

**CATERPILLAR**  
**O F E L APPLIED MATERIALS U**  
**C I G CHEVRON TEXACO B H N**  
**A Z G O D R B EXXON MOBIL**  
**- E E A S KEYS PAN O O U N T**  
**C R T O H T C E E S**  
**O T VULCAN MATERIALS O Y DB**  
**L W & I T & L M R W TC**  
**AMGEN P B H H A E E EC**  
**L L HOME DEPOT A B R NL CO**  
**L A UR A S I IL HM**  
**PS T KN S C K NM**  
**RF T VERIZON ALL TEL OU**  
**OA GOLDEN WEST FINANCIAL LN LN**  
**CR JOHNSON & JOHNSON E OI**  
**TG HEWLETT - PACKARD X B GC**  
**EO BANK OF AMERICA UPS A IA**  
**R B M G R TARGET**  
**& O I SYSCO I E R SI**  
**GENERALELECTRIC L S I O**  
**A I CITI GROUP MCDONALD'S G C N**  
**3M N O I A K S**  
**B G S WALGREEN N G M**  
**L O O BANK ONE**  
**E F MCGRAW - HILL E L R**  
**WAL - MART BELLSOUTH T D R**  
**SCHLUMBERGER T T I**  
**FREDDIEMAC JOHNSON CONTROLS L**  
**NUCOR DUPONT L**  
**F KRAFT PRUDENTIAL FINANCIAL L**  
**ANHEUSER - BUSCH WACHOVIA Y**  
**N PHILLIP MORRIS JPMORGAN CHASE N**  
**N R C**  
**I CINTAS METLIFE K H**  
**E A M ALLSTATE A**  
**M MORGAN STANLEY V E C P**  
**A N I F BERKSHIRE HATHAWAY**  
**E I GILLETTE C S U C**  
**V O OMNICO B H**  
**A TEXAS INSTRUMENTS B E**  
**INTEL P**



Annual Report  
 June 30, 2002

**The Industry Leaders Fund(R)**  
**Annual Report**  
**June 30, 2002**

**REPORT**

**From the Adviser, Claremont Investment Partners(R), LLC**

Dear Shareholders:

During the past fiscal year period, The Industry Leaders Fund® Class I fell 8.91% and Class D shares fell 9.16%. In that same period, the S&P 500 declined 17.98% while the value component of the S&P 500 (BARRA Value Index) declined 18.06%. The Class L shares were created November 30, 2001 and do not have a complete fiscal year of performance.

**The Investment Environment**

Through most of the 12 months ended June 30, 2002, investors were pessimistic as companies missed earnings and lowered guidance. Many questions about corporate fundamentals and the probability of a recovery in corporate profits still loomed. Stock prices remained depressed with virtually all major-markets worldwide recording significant loses. The Fund's investment strategy, The Industry Leaders Index(TM), has dramatically helped performance compared to its benchmark indexes. Although the negative return was a disappointment, the Funds performance greatly surpassed that of its two comparative benchmarks: the S&P 500 Index and the S&P BARRA Value Index.

**Outlook**

We anticipate that the balance of the calendar year 2002 will continue to exhibit above average volatility. Additionally, the political risk of war in the Middle East may affect a rebound from economic recession. Since we follow a disciplined investment strategy that selects and allocates our portfolio, the portfolio managers' personal opinion of market direction does not affect the investment process. Yet, the high quality portfolio maintained by the Industry Leaders Index™ remains a good core equity holding and the requisite "A or better" credit rating prevents the Fund from investing in companies with weak balance sheets.

We recommend that all investors review their entire equity holdings and maintain an overall balance between growth and value and a balance between equities, fixed income and cash. Historically, at least 75% of domestic equity market assets have been classified as large-cap. To maintain a risk profile similar to the market, one's portfolio should be similarly constituted.

Gerald P. Sullivan  
President  
Chief Investment Officer  
June 30, 2002

## INDEPENDENT AUDITOR'S REPORT

To The Shareholders and  
Board of Trustees  
The Industry Leaders Fund

We have audited the accompanying statement of assets and liabilities of the Industry Leaders Fund, including the schedule of portfolio investments, as of June 30, 2002, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended and financial highlights for each of the periods indicated. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of investments and cash held by the custodian as of June 30, 2002, by correspondence with the custodian and broker. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

