

PRESIDENT'S LETTER

Dear Fellow Shareholders:

I am pleased to present our Thirteenth Annual Report.

The 12-month period ended October 31, 2002 was a turbulent time for the financial markets. The accounting scandals at a number of large domestic corporations and falling corporate profits resulted in a lapse of confidence in the equity markets. Short-term interest rates hit their lowest levels in recent history. Even consumer confidence is ebbing.

Throughout the recent economic turmoil and the resulting change in the investment markets, the basic tools for crafting a prudent investment portfolio have remained constant – diversification, risk assessment, long-term focus, and patience. Each of the New Century Portfolios provides these tools for its shareholders.

Through the twelve-month period ended October 2002, the equity markets declined. During the period, the NASDAQ lost more than 23%; the large-cap growth index, the S&P 500 Index, and the large-cap value index each lost more than 15%. The Russell 2000 Index, which reflects the performance of stocks of smaller-capitalized domestic companies, lost almost 14%. The international equity markets, as measured by the EAFE Index, lost approximately 16%. Fixed income investments, however, fared much better. The Lehman Aggregate Bond Index gained almost 9%.

During this period, the New Century Capital Portfolio declined 15.71%, the New Century Balanced Portfolio declined 12.08%, the New Century Aggressive Portfolio declined 25.78%, and the New Century International Portfolio declined 11.84%. The New Century Alternative Strategies Portfolio, which commenced operations on May 1, 2002, declined 8.80% through October 31, 2002.

While each of the New Century Portfolios continues to diversify its portfolio among multiple market sectors, each portfolio initiated a more neutral allocation toward the end of the period. The Capital and the Balanced Portfolios recently increased a previously underweighted position in the growth sector, while reducing the small cap and the international sectors. Toward the end of the period, the Balanced Portfolio increased its overall allocation to equities to a more neutral level and decreased its overall allocation to fixed income. In the fixed income sector, the Balanced Portfolio shortened its durations. The Aggressive Portfolio increased its positions in healthcare, focusing on biotechnology. The Alternative Strategies Portfolio maintained diversified positions in eleven separate investment strategies with minor adjustments to the weighting of each investment style. The International Portfolio increased its position in Europe.

We will continue to monitor economic and market conditions and position the Portfolios to maximize risk-adjusted return. Although we cannot predict future market conditions, we are confident that the disciplined investment approach of the New Century Portfolios will provide a risk-adjusted performance consistent with each fund's objectives.

We thank you for selecting us to be part of your long-term investment strategy.

Sincerely,

Wayne M. Grzecki
President