattern of alternating outperformance by value-style and growth-style funds. During the third quarter, the Fund continued gradually moving toward more growth-style equity funds and toward more international equity funds.

We believe your Fund's current investments provide a reasonable reward/risk ratio for this aggressive Fund in this market environment. Portfolio holdings are subject to change, and several changes have been made in 2002 to date.

General Information

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

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

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

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.

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

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

All total returns for the quarter ended September 30, 2002 and for all other periods of less than 12 months are not annualized.

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

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

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

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

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