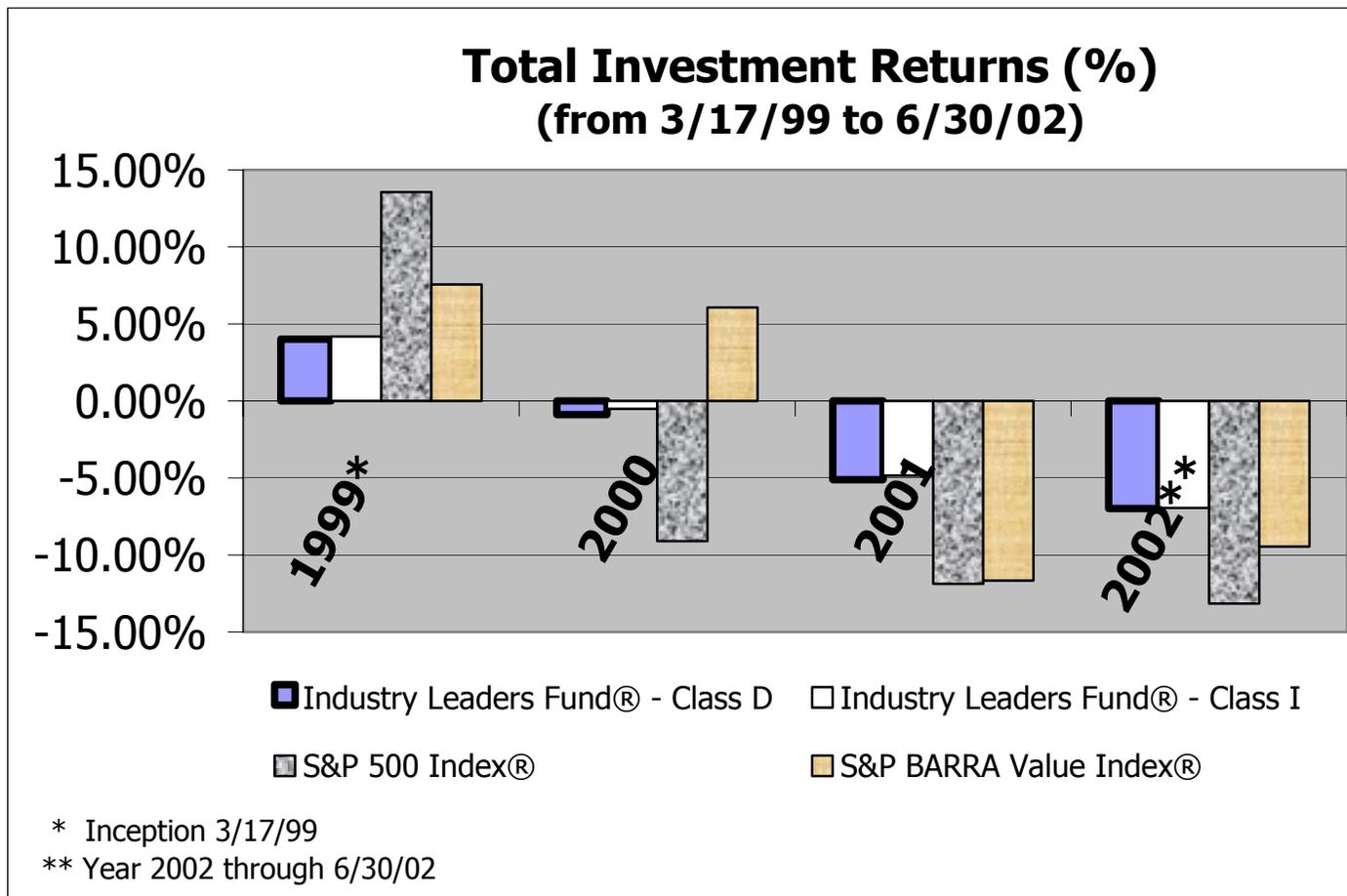
In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Industry Leaders Fund as of June 30, 2002, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States.

McCurdy & Associates CPA's, Inc.  
Westlake, Ohio  
July 20, 2002

## Performance Summary

For Industry Leaders Fund®

All the data on this page represent past performance on a pre-tax basis, which cannot be used to predict future returns that may be achieved by the Fund. Note, that both share price and return can fluctuate widely. An investor's shares, when redeemed, could be worth more or less than their original cost.



