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Emerald Mutual Funds

HomeState PA Growth Fund
Banking and Finance Fund
Technology Fund

(EMERALD LOGO)

EMERALD MUTUAL FUNDS

WELCOME TO THE EMERALD MUTUAL FUNDS

Emerald offers three mutual funds: The HomeState Pennsylvania (PA) Growth Fund (which became the Emerald Growth Fund on July 1, 2001), The Select Banking and Finance Fund and The Select Technology Fund. The Funds offer investors a unique investment strategy aimed at pursuing long-term growth: what we call "The Emerald Advantage."

IN-DEPTH, ON-SITE RESEARCH

Emerald's own in-house team of research analysts believes in a common-sense, fundamental approach to choosing investments. Whenever we can, we visit a company before investing, talking to its management and employees, as well as its suppliers, customers and competitors.

PROFESSIONAL PORTFOLIO MANAGEMENT

Emerald's chief investment officer, Kenneth G. Mertz II, CFA, has over twenty years' experience in the money management industry, including seven years as chief investment officer of a \$12 billion public pension fund. Ken has managed portfolios in both "up" and "down" markets and this experience guides him as he seeks to actively reduce risk.

UNIQUE INVESTMENT OPPORTUNITIES

Emerald's mutual funds each focus on areas we feel are largely ignored by other institutional money managers:

- smaller-sized growth companies,
- companies involved in the technology sector,
- smaller-sized banking & financial services companies.

THE HOMESTATE PA GROWTH FUND Invests a minimum 65% of its assets in companies headquartered or with significant operations in the Commonwealth of Pennsylvania. (The Emerald Growth Fund, effective 7/1/01)

THE SELECT BANKING AND FINANCE FUND Invests a minimum 65% of its assets in companies in the banking and financial services industries, with a focus on smaller companies in the Mid-Atlantic states.

THE SELECT TECHNOLOGY FUND Invests a minimum 65% of its assets in companies in the technology sector (changed from The Year 2000 Fund to The Select Technology Fund on 2/29/00).

In-Depth, On-Site Research. Professional Portfolio Management. Unique Investment Opportunities. That's The Emerald Advantage.

Funds that invest in a particular state or region, or in a specific industry, may involve a greater degree of risk than funds with a more diversified portfolio. Investing in smaller companies' stock can involve higher risk and increased volatility than larger stocks. This report contains information about the Funds' performance. Past performance is no guarantee of future results. An investment in the Funds will fluctuate in value so that your account, when redeemed, may be worth more or less than your original purchase price.

www.emeraldmutualfunds.com

EMERALD MUTUAL FUNDS

REPORT FROM MANAGEMENT

August 15, 2001

Dear Shareholder:

There are times, and today is just one of those times, when I sit down to write my semi-annual letter to my fellow shareholders and I feel like Jack Nicholson in a famous scene from the horror movie *The Shining*. As it also reads in the Stephen King book on which the film is based, Nicholson's character has been working on writing a novel over the winter months as he and his family are the snow-bound caretakers of a remote summer resort. His wife discovers to her horror one day that he has, in fact, been typing the same sentence over and over again, page after page (he's gone quite mad, as only Jack Nicholson can do). Today, as I begin this letter, the stock market is seesawing back and forth in its trading range established back in April, as traders bid stocks higher and lower with no real conviction or purpose. Much like during the downturn of 2000, or the soaring bull run of 1999, or the small-cap decline of 1998, I could sit at my desk and type the same words over and over again, page after page: Long-term. Long-term. Long-term. Long-term. Long-term. Page after page, long-term, long-term. But that would annoy you and alarm my family and co-workers. So instead, I will try to lay out a much more readable case for taking a long-term approach.

All of the figures and statistics I will use come from the mutual fund tracking firm Morningstar, and include the reinvestment of all dividends, but not the effects of any sales charges. Past performance is no guarantee of future results. (A full disclosure statement is found at the end of my letter.) See page 7 for standardized performance results for the Fund's Class A shares for the periods ended June 30, 2001.

We will start by looking at the performance of the Emerald Growth Fund (formerly called the Emerald HomeState PA Growth Fund) over the last four calendar years, and add the six months ended June 30, 2001. In our hyper-speed world, long-term is often defined as three to five years. If you judged the Fund based on each individual year (as one supposedly knowledgeable analyst recently did), the Fund would seem dramatically volatile. The Fund's Class A shares gained 26.3% in 1997, only to lose 12.4% in 1998. It shot back with an astounding 96.4% gain in 1999, only to lose 21.9% in 2000. For the first six months of 2001, the Fund's Class A shares rose 7.39%. A short-term focused observer would rile at the volatility: up 26%, down 12%, up 96%, down 22%_ How can one sleep at night with such agonizing swings!

Answer: Take a long-term approach.

Measuring the same time period as above, the last four and a half years (beginning January 1, 1997 and ending June 30th, 2001) but taking the long-term view, the Emerald Growth Fund has accumulated a total return of 82.28%, or an average of 14.27% per year, and outperformed the average small-cap growth fund measured by Morningstar over the period. Same fund, same numbers, presented a different way: what I would argue is the proper way to analyze an investment in an equity mutual fund as part of a proper strategy with a long-term horizon. In fact, you can take any three-to five-year period for the Growth Fund (which begins its 10th anniversary year in October) and come up with similar results: short-term volatility and continuous long-term growth.

And this isn't just true for the Emerald Growth Fund. While small-cap growth investing is by definition more volatile than investing in large-cap companies, the entire collection of world stock markets has shown increasing short-term volatility over the past few years, beginning with the Asian crisis of 1998.

Some mutual fund industry critics are today calling for more frequent public disclosure of mutual fund portfolio holdings. I say such disclosure will only heighten volatility as everybody tries to jump in front of everybody else in being first and fastest. Such critics should talk to our own Ken Mertz and ask him how long it takes to build a core position in a true small-cap stock, and what the costs are for his shareholders when someone else knows about it and starts buying too, bidding up his (and thus yours) eventual average cost.

I'm not advocating a "head in the sands" approach to performance reporting or portfolio holdings disclosure. The Internet has dozens of sites that will give you comparative numbers to screen your fund's performance against its competition over the three- five- and ten-year periods that deserve our attention and focus, and the SEC's EDGAR website will tell you what every mutual fund in the country has owned twice each year at a minimum. I do believe that wanting to know what your portfolio manager bought two weeks ago, and how his fund performed for the four months ended May 12th, doesn't really do anybody any good, and, in fact, probably adds to the market's troubling volatility.

We've been working since 1992 to provide our shareholders with a long-term record that we are very proud of, and that our team works to build upon each and every day. Ken Mertz and Steven Russell will share their thoughts and the Funds' performance results on the pages that follow. And with that, I am done lobbying for the long-term approach and will move on to something new. I thank you for listening and for your support of the Emerald Mutual Funds. And as always, we welcome your comments, questions and suggestions.

Sincerely,

Scott L. Rehr
President

ABOUT THE PERFORMANCE INFORMATION APPEARING IN THE LETTERS TO SHAREHOLDERS:

All performance information is presented on a total return basis unless otherwise noted and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate with market conditions so that shares may be worth more or less than their original cost when redeemed. Funds that invest in a particular industry or geographic region may involve a greater degree of risk than funds with a more diversified portfolio. All three Emerald Mutual Funds invest in the stocks of smaller-sized companies, which may involve higher risk and increased volatility than the stocks of larger companies. Write or call for a free copy of the Funds' current prospectus, which contains more complete information including management fees, sales charges and other charges and expenses, and which you should read carefully before investing.

