

PEARL MUTUAL FUNDS THIRD QUARTER REPORT

SEPTEMBER 30, 2003

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PEARL...
FUNDS

Pearl Mutual Funds

2003 Third Quarter Report

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NEWS for Pearl Shareholders:

- **Pearl Total Return Fund** gained **21.47%** during the first 9 months of 2003 – **outperforming** all 5 of its comparison indexes. On October 21, 2003, this year-to-date gain had grown to **27.58%**.
- For the 3 ¾ years through September 30, 2003, **Pearl Total Return Fund** was **up 13.56%**, while most stock indexes had big losses, including: Wilshire 5000 **down (26.49%)**, MSCI World **down (32.60%)**, Value Line Geometric **down (26.06%)**, Lipper All Equity Funds Average **down (21.89%)**, Lipper All Long-Term Taxable Funds Average **down (10.87%)**, and S&P 500 **down (28.42%)**. These 3 ¾ years included the 3-year bear market (2000-2002) and a strong rally in the 2nd and 3rd quarters of 2003.
- **Pearl Total Return Fund** **strongly outperformed** all 5 of its comparison indexes during the last 3 years and 5 years ended 9-30-03.
- **Pearl Aggressive Growth Fund** gained **34.19%** during the first 9 months of 2003 – **strongly outperforming** all 5 of its comparison indexes. On October 21, 2003, this year-to-date gain had grown to **44.69%**.
- During its **first 2 ¼ years** through September 30, 2003, **Pearl Aggressive Growth Fund** was **up 11.66%** while all 5 of its comparison indexes had significant losses: Wilshire 5000 **down (12.43%)**, MSCI World **down (13.22%)**, Value Line Geometric **down (20.31%)**, Lipper All Equity Funds Average **down (11.48%)**, and S&P 500 **down (15.61%)**.
- **Pearl Aggressive Growth Fund** also **strongly outperformed** all 5 of its benchmarks during the last 1 year and 2 years ended 9-30-03.

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

**You are invited to visit our Website at www.pearlfunds.com.
Please call, write, fax, or e-mail us. We are here to help you.**

Thank you for your confidence in Pearl Mutual Funds.

Sincerely,

YOUR INVESTMENT MANAGEMENT TEAM:



Kevin J. Burns



Christopher A. Hoffman



Robert H. Solt



David M. Stanley

Pearl Total Return Fund

Performance of Pearl Total Return Fund and Comparison Indexes through 9-30-03:

Total Returns for quarter ended September 30, 2003 with dividends reinvested (except for Value Line Index):	3 months*	YTD (9 months)*
Pearl Total Return Fund	+ 8.05%	+ 21.47%
Wilshire 5000 Index	+ 3.71%	+ 17.10%
MSCI World Index	+ 4.84%	+ 16.49%
Value Line (Geometric) Index	+ 6.55%	+ 20.73%
All Equity Funds Average (Lipper)	+ 5.62%	+ 19.19%
All Long-Term Taxable Funds Average (Lipper)	+ 4.26%	+ 15.99%

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

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

- **Pearl Total Return Fund** has recovered strongly from the 1st quarter stock market lows and now has a **year-to-date total return of + 27.58%** at October 21, 2003.
- During the **entire 3 ¾ years** through Sept. 30, 2003, your Fund was **up 13.56%** while its 5 comparison indexes were **down (23.58%)** on average (not annualized). See page 1. This period included the 3-year bear market (2000-2002) and the strong 2003 rally.
- Your Fund strongly outperformed all 5 of its comparison indexes during the past 3 years and 5 years and outperformed 4 of these 5 benchmarks during the past 1 year and 10 years (all as of September 30, 2003). See page 3.
- **Pearl Total Return Fund's** total return was **- 10.75%** in 2002, **+ 3.13%** in 2001, **+ 1.56%** in 2000, **+ 26.99%** in 1999, **+ 4.60%** in 1998, **+ 14.75%** in 1997, **+ 14.19%** in 1996, and **+ 21.13%** in 1995 (years ended December 31).