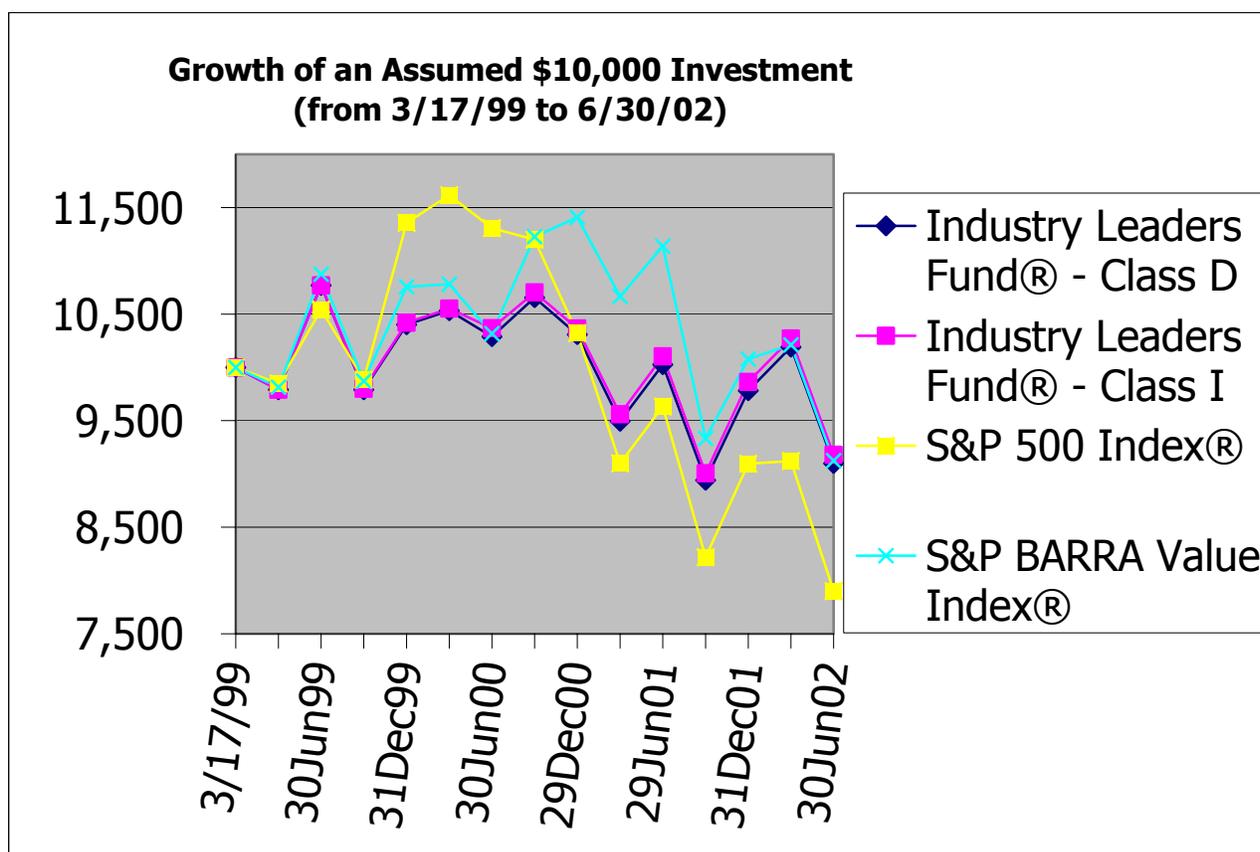
### Annual Investment Returns

	ILF® Class D	ILF® Class I	S&P 500 Index	S&P BARRA Value Index
<b>1999*</b>	4.01%	4.19%	13.56%	7.56%
<b>2000</b>	-0.89%	-0.51%	-9.10%	6.07%
<b>2001</b>	-5.11%	-4.84%	-11.88%	-11.67%
<b>2002**</b>	-6.98%	-6.94%	-13.15%	-9.45%

\* Inception 3/17/99,

\*\* Year 2002 through 6/30/02

## Cumulative Performance



This graph and following table, provided in accordance with SEC regulations, compares a \$10,000 investment in the Fund, made at its inception, with the performance of the S&P BARRA Value Index<sup>®</sup> and the S&P 500 Index<sup>®</sup>. Results include the reinvestment of dividends and capital gains distributions. Performance is historical and does not represent future results. Investment returns and principal value vary, and you may have a gain or loss when you sell shares.

Value of \$10,000	ILF <sup>®</sup> Class D	ILF <sup>®</sup> Class I	S&P 500 Index	S&P BARRA Value Index
Inception 3/17/99	10,000	10,000	10,000	10,000
June 30, 1999	10,770	10,770	10,543	10,874
December 31, 1999	10,401	10,419	11,356	10,756
June 30, 2000	10,289	10,368	11,307	10,318
December 31, 2000	10,308	10,366	10,322	11,409
June 30, 2001	10,026	10,104	9,631	11,137
December 31, 2001	9,781	9,864	9,096	10,078
June 30, 2002	9,098	9,179	7,900	9,125

**Comparative Average Annual Return Performance  
of The Industry Leaders Fund® (a)(b)**

	<u>One Year*</u>	<u>Three Years**</u>	<u>Since Inception</u>
Industry Leaders Fund® - Class D	-9.16%	-5.47%	-2.83%
Industry Leaders Fund® - Class I	-8.91%	-5.19%	-2.57%
S&P 500 Index®	-17.98%	-9.17%	-6.91%
S&P BARRA Value Index®	-18.06%	-5.68%	-2.74%

1 year period 7/1/01 to 6/30/02.

\*Inception date 3/17/99, From Inception 3/17/99 to 6/30/02.

- (a) Past performance is not indicative of future performance.
- (b) Both Classes of the Industry Leaders Fund® are net of all expenses, versus the gross market benchmarks (the S&P BARRA Value Index® and the S&P 500 Index®). Investors are reminded that when trying to achieve benchmark returns, investment management fees and transaction costs will be incurred.