EMERALD MUTUAL FUNDS

MARKET AND ECONOMIC REVIEW

August 15, 2001

Dear Shareholder:

The economic slowness continues, but a market recovery will be in anticipation of the positive effects from six rate cuts, the tax cut checks being sent out in the third quarter, the tech sector's excessive inventory levels being worked down and the lowering of excessive energy costs. All major U.S. equity indices recorded positive numbers in the quarter.

	2nd Quarter

S&P 500	+5.9%
Russell 1000	+6.3%
Russell 2000	+14.4%

Small cap growth stocks reversed some of the past year's historically wide negative spreads to value stocks (greater than 60% difference for the first time) during the quarter.

	2nd Quarter

Russell 2000 Growth	18.1%
Russell 2000 Value	11.7%

The sixty percent difference in favor of value stocks clearly shows where risk and sentiment lies. On a year-to-date basis, the spread between Value and Growth is 12.6%, still extremely high.

	Year-to-Date
	(1/1 - 6/30/01)

Russell 2000 Value	+12.8%
Russell 2000 Growth	+0.2%

The plight of growth stocks remains tied to the slowing economy. With the technology and manufacturing sectors in a recession, the investment world is looking for any signal of increasing strength. Preannouncements in the basic materials and technology sectors continued at or near the pace of the first quarter. The high valuation of the U.S. dollar became a new pressure for the U.S. multi-nationals during this quarter. With this backdrop, visibility remains either elusive or non-existent. Over the next quarter, we don't expect to see a pickup in these areas; in fact, we expect more layoffs as companies come to grip with not only weak U.S. demand, but weaker European and Asian economies. The June Purchasing Managers Index recorded a slight uptick in activity, bringing hope that an economic bottom has been or shortly will be made. In addition, we have seen an uptick in Consumer Sentiment, which is why the Federal Reserve opted for only a 25 basis-point decline for their sixth rate cut this year. We can take hope that these two reports, combined with the interest and tax rate cuts, will provide support for the economy. This will lead to greater confidence in the boardroom and relief from the disappearance of capital investment. Companies are starting to gain access to capital and are reliquidifying their balance sheets. History points to an uptick in capital spending shortly after capital populates the corporate coffers. As time rids the world of excess inventories, this reliquidification will start a new investment cycle geared to the productivity trends we saw during 1999 and 2000.

Our portfolios reflect the continued risks that we will see in the economy over the short-term, while cognizant of the longer term picture, which is much brighter. The consumer continues to hold this economy together. While saving

rates have slowed at the upper end of the income sector, the low-to-middle range consumer continues to have confidence in his job, income status and future earnings capacity. While consumer spending in an economic slowdown concerns us, our emphasis on specialty niches such as electronic games, teen retailing, tweeners, etc. will be outside of any macro risks.

The long-term positives are well known, such as the tax refund. While three hundred dollars for singles and six hundred dollars for a married couple may not seem like much, in the aggregate, it is a very important backstop to the economy's consumer segment. Plus, it was timed perfectly for the back to school season. Forget the surveys that say the refund check will be saved. Emerald believes the money will be spent and will keep the economy officially out of a recession. Another long-term positive is the six interest rate cuts, whose major benefit is yet to be felt. Monetary policy initiatives are felt anywhere from six to nine months after the fact. In addition, we expect at least two more rate cuts, one in August and the other in October.

Low interest rates combined with resets in the adjustable rate mortgages have kept housing strong and, therefore, its multiple effects. While we believe housing stocks are overdone on the upside, the affordability factors in the housing sector will keep weakness limited to mild declines from present levels. The third major positive is in the energy sector where prices are declining. This is a tax cut of significant proportion as compared to our nation's energy costs just six months ago. If we combine these factors, we forecast the consumer will be the saving grace for the remainder of 2001, until business capital spending starts to pick up by year end 2001 and early 2002.

Sincerely,

/s/Kenneth G. Mertz II

Kenneth G. Mertz II, CFA
Chief Investment Officer
Emerald Mutual Funds

THE EMERALD HOMESTATE PENNSYLVANIA GROWTH FUND

THE FUND AT A GLANCE

HomeState Pennsylvania Growth Fund Class A Performance Comparison vs. Russell
2000*<F1>
Growth of Hypothetical \$10,000 Investment

AVG. ANNUAL TOTAL RETURN+<F4>

	1 YEAR -----	5 YEAR -----	INCEPTION -----
HomeState PA Class A (load adjusted)**<F2>	(13.90)%	12.27%	17.22%
HomeState PA Class A (without load)	(9.62)%	13.36%	17.88%
Russell 2000	0.62%	9.63%	12.90%***<F3>

Date	The HomeState Pennsylvania Growth Fund Class A (load adjusted)	The HomeState Pennsylvania Growth Fund Class A (without load)	Russell 2000 Index
----	-----	-----	-----
10/1/92	\$9,525	\$10,000	\$10,000
6/30/93	\$10,449	\$10,970	\$12,096
6/30/94	\$11,897	\$12,490	\$12,455
6/30/95	\$15,343	\$16,108	\$14,702
6/30/96	\$21,470	\$22,541	\$18,231
6/30/97	\$23,523	\$24,696	\$21,186
6/30/98	\$29,413	\$30,880	\$24,745
6/30/99	\$26,695	\$28,027	\$25,104
6/30/00	\$44,469	\$46,687	\$28,738
6/30/01	\$40,191	\$42,195	\$28,916

*<F1> The Russell 2000 Index is an unmanaged index of 2000 stocks weighted by market capitalization.

**<F2> The Fund's Class A total returns since Inception (October 1, 1992) and for one and five years reflect the effect of the maximum sales load charge of 4.75%.

***<F3> Return does not include continuous dividend reinvestments as information is not available.

+<F4> Past performance is not indicative of future performance.

THE EMERALD HOMESTATE PENNSYLVANIA GROWTH FUND

TOP TEN HOLDINGS AS OF JUNE 30, 2001

ISSUE	% OF FUND
-----	-----
1. Neose Technologies, Inc.	4.54%
2. SunGard Data Systems, Inc.	3.41%

3. Cephalon, Inc.	2.96%
4. Electronics Boutique Holdings Corp.	2.58%
5. C&D Technologies, Inc.	2.54%
6. Education Management Corporation	2.52%
7. Triumph Group, Inc.	2.19%
8. Philadelphia Suburban Corporation	2.06%
9. Emisphere Technologies, Inc.	1.87%
10. Sanchez Computer Associates, Inc.	1.70%

THE EMERALD HOMESTATE PENNSYLVANIA GROWTH FUND

THE FUND AT A GLANCE

HomeState Pennsylvania Growth Fund Class C Performance Comparison vs. Russell
2000*<F5>

Growth of Hypothetical \$10,000 Investment

CUMULATIVE TOTAL RETURN+<F7>

	1 YEAR	INCEPTION
	-----	-----
HomeState PA Class C (load adjusted)**<F6>	(11.87)%	(11.87)%
HomeState PA Class C (without load)	(10.08)%	(10.08)%
Russell 2000	0.62%	0.62%

Date	The HomeState Pennsylvania Growth Fund Class C (load adjusted)	The HomeState Pennsylvania Growth Fund Class C (without load)	Russell 2000 Index
----	-----	-----	-----
7/1/00	\$9,900	\$10,000	\$10,000
9/30/00	\$9,460	\$9,556	\$10,114
12/31/00	\$8,301	\$8,384	\$9,420
3/31/01	\$7,649	\$7,726	\$8,808
6/30/01	\$8,813	\$8,992	\$10,062

*<F5> The Russell 2000 Index is an unmanaged index of 2000 stocks weighted by market capitalization.