Net Asset Value and Net Assets. At the close of September 30, 2003:

NAV (net asset value) per share: \$ 11.54 -- up from \$9.50 at 12-31-02

Net assets: \$ 49,433,021 -- up from \$39,928,483 at 12-31-02

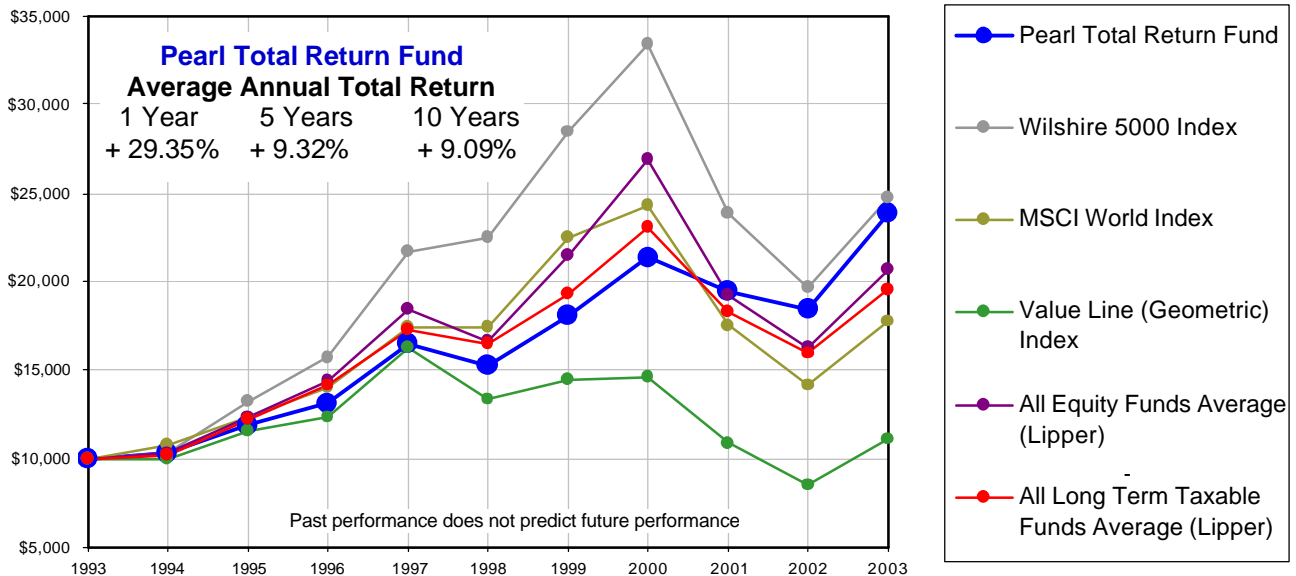
No-Load Investing. Your Fund is **completely no-load** – no sales charge, no redemption fee, no distribution fee (12b-1 fee). Some mutual funds in which the Fund may invest may impose a 12b-1 fee. The Fund can invest **only** in no-load (no sales charge, no redemption fee), low-load (2% or lower), or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

The Fund **has not paid any sales charge or any redemption fee** since 1998. **All** of the Fund's investments in the years 1999 through 2003 to date were made on a **no-load** basis.

Pearl Total Return Fund

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

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN PEARL TOTAL RETURN FUND AND ITS COMPARISON INDEXES *
(as of 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 sale of stocks.

Pearl Total Return Fund's average annual total return was **+ 9.09%** during the last 10 years and **+ 9.32%** over the last five years (ended September 30). The value of an investment in this Fund grew **139%** during the last 10 years and grew **56%** in the last five years. We believe these are good rates of total return in view of market conditions during these years, and we seek to continue improving them.

Performance of Pearl Total Return Fund and Comparison Indexes through 9-30-03:

Average Annual Total Returns for years ended 9-30-03 with dividends reinvested (except for Value Line Index):	1 year	3 years	5 years	10 years
Pearl Total Return Fund	+ 29.35%	+ 3.76%	+ 9.32%	+ 9.09%
Wilshire 5000 Index	+ 26.25%	- 9.55%	+ 1.99%	+ 9.50%
MSCI World Index	+ 25.40%	- 10.03%	+ 0.39%	+ 5.89%
Value Line (Geometric) Index	+ 30.26%	- 8.78%	- 3.62%	+ 1.03%
All Equity Funds Average (Lipper)	+ 26.98%	- 8.38%	+ 4.22%	+ 7.53%
All Long-Term Taxable Funds Average (Lipper)	+ 22.62%	- 5.34%	+ 4.42%	+ 6.95%

See page 8 for a description of each index.

Pearl Total Return Fund

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

For information about **Pearl Total Return Fund's** risk-adjusted total return, see our 2003 Semi-Annual Report, page 7.