**Industry Leaders Fund®**  
**Schedule of Investments - June 30, 2002**

**Common Stocks - 97.5%**

	<b>Shares</b>	<b>Value</b>
<b>UTILITIES - 2.92%</b>		
<b>Electric Utility East - 2.92%</b>		
Duke Energy Corporation	2580	80,238
The Southern Company	865	23,701
		<u>103,939</u>
TOTAL UTILITIES		<u>103,939</u>
<b>ENERGY - 7.39%</b>		
<b>Natural Gas Distribution - 0.5%</b>		
KeySpan Corporation	470	17,696
		<u>17,696</u>
<b>Oilfield Services - 1.58%</b>		
Schlumberger Limited	1210	56,265
		<u>56,265</u>
<b>Petroleum Integrated - 4.59%</b>		
Exxon Mobil Corporation	1958	80,121
ChevronTexaco Corp.	944	83,544
		<u>163,665</u>
<b>Petroleum Producing - 0.72%</b>		
Apache Corporation	450	25,866
		<u>25,866</u>
TOTAL ENERGY		<u>263,492</u>
<b>FINANCIALS - 31.3%</b>		
<b>Banks - 10.7%</b>		
JP Morgan Chase & Co.	2412	81,815
Wachovia Corporation	2110	80,560
Bank One Corporation	1385	53,295
Bank of America Corporation	1175	82,673
Wells Fargo & Co.	1660	83,100
		<u>381,443</u>
<b>Financial Services Diversified - 8.98%</b>		
Citigroup Inc.	2051	79,476
Fannie Mae	1040	76,700
American Express Company	2110	76,635
American International Group, Inc.	1155	78,806
Freddie Mac	140	8,568
		<u>320,185</u>
<b>Insurance - Life - 2.45%</b>		
Metropolitan Life Insurance Company	240	6,912
Prudential Financial Inc. (a)	2410	80,398
		<u>87,310</u>
<b>Insurance Property &amp; Casualty - 4.84%</b>		
Allstate Insurance Company	2135	78,952
Chubb Corporation	150	10,620
Berkshire Hathaway Inc "B" (a)	37	82,658
		<u>172,230</u>
<b>Securities Brokerage - 2.83%</b>		
Merrill Lynch & Co.	1280	51,840
Morgan Stanley	1140	49,111
		<u>100,951</u>
<b>Thrift - 1.5%</b>		
Golden West Financial Corporation	775	53,304
		<u>53,304</u>
TOTAL FINANCIALS		<u>1,115,423</u>

**Industry Leaders Fund®**  
**Schedule of Investments - June 30, 2002**  
**Common Stocks - Continued**

	Shares	Value
<b>INDUSTRIAL CYCLICALS - 10.82%</b>		
<b>Aerospace/Defense - 1.62%</b>		
Boeing Company	1285	<u>57,825</u>
<b>Auto Parts OEM - 0.89%</b>		
Johnson Controls, Inc.	390	<u>31,828</u>
<b>Cement &amp; Aggregates - 0.25%</b>		
Vulcan Materials Company	200	<u>8,760</u>
<b>Chemical Basic - 0.9%</b>		
Du Pont (E.I.) de Nemours & Company	720	<u>31,968</u>
<b>Chemical Diversified - 0.79%</b>		
3M Company	230	<u>28,290</u>
<b>Chemical Specialty - 0.75%</b>		
Rohm and Haas Company	660	<u>26,723</u>
<b>Diversified - 0.3%</b>		
United Technologies Corporation	155	<u>10,525</u>
<b>Electrical Equipment - 2.54%</b>		
Emerson Electric Co.	230	12,307
General Electric Company	2695	<u>78,289</u>
		<u>90,596</u>
<b>Gold/Silver Mining - 0.33%</b>		
Barrick Gold Corporation	625	<u>11,869</u>
<b>Machinery - 1.06%</b>		
Caterpillar Inc.	770	<u>37,692</u>
<b>Metal Fabricating - 0.38%</b>		
Illinois Tool Works Inc.	200	<u>13,660</u>
<b>Metals &amp; Mining - 0.78%</b>		
Alcoa Inc.	840	<u>27,846</u>
<b>Steel General - 0.23%</b>		
Nucor Corporation	125	<u>8,130</u>
TOTAL INDUSTRIAL CYCLICALS		<u>385,712</u>
<b>CONSUMER DURABLES - 2.52%</b>		
<b>Furniture/Home Furnishing - 0.25%</b>		
Leggett & Platt Inc.	380	<u>8,892</u>
<b>Diversified - 2.27%</b>		
Honeywell International Inc.	2300	<u>81,029</u>
TOTAL CONSUMER DURABLES		<u>89,921</u>
<b>CONSUMER STAPLES - 5.75%</b>		
<b>Beverage (Alcoholic) - 0.28%</b>		
Anheuser-Busch Companies Inc.	200	<u>10,000</u>
<b>Beverage (Soft Drinks) - 0.91%</b>		
Coca-Cola Company	580	<u>32,480</u>
<b>Food Processing - 2.18%</b>		
Kraft Foods Inc.	1890	<u>77,396</u>
<b>Food Wholesalers - 0.17%</b>		
SYSCO Corporation	225	<u>6,124</u>
<b>Household Products - 0.76%</b>		
The J.M. Smucker Co.	6	205
Procter & Gamble Company	300	<u>26,790</u>
		<u>26,995</u>