**<F6> The Fund's Class C total returns since Inception (July 1, 2000) and for one year reflect the effect of the maximum front-end sales load charge of 1.00% and 1.00% contingent deferred sales charge.

+<F7> Past performance is not indicative of future performance.

THE EMERALD HOMESTATE PENNSYLVANIA GROWTH FUND

REPORT FROM MANAGEMENT

August 15, 2001

Dear Shareholder:

We are pleased to report the Emerald HomeState PA Growth Fund's progress through June 30, 2001. As you are aware from the proxy statement mailed in April and the successful vote in May, the Fund's name was changed to the Emerald Growth Fund and it no longer carries a mandate to invest in Pennsylvania-based companies effective July 1, 2001. As you recall, we made these changes in light of harsher regulatory guidelines that we felt limited our ability to manage an effectively diversified fund. Suffice it to say that I continue to manage the Fund in the same manner as I have since its founding in 1992, and now do so simply looking for the best investment opportunities coast to coast, including those in our home state of Pennsylvania.

<TABLE>

PERFORMANCE RESULTS FOR PERIODS ENDED JUNE 30, 2001

FUND/INDEX	AVERAGE ANNUAL RETURN			TOTAL RETURN
	ONE YEAR	FIVE YEARS	SINCE INCEPTION*<F8>	SINCE INCEPTION*<F8>
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Emerald (HomeState PA) Growth Fund Class A:				
At NAV:	- 9.62%	+13.36%	+17.88%	+321.98%
At MOP:	-13.90%	+12.27%	+17.22%	+301.88%
Russell 2000 Index	+ 0.62%	+ 9.63%	+12.90%	+189.16%
Morningstar Small-Company Funds Average	- 3.31%	+12.83%	+16.18%	+271.69%

</TABLE>

*<F8> Inception Date: 10/1/92

Past performance is no guarantee of future results. Emerald returns at NAV do not include the effects of the Fund's Class A maximum 4.75% sales charge; returns at MOP do. The Russell 2000 Index measures the performance returns of 2000 small-cap companies. Investments cannot be made in an index. The Morningstar Small-Company Funds Average represents 768, 374 and 134 small-company funds, respectively, for total return without regard to sales charge for

the One Year, Five Year and Since Inception (10/1/92) periods. All performance results assume reinvestment of dividends. As you review the results above, please note that the Fund has invested in a variety of initial public offerings (IPO's). The performance of IPO's may have a greater impact on the performance results of a smaller fund, and may lessen as the Fund's assets grow.

Even though we changed our name, our philosophy has not changed. In Scott Rehr's letter, you read about the Fund's volatility, which of course is a reflection of the market and the small cap sector's volatility, which at times over the last 18 months reached levels three times greater than the historical averages.

By not taking our eye off the ball, by concentrating on fundamental research and on companies we know, we were able to outperform our small cap counterparts during the first six months of 2001.

Risk is not being rewarded in this marketplace, and we have positioned the portfolio to account for this fact.

The healthcare sector has been our biggest winner during the second quarter as biotech companies and specialty pharmas are immune to general economic weaknesses. Currently 110 biotech drugs are on the market, an increase of greater than five-fold over the last ten years. Growth drivers for greater pharma spending include increasing drug utilization, increasing price levels and an aging population.

The long-term nature of this commitment causes its own volatility as biotech stocks can go in and out of favor seemingly in the matter of minutes. While this can be disconcerting to even the strongest of stomachs, we believe the opportunities are enormous. Will we revert back to the high flying days of 1990s I hope not because these increases bring with them severe corrections and the "trading" crowd moves in at the detriment of long-term viewpoints. The increased use of drug therapy, the maturing population, and the improving shift mix to newer therapies will continue to underlie this marketplace.

We have also increased our exposure to financial institutions. Our Banking and Finance Fund has honed our skills in selecting high quality, growth banking and S&L franchises which has been the sweet spot for investors in this difficult market place. For more on our banking sector thoughts see our Bank Fund's report on the following pages.

Another area of emphasis has been the capital goods sector. While this may seem counter-intuitive, our positions reflect our belief that the economy will recover in the next six to twelve months and we need to look to companies that will benefit when economic weakness is no longer the siren call.

Our foresight will never be as good as our hindsight, which means we cannot predict when economic growth will turn and when growth stocks will start outperforming. We do know that the market will not ring a bell, and the lights will not turn on in our feeble mind, but we do nonetheless remain convinced that growth stocks will once again be the focus of the marketplace as the economy rebounds from the current weakness. Our commitment to research remains as strong as ever, as we search for demand driven small-cap growth opportunities.

Sincerely,

/s/Kenneth G. Mertz II

Kenneth G. Mertz II, CFA
Portfolio Manager
Chief Investment Officer

THE EMERALD SELECT BANKING AND FINANCE FUND

THE FUND AT A GLANCE

Emerald Select Banking and Finance Fund Class A Performance Comparison vs.
Russell 2000*
Growth of Hypothetical \$10,000 Investment

AVG. ANNUAL TOTAL RETURN+

	1 YEAR	INCEPTION
	-----	-----
Emerald Select Banking & Finance Class A (load adjusted)**	34.02%	10.87%
Emerald Select Banking & Finance Class A (without load)	40.72%	12.12%
Russell 2000	0.62%	9.30%

Date	The Emerald Select Banking and Finance Fund Class A (load adjusted)	The Emerald Select Banking and Finance Fund Class A (without load)	Russell 2000 Index
----	-----	-----	-----

2/18/97	\$9,525	\$10,000	\$10,000
6/30/97	\$11,144	\$11,700	\$10,804
12/31/97	\$12,758	\$13,394	\$11,988
6/30/98	\$13,324	\$13,989	\$12,620
12/31/98	\$10,137	\$10,643	\$11,720
6/30/99	\$13,265	\$13,926	\$12,803
12/31/99	\$11,821	\$12,411	\$14,222
6/30/00	\$11,155	\$11,711	\$14,656
12/31/00	\$13,608	\$14,286	\$13,807
6/30/01	\$15,698	\$16,480	\$14,747

*<F9> The Russell 2000 Index is an unmanaged index of 2000 stocks weighted by market capitalization.

**<F10> The Fund's Class A total returns since Inception (February 18, 1997) and for one year reflect the effect of the maximum sales load charge of 4.75%.

+<F11> Past performance is not indicative of future performance.

THE EMERALD SELECT BANKING AND FINANCE FUND
TOP TEN HOLDINGS AS OF JUNE 30, 2001

ISSUE	% OF FUND
1.Harleysville National Corporation	3.90%
2.Hudson City Bancorp, Inc.	3.01%
3.SEI Investments Company	2.78%
4.Philadelphia Consolidated Holding Corp.	2.74%
5.S&T Bancorp, Inc.	2.71%
6.Irwin Financial Corporation	2.71%
7.Yardville National Bancorp	2.55%
8.Commerce Bancorp, Inc.	2.38%
9.Parkvale Financial Corporation	2.35%
10.International Bancshares Corporation	2.33%

THE EMERALD SELECT BANKING AND FINANCE FUND

THE FUND AT A GLANCE

Emerald Select Banking and Finance Fund Class C Performance Comparison vs.
Russell 2000*<F12>
Growth of Hypothetical \$10,000 Investment

CUMULATIVE ANNUAL TOTAL RETURN+<F14>

	1 YEAR	INCEPTION
Emerald Select Banking & Finance Class C (load adjusted)**<F13>	37.64%	37.64%
Emerald Select Banking & Finance Class C (without load)	40.00%	40.00%
Russell 2000	0.62%	0.62%

Date	The Emerald Select Banking and Finance Fund Class C (load adjusted)	The Emerald Select Banking and Finance Fund Class C (without load)	Russell 2000 Index
7/1/00	\$9,900	\$10,000	\$10,000
9/30/00	\$11,087	\$11,199	\$10,114
12/31/00	\$12,050	\$12,172	\$9,420
3/31/01	\$12,087	\$12,209	\$8,808
6/30/01	\$13,764	\$14,000	\$10,062

*<F12> The Russell 2000 Index is an unmanaged index of 2000 stocks weighted by market capitalization.