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

At September 30, 2003, 82% 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), 12% in income funds that primarily hold bonds, and 6% in cash.

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

At September 30, 2003, **Pearl Total Return Fund's** investment portfolio asset breakdown was: 73% stocks (including 37% U.S. and 36% foreign stocks), 13% bonds, and 14% cash. The Fund's asset allocation and portfolio holdings vary with changes in investments.

We believe there are many stock market risks, including high valuations of many stocks, uncertainty about the strength of an economic and earnings recovery in the U.S. and the world, and potential panic by disillusioned investors if this year's market gains don't hold. We believe the risk of a stock market correction has grown as the market rise has continued. However, we believe overall risks have been reduced by the very favorable interest rate environment.

We believe that: The near-term reward/risk ratio is now somewhat negative overall for stock investing. The near-term outlook continues to favor small-to-mid-cap stock funds over large-cap funds. 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.

Weighing these factors, **Pearl Total Return Fund** remains mostly invested in equity mutual funds but has further increased its defensive position. We diligently seek to select the best mutual funds in view of changing market conditions and this Fund's investment objective. We believe the Fund's current investments are appropriate for this market environment. Portfolio holdings are subject to change, and changes have been made in 2003 to date.

Fund Expenses. **Pearl Total Return Fund's** total net expenses (annualized), after reimbursement by the Manager (see page 8), were **0.96%** of the Fund's average net assets during the first 9 months of 2003. We believe this 0.96% expense ratio is one of the lowest for all funds of its type (independent funds of funds) in the U.S.

Pearl Aggressive Growth Fund

Performance of Pearl Aggressive Growth Fund and Comparison Indexes through 9-30-03:

Total Returns for periods ended September 30, 2003 with dividends reinvested (except for Value Line Index)	3 months*	YTD (9 months)*	Since 7-02-01 (inception)*
Pearl Aggressive Growth Fund	+ 11.91%	+ 34.19%	+ 11.66%
Wilshire 5000 Index	+ 3.71%	+ 17.10%	- 12.43%
MSCI World Index	+ 4.84%	+ 16.49%	- 13.22%
Value Line (Geometric) Index	+ 6.55%	+ 20.73%	- 20.31%
Standard & Poor's 500 Index	+ 2.65%	+ 14.72%	- 15.61%
All Equity Funds Average (Lipper)	+ 5.62%	+ 19.19%	- 11.48%

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

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

- **Pearl Aggressive Growth Fund** had a **year-to-date total return of + 44.69%** at October 21, 2003.
- During the **2 ¼ years** from this Fund's inception through September 30, 2003, the Fund was **up 11.66%** while its 5 comparison indexes were **down (14.61%)** on average (not annualized). See page 1.
- Your Fund strongly outperformed all 5 of its comparison indexes during the past 3 months, 9 months, 1 year, and 2 years (all as of September 30, 2003). See page 6.