**Industry Leaders Fund®**  
**Schedule of Investments - June 30, 2002**

**Common Stocks - Continued**

	<b>Shares</b>	<b>Value</b>
<b>CONSUMER STAPLES - Continued</b>		
<b>Shoe - 0.3%</b>		
Nike Inc. - Class B	200	<u>10,730</u>
<b>Tobacco - 0.96%</b>		
Philip Morris Companies Inc.	785	<u>34,289</u>
<b>Toiletries/Cosmetics - 0.19%</b>		
Gillette Company	200	<u>6,774</u>
TOTAL CONSUMER STAPLES		<u>204,788</u>
<b>SERVICES - 13.21%</b>		
<b>Advertising - 0.26%</b>		
Omnicom Group Inc.	200	<u>9,160</u>
<b>Air Transport - 1.1%</b>		
United Parcel Service of America, Inc. - Class B	635	<u>39,211</u>
<b>Industrial Services - 0.5%</b>		
Cintas Corporation	360	<u>17,795</u>
<b>Newspaper - 0.74%</b>		
Gannett Co., Inc.	350	<u>26,565</u>
<b>Publishing - 0.17%</b>		
The McGraw-Hill Companies Inc.	100	<u>5,970</u>
<b>Recreation - 0.7%</b>		
Carnival Corporation	900	<u>24,921</u>
<b>Restaurant - 0.73%</b>		
McDonald's Corporation	920	<u>26,174</u>
<b>Telecommunications Services - 9.01%</b>		
ALLTEL Corporation	1675	78,725
BellSouth Corporation	2560	80,640
SBC Communications, Inc.	2645	80,673
Verizon Communications Inc.	2020	<u>81,103</u>
		<u>321,141</u>
TOTAL SERVICES		<u>470,937</u>
<b>RETAIL - 4.52%</b>		
<b>Apparel - 0.39%</b>		
VF Corporation	350	<u>13,723</u>
<b>Building Supplies - 0.89%</b>		
Home Depot Inc.	860	<u>31,588</u>
<b>Pharmacy Services - 0.43%</b>		
Walgreen Company	400	<u>15,452</u>
<b>Retail Stores - 2.81%</b>		
Target Corporation	600	22,860
Wal-Mart Stores Inc.	1405	<u>77,289</u>
		<u>100,149</u>
TOTAL RETAIL		<u>160,912</u>

**Industry Leaders Fund®**  
**Schedule of Investments - June 30, 2002**

<b>Common Stocks - Continued</b>	<b>Shares</b>	<b>Value</b>
<b>HEALTH - 6.78%</b>		
<b>Biotechnology - 0.73%</b>		
Amgen Inc.	620	<u>25,966</u>
<b>Drugs - 3.39%</b>		
Merck & Co. Inc.	830	42,031
Pfizer Inc.	2255	<u>78,925</u>
		<u>120,956</u>
<b>Medical Supplies - 2.66%</b>		
Abbott Laboratories, Inc.	490	18,448
Johnson & Johnson	1460	<u>76,300</u>
		<u>94,748</u>
<b>TOTAL HEALTH</b>		<u>241,670</u>
<b>TECHNOLOGY - 12.29%</b>		
<b>Computer and Peripherals - 4.25%</b>		
Hewlett-Packard Company	4615	70,517
International Business Machines Corporation	1125	<u>81,000</u>
		151,517
<b>Computer Software &amp; Services - 4.1%</b>		
Electronic Data Systems Corporation	1710	63,527
Microsoft Corporation (a)	1510	<u>82,596</u>
		<u>146,123</u>
<b>Semiconductor - 3.44%</b>		
Intel Corporation	4340	79,292
Texas Instruments Incorporated	1820	<u>43,134</u>
		<u>122,426</u>
<b>Semiconductor Capital Equipment - 0.5%</b>		
Applied Materials, Inc. (a)	940	<u>17,878</u>
<b>TOTAL TECHNOLOGY</b>		<u>437,944</u>
<b>TOTAL COMMON STOCKS - 97.5%</b>		<b>3,474,738</b>
<b>(Cost \$3,693,736)</b>		
	<b>Principal</b>	<b>Value</b>
<b>Money Market Securities - 0.54%</b>		
Fiduciary Money Market Fund, 1.35% (b)	19,351	19,351
(Cost \$19,351)		
<b>TOTAL INVESTMENTS - 98.04%</b>		<b>3,494,088</b>
<b>(Cost \$3,713,087)</b>		
<b>OTHER ASSETS LESS LIABILITIES - 1.96%</b>		<b>69,761</b>
<b>NET ASSETS - 100%</b>		<b>3,563,849</b>

(a) Non-income producing

(b) Variable rate security; the coupon rate shown represents the rate at June 30, 2002

Sector breakdowns provided by Morningstar

**Industry Leaders Fund®**  
**Statement of Assets & Liabilities**

**June 30, 2002**

**Assets**

Investment in securities (\$3,713,087)	\$	3,494,088
Dividends receivable		4,610
Interest receivable		15
Rec for Investments Sold		112,572
Rec for Fund Shares Sold		22,250
<b>Total assets</b>		<u>3,633,536</u>

**Liabilities**

Accrued investment advisory fee payable	\$	897
Accrued administration fee payable		774
Accrued shareholder services fee payable		215
Payable for investments purchased		<u>67,801</u>