**<F13> The Fund's Class C total returns since Inception (July 1, 2000) and for one year reflect the effect of the maximum front-end sales load charge of 1.00% and 1.00% contingent deferred sales charge.

+<F14> Past performance is not indicative of future performance.

THE EMERALD SELECT BANKING AND FINANCE FUND

REPORT FROM MANAGEMENT

August 15, 2001

Dear Shareholder:

The Emerald Select Banking and Finance Fund has been the big winner for our shareholders over the last six and twelve month periods. The market in the last twelve months has been masked by investor's sentiment (risk aversion) and lack of earnings growth. The Banking and Finance Fund has been perfectly positioned since this sector is one of only three to report positive earnings growth in 2001, and because of our emphasis on small regional and community banks and financial institutions which by nature are very risk averse.

<TABLE>

PERFORMANCE RESULTS FOR PERIODS ENDED JUNE 30, 2001

FUND/INDEX	AVERAGE ANNUAL RETURN			TOTAL RETURN
	ONE YEAR	THREE YEARS	SINCE INCEPTION**<F16>	SINCE INCEPTION**<F16>
<S>	<C>	<C>	<C>	<C>
Emerald Select Banking & Finance Fund Class A:<F15>				
At NAV	+40.72%	+5.61%	+12.12%	+64.79%
At MOP	+34.02%	+3.91%	+10.87%	+56.94%
Russell 2000 Index	+ 0.62%	+5.31%	+ 9.30%	+47.47%
Morningstar - Financial Funds Average	+29.91%	N/A	N/A	N/A

</TABLE>

*<F15> Prior to 10/20/98 the Fund, called the Select Opportunities Fund, pursued a different objective.

**<F16> Inception Date: 2/18/97

Past performance is no guarantee of future results. The Select Banking and Finance Fund returns at NAV do not include the effects of the Fund's Class A maximum 4.75% sales charge; returns at MOP do. The Russell 2000 Index measures the performance returns of 2000 small-cap companies. Investments cannot be made in an index. The Morningstar Financial Funds Average represents 89 and 55 financial services funds for total return without regard to sales charges for the One Year and Three Year periods, respectively. All performance results assume reinvestment of dividends.

The Emerald Fund concentrates on small-cap institutions (Morningstar computes a \$920 million market cap versus \$21.1 billion for the average financial services fund) with:

- 1.) Solid earnings growth
- 2.) Leading and defensible franchises
- 3.) Strong asset quality
- 4.) Experienced management teams

This concentration has led to some significant results versus our peers. Emerald ranks #6 out of 89 financial services funds on a total return calendar year-to-date basis ended June 30th. Over the last 12 months ended June 30th, the Fund ranks #19 out of 84 funds (courtesy Morningstar).

Economic weakness has been concentrated in the technology and manufacturing sectors. Relative strength has remained with the consumer and small businesses. Our focus on small community banks and thrifts has positioned ourselves well for the current cycle. Our concentration is therefore on:

- 1.) Smaller institutions with superior asset quality due to focus on "Main Street," not Wall Street
- 2.) Small business lenders
- 3.) Consumer-oriented mortgage providers

Emerald sees consolidation as a potential plus. We expect continued consolidation concentrated in small-capitalization institutions due to:

- 1.) Technological demands
- 2.) Earnings pressure
- 3.) Geographic expansion
- 4.) Substantial leverage due to cost savings

GartnerG2 reports that by 2007 half of the nation's financial institutions will disappear.

Our concentration on small-cap issues is due to several factors. First, small size commercial banks remain a fundamental part of the U.S. economic infrastructure. Moreover, this subsection of the financial services industry remains the primary financial intermediary with small businesses (defined as having less than 500 workers), a powerful force in today's economy. During the last decade, small businesses created approximately 75% of net new jobs; and, given the dynamics of the U.S. economy, small businesses should continue to be a burgeoning market segment. Generally, smaller financial service firms provide the flexibility and service demanded by their peer size businesses.

Secondly, the financial condition and operational performance of smaller banks (defined as having assets between \$1 billion and \$5 billion) have been more consistent in recent quarters relative to their larger counterparts (total assets above \$10 billion). More specifically, while the smaller banks have generally lower returns on equity, the earnings pattern in recent quarters has not been as erratic as the larger banks. In recent quarters, net interest margins at smaller banks remained 50 basis points to 60 basis points above their larger rivals. Furthermore, the small banks are becoming increasingly adept at supplementing net interest income with various fee and ancillary income, and controlling expenses. As a result, notwithstanding their size, smaller banks are exhibiting better efficiency ratios relative to the larger institutions. A comparison of financial condition statistics shows smaller banks with better

asset quality, higher loan loss reserves and better capitalization. Such statistics would suggest that the smaller banks, in general, are in a better position to withstand a slowdown in the economy.

Lastly, the consolidation activity, which appeared to take a brief hiatus, is showing early signs of industry pick-up. In the long-term, consolidation will continue to be a major factor within the financial services industry reflecting the confluence of several issues including: systematic overcapacity, increased competition (from both traditional and non-traditional financial service companies), substantive changes in delivery service mechanisms, and the advent of the true financial holding company, with the passage of the Gramm-Leach Bliley Act. Furthermore, we expect the consolidation trend within the financial services community to continue on both an inter- and intra-sector basis (the basic sectors defined as banks, thrifts, insurance, brokerage, investment advisors/mutual funds, specialty finance and real estate investment trusts), with more acquisition activity at the lower end of the 'food chain'. Such acquisition targets are likely to exhibit the same strong fundamentals as the institutions we have in our portfolio.

Sincerely,

/s/Kenneth G. Mertz II

/s/Steven E. Russell

Kenneth G. Mertz II, CFA
Co-Portfolio Manager

Steven E. Russell, Esq.
Co-Portfolio Manager

THE EMERALD SELECT TECHNOLOGY FUND

THE FUND AT A GLANCE

Emerald Select Technology Fund Class A Performance Comparison vs. Russell
2000*<F17>
Growth of Hypothetical \$10,000 Investment

AVG. ANNUAL TOTAL RETURN+<F19>

	1 YEAR -----	INCEPTION -----
Emerald Select Technology Class A (load adjusted)**<F18>	(54.10)%	9.41%
Emerald Select Technology Class A (without load)	(51.80)%	10.87%
Russell 2000	0.62%	6.44%

Date ----	The Emerald Select Technology Fund Class A (load adjusted) -----	The Emerald Select Technology Fund Class A (without load) -----	Russell 2000 Index -----
10/31/97	\$9,525	\$10,000	\$10,000
12/31/97	\$10,144	\$10,650	\$10,220
6/30/98	\$11,516	\$12,090	\$10,758
12/31/98	\$10,354	\$10,870	\$9,991
6/30/99	\$11,592	\$12,170	\$10,914
12/31/99	\$29,628	\$31,105	\$12,124
6/30/00	\$28,858	\$30,297	\$12,494
12/31/00	\$18,613	\$19,541	\$11,770
6/30/01	\$13,908	\$14,601	\$12,572

*<F17> The Russell 2000 Index is an unmanaged index of 2000 stocks weighted by market capitalization.