Net Asset Value and Net Assets. **At the close of September 30, 2003:**

NAV (net asset value) per share: \$ 10.99 -- up from \$8.19 at 12-31-02

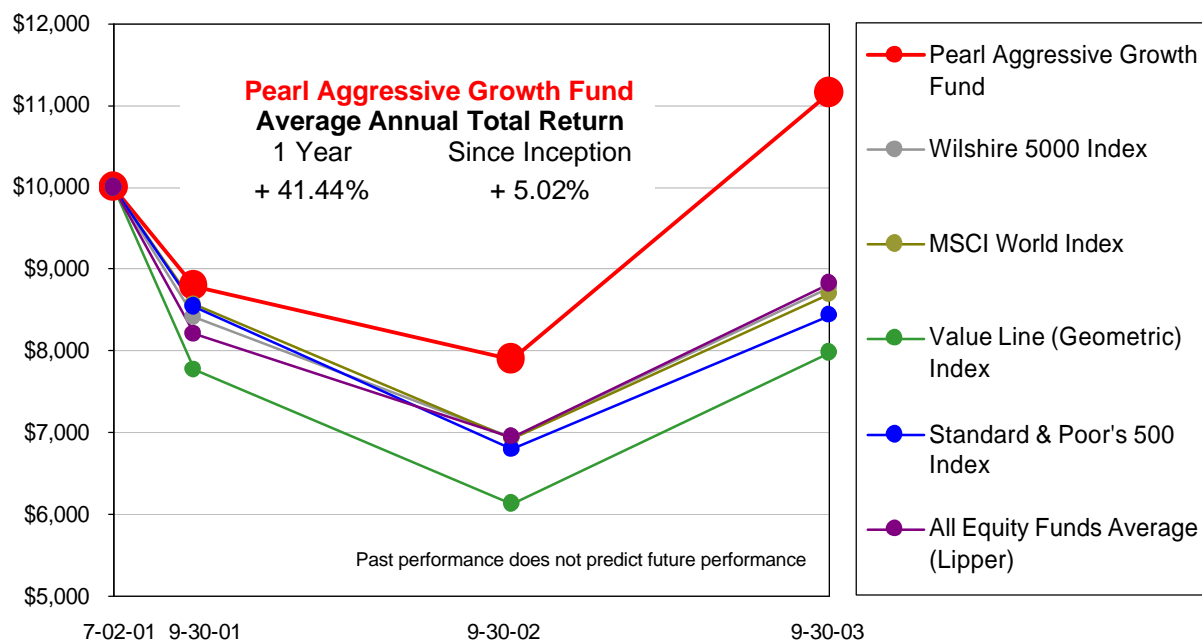
Net assets: \$ 18,101,238 -- up from \$14,605,340 at 12-31-02

Fund Expenses. **Pearl Aggressive Growth Fund's** total net expenses (annualized), after reimbursement by the Manager (see page 8), were **0.96%** of the Fund's average net assets during the first 9 months of 2003. We believe this 0.96% expense ratio is one of the lowest for all funds of its type (independent funds of funds) in the U.S.

Pearl Aggressive Growth Fund

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

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN PEARL AGGRESSIVE GROWTH FUND AND ITS COMPARISON INDEXES *
(as of 9-30 each year, from 7-2-01 inception) (with dividends reinvested, except for Value Line Index)



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

Performance of Pearl Aggressive Growth Fund and Comparison Indexes through 9-30-03:

Average Annual Total Returns for periods ended 9-30-03 with dividends reinvested (except for Value Line Index):	1 year	2 years	From 7-02-01 (inception)
Pearl Aggressive Growth Fund	+ 41.44%	+ 12.64%	+ 5.02%
Wilshire 5000 Index	+ 26.25%	+ 2.04%	- 5.73%
MSCI World Index	+ 25.40%	+ 0.72%	- 6.11%
Value Line (Geometric) Index	+ 30.26%	+ 1.22%	- 9.60%
Standard & Poor's 500 Index	+ 24.40%	- 0.55%	- 7.26%
All Equity Funds Average (Lipper)	+ 26.98%	+ 3.73%	- 5.27%

See page 8 for a description of each index.

Pearl Aggressive Growth Fund

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

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

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

The Fund's investments in many mutual funds are generally large enough to take advantage of sales load waivers on large purchases. Thus, the Fund is able to select no-load investments from a very wide range of funds – even though many of those funds would require a typical investor to pay a sales charge.

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

At September 30, 2003, 95% 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 5% in cash.

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

Pearl Aggressive Growth Fund's investment portfolio asset breakdown counts the Fund's indirect investments through the mutual funds in its portfolio, using recent information on the portfolio assets of those mutual funds. At September 30, 2003, your Fund's investment portfolio asset breakdown was: 92% stocks (including 50% U.S. and 42% foreign stocks), 0% bonds, and 8% cash. The Fund's asset allocation and portfolio holdings vary with changes in investments.

Taking into account the stock market outlook summarized on page 4, **Pearl Aggressive Growth Fund** remains fully invested in equity mutual funds but has gradually increased its cash position (from less than 1% of total assets to nearly 5% of total assets) as the stock market rise has continued.

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

General Information

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

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

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

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

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

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

All total returns for any period of less than 12 months are not annualized.

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

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

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

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

The holdings of each Pearl Fund 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.

Trademarks and copyrights relating to the indexes are owned by: Wilshire 5000 Index: Wilshire Financial Services, Inc.; MSCI World Index: Morgan Stanley Capital International; Value Line (Geometric) Index: Valueline, Inc.; Standard & Poor's 500 Index: The McGraw Hill Companies; and Lipper Averages: Reuters Funds Information Limited, a United Kingdom corporation.

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

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

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

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

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

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

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

E-mail to info@pearlfunds.com

Fax to 563-288-4101

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