**Total liabilities**

69,687

**Net Assets**

\$ 3,563,849

Net Assets consist of:

Paid in capital	\$	4,100,414
Accumulated undistributed net investment income		38,759
Accumulated net realized gain (loss) on investments		(356,326)
Net unrealized appreciation (depreciation) on investments		<u>(218,998)</u>

**Net Assets**

\$ 3,563,849

**Class D:**

Net Asset Value, offering price and redemption price per share (\$1,017,487 / 117,530 shares)	\$	<u>8.66</u>
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**Class I:**

Net Asset Value, offering price and redemption price per share (\$959,000 / 111,778 shares)	\$	<u>8.58</u>
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**Class L:**

Net Asset Value, offering price and redemption price per share (\$1,587,362 / 180,564 shares)	\$	<u>8.79</u>
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**Industry Leaders Fund®**  
**Statement of Operations for the year ended June 30, 2002**

**Investment Income**

Dividend income		\$ 65,018
Interest income		301
<b>Total Income</b>		<u>65,319</u>

**Expenses**

Administration fee - Class D	\$ 2,506	
Administration fee - Class I	2,395	
Administration fee - Class L	735	
Investment advisory fee	16,901	
Shareholder services fee - Class D	2,668	
Total operating expenses		<u>25,205</u>
<b>Net Investment Income</b>		<u>40,114</u>

**Realized & Unrealized Gain (Loss)**

Net realized gain (loss) on investment securities	(15,429)	
<b>Change</b> in net unrealized appreciation (depreciation) on investment securities	<u>(374,083)</u>	
Net gain (loss) on investment securities		<u>(389,512)</u>
<b>Net decrease in net assets resulting from operations</b>		<u><u>\$ (349,398)</u></u>

*See accompanying notes which are an integral part of the financial statements*

**Industry Leaders Fund®**  
**Statement of Changes in Net Assets**

	<b>Year ended June 30, 2002</b>	<b>Year ended June 30, 2001</b>
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net investment income	\$ 40,114	\$ 25,182
Net realized gain (loss) on investment securities	(15,429)	(153,807)
Change in net unrealized appreciation (depreciation)	(374,083)	40,995
Net increase (decrease) in net assets resulting from operations	<u>(349,398)</u>	<u>(87,630)</u>
<b>Distributions to shareholders</b>		
From net investment income	(31,543)	(11,025)
From net realized gain	-	(72,688)
Total distributions	<u>(31,543)</u>	<u>(83,713)</u>
<b>Share Transactions - net increase</b>		
Class D	42,816	45,841
Class I	(1,467,864)	708,809
Class L	1,672,344	-
<b>Net increase in net assets resulting from share transactions</b>	<u>247,296</u>	<u>754,650</u>
<b>Total increase (decrease) in net assets</b>	<u>(133,645)</u>	<u>583,307</u>
<b>Net Assets</b>		
Beginning of period	<u>3,697,496</u>	<u>3,114,189</u>
End of period (including accumulated undistributed net investment income of \$38,759 and \$30,189 respectively)	<u>\$ 3,563,851</u>	<u>\$ 3,697,496</u>

See accompanying notes which are an integral part of the financial statements

**Industry Leaders Fund®**  
**Class D**  
**Financial Highlights**

	<b>Year Ended June 30, 2002</b>	<b>Year Ended June 30, 2001</b>	<b>Year Ended June 30, 2000</b>	<b>Period ended June 30, 1999 (a)</b>
<b>Selected Per Share Data</b>				
Net asset value, beginning of period	\$ 9.61	\$ 10.13	\$ 10.77	\$ 10.00
Income from investment operations				
Net investment income	0.08	0.06	0.09	0.03
Net realized and unrealized gain / (loss)	(0.96)	(0.32)	(0.56)	0.74
Total from investment operations	(0.88)	(0.26)	(0.47)	0.77
Distributions				
Net investment income	(0.07)	(0.03)	(0.07)	0.00
Net realized gains	-	(0.23)	(0.10)	0.00
Total Distributions	(0.07)	(0.26)	(0.17)	0.00
Net asset value, end of period	<u>\$ 8.66</u>	<u>\$ 9.61</u>	<u>\$ 10.13</u>	<u>\$ 10.77</u>
<b>Total Return</b>	(9.16)%	(2.55)%	(4.36)%	7.70% (b)
<b>Ratios and Supplemental Data</b>				
Net assets, end of period (000)	\$1,017	\$1,082	\$1,093	\$1,130
Ratio of expenses to average net assets	0.95%	0.95%	0.95%	0.95% (c)
Ratio of net investment income to average net assets	0.85%	0.59%	0.84%	0.84% (a)
Portfolio turnover rate	65.53%	146.92%	78.04%	64.93% (a)

(a) March 17, 1999 (commencement of operations) to June 30, 1999.

(b) For periods of less than a full year, total returns are not annualized.