**<F18> The Fund's Class A total returns from Inception (October 31, 1997) and for one year reflect the effect of the maximum sales load charge of 4.75%.

+<F19> Past performance is not indicative of future performance.

THE EMERALD SELECT TECHNOLOGY FUND

TOP TEN HOLDINGS AS OF JUNE 30, 2001

ISSUE -----	% OF FUND -----
1. Microsemi Corporation	5.10%
2. Cubist Pharmaceuticals, Inc.	3.48%
3. eBay Inc.	3.36%
4. SFBC International, Inc.	2.78%
5. Sirius Satellite Radio Inc.	2.48%
6. SEI Investments Company	2.27%
7. Sanchez Computer Associates, Inc.	2.24%
8. Cabot Microelectronics Corporation	2.23%
9. Aviron	2.18%
10. Human Genome Sciences, Inc.	2.16%

THE EMERALD SELECT TECHNOLOGY FUND

THE FUND AT A GLANCE

Emerald Select Technology Fund Class C Performance Comparison vs. Russell
2000*

CUMULATIVE ANNUAL TOTAL RETURN+<F22>

	1 YEAR	INCEPTION
	-----	-----
Emerald Select Technology Class C (load adjusted)**<F21>	(52.96)%	(52.96)%
Emerald Select Technology Class C (without load)	(52.00)%	(52.00)%
Russell 2000	0.62%	0.62%

Date	The Emerald Select Technology Fund Class C (load adjusted)	The Emerald Select Technology Fund Class C (without load)	Russell 2000 Index
----	-----	-----	-----
7/1/00	\$9,900	\$10,000	\$10,000
9/30/00	\$9,592	\$9,689	\$10,114
12/31/00	\$6,370	\$6,434	\$9,420
3/31/01	\$3,653	\$3,690	\$8,808
6/30/01	\$4,704	\$4,800	\$10,062

- *<F20> The Russell 2000 Index is an unmanaged index of 2000 stocks weighted by market capitalization.
- **<F21> The Fund's Class C total returns from Inception (July 1, 2000) and for one year reflect the effect of the maximum front-end sales load charge of 1.00% and 1.00% contingent deferred sales charge.
- +<F22> Past performance is not indicative of future performance.

THE EMERALD SELECT TECHNOLOGY FUND

REPORT FROM MANAGEMENT

August 15, 2001

Dear Shareholder:

Cyclicality? Slowdown? These are no longer a question for the technology sector, as the performance results as of June 30, 2001 show:

<TABLE>

FUND/INDEX	PERFORMANCE RESULTS FOR PERIODS ENDED JUNE 30, 2001			
	AVERAGE ANNUAL RETURN			TOTAL RETURN
	ONE YEAR	THREE YEARS	SINCE INCEPTION**<F24>	SINCE INCEPTION**<F24>
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Emerald Select Technology Fund Class A*<F23>				
At NAV	-51.80%	+ 6.50%	+10.87%	+46.03%
At MOP	-54.10%	+ 4.79%	+ 9.41%	+39.08%
Russell 2000 Index	+ 0.62%	+ 5.31%	+ 6.44%	+25.72%
Morningstar - Technology Funds Average	-53.47%	+15.55%	+17.87%	+82.73%

</TABLE>

- *<F23> Prior to 2/29/00 the Fund, called the Year 2000 Fund, focused on a specific industry within the technology sector.
- **<F24> Inception Date: 10/31/97

As you review the results above, please note that the Fund has invested in a variety of initial public offerings (IPO's). The performance of IPO's may have a greater impact on the performance results of a smaller fund, and may lessen as the fund's assets grow. Past performance is no guarantee of future results. Emerald Select Technology Fund returns at NAV do not include the effects of the Fund's Class A maximum 4.75% sales charge; returns at MOP do. The Russell 2000 Index measures the performance returns of 2000 small-cap companies. Investments cannot be made in an index. The Morningstar Technology Funds Average represents 279, 86 and 66 technology funds, respectively, for total return without regard to sales charges for the Three Year, One Year and Since Inception (10/31/97) periods. All performance results assume reinvestment of dividends.

Over and over, history has shown that when the technology industry seems as though it is no longer cyclical, it is just a matter of time before the boom becomes a bust.

It is clear to all involved that companies once again ramped-up production, by expanding facilities, at the exact wrong time. At the same time, investors overzealous and blinded by the growth rates in technology began to extrapolate the industry growth rates out five-to-ten years and awarded individual stocks extreme price-to-earnings ratios.

The Federal Reserve, in an attempt to slow the economy and deflate the NASDAQ

"bubble," began implementing a series of federal rate hikes in 1999 that proved to be too much for both the economy and the NASDAQ, choking off access to capital and sending the market into a downward spiral in the year 2000. Investors fled technology stocks with a fury not seen in over a decade until the NASDAQ Composite Index hit bottom, closing at 1638 on April 4th of 2001.

Certainly, we must be cautious as earnings are clearly deteriorating far worse than most analysts could have predicted and visibility in technology is basically zero. In fact, the consensus among Wall Street analysts is that second quarter 2001 tech earnings are expected to be down 62% from the second quarter of last year.

There is some good news; smart investors make their money in the market when nobody else wants to be there. In April, investors took a step back and revisited the reason why we invest in technology stocks. The technology team at Emerald anticipates that the technology sector is now entering yet another stage of the current long-term technology revolution. In this phase, we will witness the convergence of various technologies to create the next great advance in technology and biotech.

April's upswing in technology stocks marked the bottom for the NASDAQ and though we have taken a breather, the fact that we have not retested the April lows but have created higher lows is a bullish signal.

As we write this update, the NASDAQ Composite stands 17% above its April 4th low, once again proving that gains in the market comes in spurts and one should not attempt to time the technology sector but instead remain invested in the sector at all times. At Emerald, we continue to believe in the strength of the technology sector and continue to uncover both technology and biotech companies with strong sales and earnings growth, solid balance sheets and positive cash flows, that are introducing new technologies to the world such as Rudolph Technologies (RTEC) and Microsemi Corporation (MSCC).

Rudolph Technologies (RTEC) is a semiconductor equipment company specializing in copper metrology. For 30 years, aluminum circuit lines have been the standard in the semiconductor industry. Today, Rudolph has made it possible for the world to replace aluminum circuits with copper. Why is this important? Copper carries electrons faster, cheaper and more efficiently than aluminum making it possible for new semiconductor chips to be created for advanced applications, such as those produced by Microsemi (MSCC).

Microsemi Corp. produces power management and radio frequency chips for cell phones and other wireless devices. The company also sells small electrical gear called transient voltage protectors, which prevent damage from static electricity. Finally, it offers discrete devices that let chips talk to each other inside a computer. Sales in the second quarter rose 10% sequentially while earnings doubled to 32 cents per share year over year. How does Microsemi continue to perform while most of the chip industry can only dream about this type of performance? By increasing spending on R&D, while targeting new end markets. Microsemi once focused on low margin diodes for the military but now its chips are finding their way into medical gear; such as, heart pacers, defibrillators, and insulin pumps, auto in-dashboard PCs; cell phones; and PDAs.

Emerald has also been successful in investing in "downstream" technology companies, such as International Game Technology (IGT) and Concord EFS, Inc. (CEFT). IGT has used computers and technology to build what is essentially a very fancy PC selling at \$8,000 per system as a slot machine. IGT is the leader in the industry and continues to be on the cutting edge of its industry by teaming with smaller gaming companies, such as, Shuffle Master, Inc. (SHFL), on a number of innovative projects.

