

PRESIDENT'S LETTER

Dear Fellow Shareholders:

During the six-month period ended April 30, 2002, the financial markets were forced to digest a series of external events. Continued terrorist threats, a growing distrust of corporate governance, and accounting irregularities catapulted market psychology over economics. The economic recovery which appeared to be materializing in mid-2001 was derailed. Once again, investors were rewarded for sticking with prudent investment tools – diversification, risk assessment, long-term focus, and patience. Each of the New Century Portfolios provides these tools for its shareholders.

During the six-month period ended April 2002, the large-cap sector of the US equity markets remained flat. The small-cap and mid-cap sectors, however, generated impressive gains. During the period, the NASDAQ was flat, declining less than 1%; the S&P 500 Index gained slightly more than 1%; the large-cap growth index lost less than 1%; the large-cap value index lost 3.8%. The Russell 2000 Index, which reflects the performance of stocks of smaller-capitalized domestic companies, gained more than 19%. The international equity markets, as measured by the EAFE Index, gained approximately 6%. The Lehman Aggregate Bond Index remained unchanged for the period.

During this period, the New Century Capital Portfolio gained 6.85%, the New Century Balanced Portfolio gained 3.37%, the New Century Aggressive Portfolio declined 1.49%, and the New Century International Portfolio gained 11.42%.

While maintaining a broad diversification across market sectors, each Portfolio assumed an allocation that was skewed to the mid-cap and the small-cap sectors over the last six months. The International Portfolio increased its positions in Japan, Australia, and emerging markets.

The Portfolios will continue to employ the diversification and risk management strategies that have proven successful over time. 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