(c) Annualized

**Industry Leaders Fund®**  
**Class I**  
**Financial Highlights**

	<b>Year Ended June 30, 2002</b>	<b>Year Ended June 30, 2001</b>	<b>Year Ended June 30, 2000</b>	<b>Period ended June 30, 1999 (a)</b>
<b>Selected Per Share Data</b>				
Net asset value, beginning of period	\$ 9.65	\$ 10.16	\$ 10.77	\$ 10.00
Income from investment operations				
Net investment income	0.11	0.08	0.11	0.04
Net realized and unrealized gain / (loss)	(0.97)	(0.32)	(0.54)	0.73
Total from investment operations	(0.86)	(0.24)	(0.43)	0.77
Distributions				
Net investment income	(0.21)	(0.04)	(0.08)	0.00
Net realized gains	-	(0.23)	(0.10)	0.00
Total Distributions	(0.21)	(0.27)	(0.18)	0.00
Net asset value, end of period	<u>\$ 8.58</u>	<u>\$ 9.65</u>	<u>\$ 10.16</u>	<u>\$ 10.77</u>
<b>Total Return</b>	(8.91)%	(2.65)%	(3.92)%	7.70% (b)
<b>Ratios and Supplemental Data</b>				
Net assets, end of period (000)	\$959	\$2,616	\$2,021	\$1,624
Ratio of expenses to average net assets	0.70%	0.70%	0.70%	0.70% (c)
Ratio of net investment income to average net assets	1.19%	0.83%	1.10%	1.39% (a)
Portfolio turnover rate	65.53%	146.92%	78.04%	64.93% (a)

(a) March 17, 1999 (commencement of operations) to June 30, 1999.

(b) For periods of less than a full year, total returns are not annualized.

(c) Annualized

**Industry Leaders Fund®****Class L****Financial Highlights for the period November 30, 2001  
(Commencement of Operations) to June 30, 2002**

	<b>Period ended June 30, 2002 (a)</b>
<b>Selected Per Share Data</b>	
Net asset value, beginning of period	\$ 9.21
Income from investment operations	
Net investment income	0.07
Net realized and unrealized gain / (loss)	(0.48)
Total from investment operations	(0.41)
Distributions	
Net investment income	(0.01)
Net realized gains	-
Total Distributions	(0.01)
Net asset value, end of period	\$ 8.79
<b>Total Return</b>	(4.45)% (b)
<b>Ratios and Supplemental Data</b>	
Net assets, end of period (000)	\$1,587
Ratio of expenses to average net assets	0.38% (c)
Ratio of net investment income to average net assets	1.22% (c)
Portfolio turnover rate	65.53% (c)

(a) November 30, 2001 (date of new share class availability) to June 30, 2002.

(b) For periods of less than a full year, total returns are not annualized.

(c) Annualized

**Industry Leaders Fund®**  
**Notes to Financial Statements**  
**June 30, 2002**

**NOTE 1. ORGANIZATION**

Industry Leaders Fund® (the “Fund”) was organized as a series of Industry Leaders Fund®, a Delaware business trust (the “Trust”), on December 13, 1995 and commenced operations on March 17, 1999. The Fund is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a diversified open-end management investment company. The Fund’s investment objective is to provide long-term capital appreciation. The Declaration of Trust permits the Trustees to issue an unlimited number of shares of beneficial interest of separate series without par value.

The Fund currently consists of three classes of shares, Class D, Class I, and Class L each of which has equal rights as to assets and voting privileges except that each class has different administration and shareholder services expenses.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

*Securities Valuation-* Securities which are traded on any exchange or on the NASDAQ over-the-counter market are valued at the last-quoted sale price. Lacking a last sale price, a security is valued at its last bid price except when, in the opinion of the Adviser, the last bid price does not accurately reflect the current value of the security. All other securities for which over-the-counter market quotations are readily available are valued at their last bid price. When market quotations are not readily available, when the Adviser determines the last bid price does not accurately reflect the current value, or when restricted securities are being valued, such securities are valued as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board.

Fixed-income securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair market values of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. When prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Adviser, subject to review by the Board. Short-term investments in fixed-income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized-cost method of valuation, which the Board has determined will represent fair value.

*Federal Income Taxes -* The Fund intends to qualify each year as a “regulated investment company” under the Internal Revenue Code of 1986, as amended. By so qualifying, the Fund will not be subject to federal income taxes to the extent that it distributes substantially all of its net investment income and any realized capital gains.

*Dividends and Distributions-* The Fund intends to comply with federal tax rules regarding distribution of substantially all its net investment income and capital gains. These rules may cause multiple distributions during the course of the year.

**Industry Leaders Fund®**  
**Notes to Financial Statements**  
**June 30, 2002– continued**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - continued**

*Estimates* - Preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Other* - The Fund follows industry practice and records security transactions on the trade date. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the respective securities. Generally accepted accounting principles require that permanent financial reporting tax differences relating to shareholder distributions be reclassified to paid in capital.

**NOTE 3. FEES AND OTHER TRANSACTIONS WITH AFFILIATES**

The Fund retains Claremont Investment Partners® L.L.C. (the “Adviser”) to manage the Fund’s investments. The Adviser is organized as a Delaware limited liability company and its Chief Executive Officer is Barry F. Sullivan. Barry F. Sullivan is the father of the Portfolio Manager, Gerald P. Sullivan who is primarily responsible for the day-to-day management of the Fund’s portfolio.