Concord EFS, Inc. (CEFT) is yet another "downstream" technology company which has provided strength in the Emerald Select Technology fund (HSYTX). Concord is a national power in the transaction processing market. Half of the debit-card transactions in the U.S. now run through the firm's hands. Concord estimates that by 2007, 60% of all supermarket payments will be electronic. The firm expects debit cards to be the preferred method of payments by 2010. The market is growing 30% a year, and Concord controls a 50% share.

Emerald's exposure to the "life sciences" industry buoyed the Fund's performance in the second quarter of 2001 and will remain an essential part of our investment thesis for the next several years. Emerald understands that the demographic trend of a rapidly aging population will fuel the appetite for useful drugs for many years to come. As the head of the Center for the Study of Drug Development at Tufts University once said: "Extended life span doesn't mean people stay younger longer. It means people stay old longer. They suffer from high blood pressure, depression, arthritis, and so on for longer periods." We have witnessed drugs becoming the fastest-growing part of health-care spending, in 1998 they accounted for 7.9% of America's medical bills, up from 4.9% in 1985. Annual spending per senior for prescriptions is up 116% since 1992. Biotech firms now have more than 350 drugs in clinical development, up from about 130 in 1991.

In addition to the demographic landscape, the gene-mapping project has changed

the biotech landscape. In the history of the pharmaceutical industry, only about 500 basic "targets" have been identified. It has been estimated that by mapping, the human genome scientists may increase the number of molecular "targets" for developing drugs over the next ten years to 10,000.

Human Genome Scientists, Inc. (HGSI) stands to benefit tremendously from the "genomics revolution." Human Genome has assembled the largest proprietary gene database, which they have leveraged by providing research support to fellow drug companies producing licensing fees and royalty streams while developing its own promising pipeline of new drugs. Human Genome currently has five products in clinical testing.

Increased understanding of the genetic process is also allowing scientists to develop treatments to fight cancer. Celgene Corporation (CELG), a long time position in our portfolio, is engaged primarily in the discovery, development and commercialization of small molecule drugs for the treatment of cancer through gene regulation. Recently, Geraldine Ferraro announced to the public that she suffered from multiple myeloma bringing valuable attention to the disease, as well as, Celgene.

There are approximately 40,000 to 50,000 people in the United States living with multiple myeloma and 14,000 new cases of multiple myeloma are diagnosed each year, making it the second most common blood cancer. In a study titled "Extended Survival in Advanced and Refractory Multiple Myeloma After Single-Agent Thalidomide: Indication of Prognostic Factors in a Phase II Study of 169 Patients" published in the medical journal Blood, Celgene's Thalomid was shown to have reduced the amount of cancerous cells and improved survival in patients with advanced multiple myeloma.

While the past year for technology investors has been difficult, the investment team at Emerald has not lost sight of the long-term benefits being developed by technology companies today, which will continue to fuel GDP growth for years to come. We continue to use our fundamental research to uncover companies with new technologies that will make them number one or number two in their niche that has not been discovered by the broader market.

Sincerely,

/s/Steven E. Russell

/s/Kenneth G. Mertz II

Steven E. Russell, Esq.
Co-Portfolio Manager

Kenneth G. Mertz II, CFA
Co-Portfolio Manager

EMERALD MUTUAL FUNDS -- HOMESTATE PENNSYLVANIA GROWTH FUND

SCHEDULE OF INVESTMENTS

JUNE 30, 2001

	SHARES	MARKET VALUE
COMMON STOCKS -- 96.3%		
AEROSPACE & DEFENSE -- 2.8%		
Innovative Solutions and Support, Inc.*<F25>	45,500	\$ 655,200
Triumph Group, Inc.*<F25>	48,600	2,381,400

TOTAL AEROSPACE & DEFENSE		3,036,600

COMMUNICATIONS & BROADCASTING -- 3.3%		
Comcast Corporation -- Class A*<F25>	24,280	1,053,752
Entercom Communications Corp.*<F25>	31,670	1,697,829
4Kids Entertainment, Inc.*<F25>^<F26>	45,915	879,272

TOTAL COMMUNICATIONS & BROADCASTING		3,630,853

FINANCE & INSURANCE -- 11.4%		
INSURANCE CARRIERS -- 2.3%		
Donegal Group Inc. -- Class A	7,067	91,513
Donegal Group Inc. -- Class B	3,533	40,669
Erie Indemnity Company -- Class A	14,600	434,350
Penn-America Group, Inc.	65,120	651,200
Philadelphia Consolidated Holding Corp.*<F25>	36,700	1,276,426

		2,494,158

INVESTMENT COMPANIES -- 1.2%		
Federated Investors, Inc.	38,450	1,238,090

SAVINGS, CREDIT & OTHER FINANCIAL INSTITUTIONS -- 1.7%		
Commonwealth Bancorp, Inc.	3,850	68,799

Parkvale Financial Corporation	28,450	682,800
Progress Financial Corporation	101,068	803,491
Sovereign Bancorp, Inc.	25,000	325,000

		1,880,090

STATE & NATIONAL BANKS -- 6.2%		
Community Banks, Inc.	30,390	907,142
Drovers Bancshares Corporation	13,738	376,421
First Colonial Group, Inc.	31,196	469,500
Harleysville National Corporation	28,665	1,325,756
Main Street Bancorp, Inc.	10,000	111,500
National Penn Bancshares, Inc.	15,300	309,672
Promistar Financial Corp.	20,250	486,000
Royal Bancshares of Pennsylvania, Inc. -- Class A	35,614	658,859
S&T Bancorp, Inc.	40,150	1,084,050
Sun Bancorp, Inc.	25,401	388,635
Susquehanna Bancshares, Inc.	13,800	280,830
Univest Corporation of Pennsylvania	10,100	328,250

		6,726,615

TOTAL FINANCE & INSURANCE		12,338,953

FOOD, BEVERAGES & TOBACCO -- 3.7%		
Buca, Inc.*<F25>^<F26>	74,000	1,609,500
CEC Entertainment Inc.*<F25>^<F26>	20,000	987,000
Hershey Foods Corporation	22,959	1,416,800

TOTAL FOOD, BEVERAGES & TOBACCO		4,013,300

MANUFACTURING -- 42.8%		
BIOTECHNOLOGY -- 14.8%		
Abgenix, Inc.*<F25>^<F26>	28,300	1,273,500
Aviron*<F25>^<F26>	12,000	684,000
Bio-Technology General Corp.*<F25>^<F26>	16,700	218,770
Celgene Corporation*<F25>^<F26>	44,830	1,293,346
Cephalon, Inc.*<F25>	45,700	3,221,850
Cubist Pharmaceuticals, Inc.*<F25>^<F26>	37,010	1,406,380
Emisphere Technologies, Inc.*<F25>^<F26>	70,140	2,038,970
Endo Pharmaceuticals Holdings, Inc.*<F25>	32,750	289,510
Matrix Pharmaceutical, Inc.*<F25>^<F26>	71,200	742,616
Neose Technologies, Inc.*<F25>	109,710	4,936,950

		16,105,892

BUILDING & HOUSING -- 0.2%		
Berger Holdings, Ltd.*<F25>	75,850	219,965

CHEMICALS & ALLIED PRODUCTS -- 2.3%		
Cabot Microelectronics Corporation*<F25>^<F26>	10,000	620,000
OM Group, Inc.	32,730	1,841,063

		2,461,063

MISCELLANEOUS ELECTRICAL MACHINERY, EQUIPMENT & SUPPLIES -- 9.2%		
Allen Organ Company -- Class B	8,494	290,919
AMETEK, Inc.	17,500	534,625
C&D Technologies, Inc.	89,140	2,763,340
Herley Industries, Inc*<F25>	84,510	1,495,827
Intersil Corporation -- Class A*<F25>^<F26>	49,600	1,805,440
Kulicke and Soffa Industries, Inc.*<F25>	31,700	543,972
Maxwell Technologies, Inc.*<F25>^<F26>	11,600	258,680
Rudolph Technologies, Inc.*<F25>^<F26>	8,200	385,400
Semitool, Inc.*<F25>^<F26>	5,250	62,632
Teleflex Incorporated	40,110	1,764,840
II-VI Incorporated*<F25>	7,300	127,750

		10,033,425

MISCELLANEOUS INDUSTRIAL MACHINERY & EQUIPMENT -- 5.4%		
Met-Pro Corporation	100,000	1,350,000
Paragon Technologies, Inc.	204,715	1,514,891
The Shaw Group Inc.*<F25>^<F26>	21,200	850,120
SPS Technologies, Inc.*<F25>	26,800	1,270,320
York International Corporation	25,000	875,500

		5,860,831

PAPER & FOREST PRODUCTS -- 0.5%		
P.H. Glatfelter Company	40,560	578,386

PHARMACEUTICAL PREPARATIONS -- 1.5%		
Adolor Corporation*<F25>	8,300	179,280
Biopure Corporation*<F25>^<F26>	12,500	329,625
Duramed Pharmaceuticals, Inc.*<F25>^<F26>	46,400	830,096
Salix Pharmaceuticals, Ltd.*<F25>^<F26>	13,400	330,310

		1,669,311

PRECISION INSTRUMENTS & MEDICAL SUPPLIES -- 5.3%		
ABIOMED, Inc.*<F25>^<F26>	6,200	146,196
Cytoc Corporation*<F25>^<F26>	40,000	922,000
Environmental Tectonics Corporation*<F25>	199,000	1,611,900
IGEN International, Inc.*<F25>^<F26>	24,000	624,000
Kensey Nash Corporation*<F25>	95,500	1,598,670
Medical Technology & Innovations, Inc.*<F25>	1,001,779	40,071
OraSure Technologies, Inc.*<F25>	50,300	628,750
ThermoGenesis Corp.*<F25>^<F26>	75,000	157,500

		5,729,087

SOFTWARE -- 1.2%		
Activision, Inc.*<F25>^<F26>	6,400	251,200
DocuCorp International, Inc.*<F25>^<F26>	2,500	9,000
MSC. Software Corp.*<F25>^<F26>	27,000	506,250
SpeechWorks International Inc.*<F25>^<F26>	16,100	252,770
Synplicity, Inc.*<F25>^<F26>	12,700	127,127
Take-Two Interactive Software, Inc.*<F25>^<F26>	10,900	202,195

		1,348,542

TELECOMMUNICATIONS EQUIPMENT -- 2.4%		
Inrange Technologies Corporation -- Class B*<F25>^<F26>	12,000	184,200
MRV Communications, Inc.*<F25>^<F26>	10,000	93,500
SeaChange International, Inc.*<F25>^<F26>	97,900	1,765,137
Tollgrade Communications, Inc.*<F25>	18,600	530,100

		2,572,937

TOTAL MANUFACTURING		
		46,579,439

REAL ESTATE INVESTMENT TRUSTS -- 1.9%		
Crown American Realty Trust	110,000	918,500
Liberty Property Trust	29,760	880,896
RAIT Investment Trust	15,000	246,000

TOTAL REAL ESTATE INVESTMENT TRUSTS		
		2,045,396

SERVICES -- 19.2%		
BUSINESS SERVICES -- 2.9%		
The IT Group, Inc.*<F25>	20,000	127,000
Plexus Corp.*<F25>^<F26>	49,300	1,626,900
SEI Investments Company	30,000	1,422,000

		3,175,900

COMPUTER SERVICES -- 8.9%		
Amkor Technology, Inc.*<F25>	71,505	1,580,260
Ansoft Corporation*<F25>	68,660	1,167,220
Black Box Corporation*<F25>	20,010	1,347,874
Sanchez Computer Associates, Inc.*<F25>	139,250	1,845,063
SunGard Data Systems Inc.*<F25>	123,760	3,714,038

		9,654,455

MEDICAL SERVICES -- 1.4%		
Henry Schein, Inc.*<F25>^<F26>	37,800	1,514,268

OIL & GAS SERVICES -- 3.5%		
KCS Energy, Inc.*<F25>^<F26>	25,000	165,000
Patterson-UTI Energy, Inc.*<F25>^<F26>	32,900	587,923
Penn Virginia Corporation	21,850	718,865
Pride International, Inc.*<F25>^<F26>	20,000	380,000
Quicksilver Resources Inc.*<F25>^<F26>	25,400	457,200
Unit Corporation*<F25>^<F26>	95,300	1,510,505

		3,819,493

PERSONAL SERVICES -- 2.5%		
Education Management Corporation*<F25>	68,350	2,737,417

TOTAL SERVICES		20,901,533

UTILITIES -- 2.1%		
Philadelphia Suburban Corporation	87,995	2,243,872

WHOLESALE & RETAIL TRADE -- 9.1%		
MISCELLANEOUS RETAIL STORES -- 2.6%		
Electronics Boutique Holdings Corp.*<F25>	88,310	2,803,842

RETAIL APPAREL & ACCESSORY STORES -- 5.3%		
American Eagle Outfitters, Inc.*<F25>	22,500	792,900
Charming Shoppes, Inc.*<F25>	183,547	1,101,282
J. Jill Group Inc.*<F25>^<F26>	30,500	617,625
Jones Apparel Group, Inc.*<F25>	26,500	1,144,800
Too Inc.*<F25>^<F26>	24,300	665,820
The Wet Seal, Inc. -- Class A*<F25>^<F26>	41,000	1,419,010

		5,741,437

WHOLESALE MISCELLANEOUS -- 1.2%		
AmeriSource Health Corporation -- Class A*<F25>	25,080	1,386,924

TOTAL WHOLESALE & RETAIL TRADE		9,932,203

TOTAL COMMON STOCKS (COST \$77,218,970)		104,722,149

	PRINCIPAL	
	AMOUNT	

SHORT-TERM INVESTMENTS -- 4.2%		
COMMERCIAL PAPER #<F27> -- 2.4%		
Galaxy Funding Corporation, 3.98%, 7/02/01	\$2,636,000	2,636,000

VARIABLE RATE DEMAND NOTES ##<F28> -- 1.8%		
American Family Financial Services Inc., 3.36%	658,454	658,454
Wisconsin Corporate Central Credit Union, 3.42%	1,061,710	1,061,710
Wisconsin Electric Power Company, 3.36%	228,416	228,416

		1,948,580

TOTAL SHORT-TERM INVESTMENTS (COST \$4,584,580)		4,584,580

TOTAL INVESTMENTS (COST OF \$81,803,550) -- 100.5%		109,306,729

OTHER ASSETS AND LIABILITIES, NET -- (0.5%)		(547,775)

NET ASSETS -- 100.0%		\$108,758,954

*<F25> Non-income producing security.

^<F26> Non-Pennsylvania Company as defined in the Fund's current prospectus (the aggregate value of such securities amounted to \$30,790,983 as of June 30, 2001).

#<F27> Security sold within the terms of a private placement memorandum, exempt from registration under section 144A of the Securities Act of 1933, as amended, and may be sold only to dealers in that program or other "qualified institutional investors."