Under revised terms of the management agreement dated September 17, 2001, the Adviser manages the Fund’s investments subject to approval of the Board of Trustees and receives a fee of 0.30% of the average daily net assets of the Fund. Under the terms of the administration agreement dated September 17, 2001, the Adviser receives a fee based on average net assets for each of the different classes of share. For Class D and Class I, the Adviser receives an annual fee of 0.40%. For Class L, the Adviser receives an annual fee of 0.08%. The new administration and adviser fees went into effect with the creation of our Class L share on November 30, 2001. Previous to that date, the Adviser was paid 0.70% as a management fee for the Class D and Class I. The Adviser pays all of the expenses of the Fund except brokerage commission and SEC fees. It should be noted that most investment companies pay their own operating expenses directly, while the Fund’s expenses are paid by the Adviser.

For the annual period ended June 30, 2002, the Adviser received a fee of \$16,901 for management and \$5,636 for administration from the Fund. Certain officers and trustees of the Fund are also officers of the Adviser and shareholders of the Fund.

On behalf of the Class D shares, the fund has adopted a shareholders services plan (the “Shareholder Services Plan”). Under the Shareholder Services Plan, the Fund is authorized to pay a fee on an annual basis of 0.25% of the average daily net asset value of the Class D Shares. For the annual period ended June 30, 2002, the Adviser received shareholder services fees of \$2,668 from the Fund for expenses related to the shareholder servicing of Class D Fund shares.

**Industry Leaders Fund®**  
**Notes to Financial Statements**  
**June 30, 2002– continued**

**NOTE 4. SHARE TRANSACTIONS**

As of June 30, 2002, there were an unlimited number of authorized shares for the Fund. Paid in capital on June 30, 2002 was \$4,100,415.

Transactions in shares were as follows:

	Year ended June 30, 2002		Year ended June 30, 2001	
<b>Class D:</b>	<b>Shares</b>	<b>Dollars</b>	<b>Shares</b>	<b>Dollars</b>
Shares Sold	4,693	40,250	1,854	\$17,832
Shares issued in reinvestment of dividend	809	7,564	2,831	\$28,054
Shares Redeemed	(546)	(\$5,000)	(4)	(\$45)
<b>Total</b>	<b>4,956</b>	<b>\$42,814</b>	<b>4,681</b>	<b>\$45,841</b>
	Year ended June 30, 2002		Year ended June 30, 2001	
<b>Class I:</b>	<b>Shares</b>	<b>Dollars</b>	<b>Shares</b>	<b>Dollars</b>
Shares Sold	2,372	21,250	67,148	\$660,231
Shares issued in reinvestment of dividend	2,498	23,127	5,600	\$55,660
Shares Redeemed	(164,158)	(\$1,512,241)	(708)	(\$7,082)
<b>Total</b>	<b>(159,288)</b>	<b>(\$1,467,864)</b>	<b>72,039</b>	<b>\$708,809</b>
	Year ended June 30, 2002		Year ended June 30, 2001	
<b>Class L:</b>	<b>Shares</b>	<b>Dollars</b>	<b>Shares</b>	<b>Dollars</b>
Shares Sold	191,415	1,771,491	-	\$0
Shares issued in reinvestment of dividend	90	853	-	\$0
Shares Redeemed	(10,941)	(\$100,000)	-	\$0
<b>Total</b>	<b>180,564</b>	<b>\$1,672,344</b>	<b>-</b>	<b>\$0</b>

**NOTE 5. INVESTMENTS**

For the twelve-month period ended June 30, 2002, purchases and sales of investment securities, other than short-term investments, aggregated \$2,555,084 and \$2,371,296, respectively. As of June 30, 2002, the gross unrealized appreciation for all securities totaled \$182,605 and the gross unrealized depreciation for all securities totaled \$401,603 for a net unrealized depreciation of \$218,998. The aggregate cost of securities for federal income tax purposes at June 30, 2002 was \$3,879,417. The difference between book cost of securities and tax cost of securities is due to wash sales of \$162,771 and post-October losses of \$3,559.

**Industry Leaders Fund®**  
**Notes to Financial Statements**  
**June 30, 2002– continued**

**NOTE 6. RELATED PARTY TRANSACTIONS**

The Adviser is not a registered broker-dealer of securities and thus does not receive commissions on trades made on behalf of the Fund. The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a Fund creates a presumption of control of the Fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of June 30, 2002, Barry F. Sullivan, Chief Executive Officer of the Adviser beneficially owns 51% and is deemed a control person.

**NOTE 7. LOSS CARRYFORWARDS**

At June 30, 2002, the Fund had available for federal tax purposes a capital loss carryforward of \$185,239. \$175,617 expires in 2009 and \$9,622 expires in 2010. Capital loss carryforwards are available to offset future capital gains. To the extent that these carryforwards are used to offset future capital gains, it is probable that the amount, which is offset, will not be distributed to shareholders.