##<F28> Variable rate demand notes are considered short-term obligations and are payable on demand. Interest rates change periodically on specified dates. The rates listed are as of June 30, 2001.

See accompanying Notes to Financial Statements

SCHEDULE OF INVESTMENTS

JUNE 30, 2001

	SHARES	MARKET VALUE
	-----	-----
COMMON STOCKS -- 91.0%		
FINANCE & INSURANCE -- 82.6%		
INSURANCE CARRIERS -- 2.8%		
Motor Club of America *<F29>	2,500	\$ 18,125
Philadelphia Consolidated Holding Corp. *<F29>	12,100	420,838

		438,963

INVESTMENT COMPANIES -- 2.6%		
Federated Investors, Inc.	6,200	199,640
Gabelli Asset Management Inc. -- Class A*<F29>	4,800	197,520

		397,160

SAVINGS, CREDIT & OTHER FINANCIAL INSTITUTIONS -- 18.9%		
Astoria Financial Corporation	2,000	110,000
Commonwealth Bancorp, Inc.	5,000	89,350
First Keystone Financial, Inc.	9,000	127,260
Hudson City Bancorp, Inc.	20,000	461,800
Irwin Financial Corporation	16,500	414,975
Laurel Capital Group, Inc.	6,750	116,606
Net.B@nk, Inc.*<F29>	6,000	67,800
OceanFirst Financial Corp.	8,900	230,866
Parkvale Financial Corporation	15,000	360,000
Progress Financial Corporation	31,958	254,066
Sovereign Bancorp, Inc.	14,000	182,000
Waypoint Financial Corp.	10,800	135,540
Webster Financial Corporation	10,500	344,190

		2,894,453

STATE & NATIONAL BANKS -- 58.3%		
Alabama National BanCorporation	6,000	194,700
Arrow Financial Corporation	4,600	116,150
Banknorth Group, Inc.	13,687	310,011
CCBT Financial Companies Inc.	8,600	257,914
Century Bancorp, Inc. -- Class A	2,500	50,500
Columbia Bancorp	2,500	32,625
Commerce Bancorp, Inc.	5,200	364,520
Community Banks, Inc.	8,200	244,770
Community Bancshares Incorporated	1,200	45,300
Community First Bankshares, Inc.	12,000	276,000
Drovers Bancshares Corporation	11,576	317,182
First Charter Corporation	11,000	206,250
First Colonial Group, Inc.	3,472	52,254
Fulton Financial Corporation	7,791	159,404
Great Southern Bancorp, Inc.	1,900	49,913
Harleysville National Corporation	12,941	598,521
Hudson United Bancorp	10,287	262,319
International Bancshares Corporation	8,500	357,000
Legacy Bank of Harrisburg*<F29>^<F32>	17,392	191,747
Local Financial Corporation*<F29>	9,500	122,550
Mercantile Bankshares Corporation	5,700	223,041
National Commerce Financial Corporation	9,800	238,826
National Penn Bancshares, Inc.	11,636	235,513
Oak Hill Financial, Inc.	24,000	339,600
Promistar Financial Corp.	7,500	180,000
Republic Bancorp Inc.	8,000	111,200
Royal Bancshares of Pennsylvania, Inc. -- Class A	17,767	328,689
Royal Bank of Canada+<F31>	5,304	168,932
S&T Bancorp, Inc.	15,400	415,800
Sky Financial Group, Inc.	12,391	234,562
Southern Financial Bancorp, Inc.	11,100	280,275
Summit Bancshares, Inc.	6,600	124,212
Sun Bancorp, Inc.	12,688	194,126
Sun Bancorp, Inc. -- New Jersey *<F29>	18,900	198,450
Susquehanna Bancshares, Inc.	8,000	162,800
U.S.B. Holding Co., Inc.	20,700	315,675
Union Bankshares Corporation	10,000	157,550
United National Bancorp	12,400	281,232
Valley National Bancorp	5,250	148,838
Yardville National Bancorp	27,900	390,600

		8,939,551
TOTAL FINANCE & INSURANCE		12,670,127
REAL ESTATE INVESTMENT TRUSTS -- 3.9%		
Brandywine Realty Trust	5,000	112,250
Crown American Realty Trust	13,300	111,055
Liberty Property Trust	5,000	148,000
RAIT Investment Trust	14,000	229,600
TOTAL REAL ESTATE INVESTMENT TRUSTS		600,905
SERVICES -- 4.5%		
BUSINESS SERVICES -- 2.8%		
SEI Investments Company	9,000	426,600
COMPUTER SERVICES -- 1.7%		
Sanchez Computer Associates, Inc. *<F29>	20,000	265,000
TOTAL SERVICES		691,600
TOTAL COMMON STOCKS (COST \$11,950,265)		13,962,632

PRINCIPAL
AMOUNT

SHORT-TERM INVESTMENTS -- 2.6%		
VARIABLE RATE DEMAND NOTES #<F30> -- 2.6%		
Wisconsin Corporate Central Credit Union, 3.42%	\$392,874	392,874
TOTAL SHORT-TERM INVESTMENTS (COST \$392,874)		392,874
TOTAL INVESTMENTS (COST \$12,343,139) -- 93.6%		14,355,506
OTHER ASSETS AND LIABILITIES, NET -- 6.4%		979,146
NET ASSETS -- 100.0%		\$15,334,652

- *<F29> Non-income producing security.
#<F30> Variable rate demand notes are considered short-term obligations and are payable on demand. Interest rates change periodically on specified dates. The rate listed is as of June 30, 2001.
+<F31> Foreign security.
^<F32> Illiquid security.

See accompanying Notes to Financial Statements

EMERALD MUTUAL FUNDS -- SELECT TECHNOLOGY FUND

SCHEDULE OF INVESTMENTS JUNE 30, 2001

	SHARES	MARKET VALUE
	-----	-----
COMMON STOCKS -- 88.8%		
COMMUNICATIONS & BROADCASTING -- 3.9%		
Sirius Satellite Radio Inc.*<F33>1<F36>	17,000	\$ 207,230
XM Satellite Radio Holdings Inc. -- Class A*<F33>	7,500	121,500
TOTAL COMMUNICATIONS & BROADCASTING		328,730
MANUFACTURING -- 58.9%		
BIOTECHNOLOGY -- 20.2%		
Abgenix, Inc.*<F33>	4,000	180,000
Adolor Corporation*<F33>	3,000	64,800
Aviron*<F33>	3,200	182,400
Biopure Corporation*<F33>	6,600	174,042
Celgene Corporation*<F33>	6,000	173,100
CryoLife, Inc.*<F33>	2,000	81,820
Cubist Pharmaceuticals, Inc.*<F33>	7,650	290,700
Emisphere Technologies, Inc.*<F33>	3,500	101,745
Human Genome Sciences, Inc.*<F33>	3,000	180,750
Matrix Pharmaceutical, Inc.*<F33>	7,900	82,397
Neose Technologies, Inc.*<F33>	4,000	180,000

		1,691,754	

CHEMICALS & ALLIED PRODUCTS -- 2.2%			
Cabot Microelectronics Corporation*<F33>	3,000	186,000	

COMPUTER & OFFICE EQUIPMENT -- 3.6%			
EMC Corporation*<F33>	6,000	174,300	
Riverstone Networks, Inc.*<F33>	2,600	51,714	
VERITAS Software Corporation*<F33>	1,125	74,846	

		300,860	

MISCELLANEOUS ELECTRICAL MACHINERY, EQUIPMENT & SUPPLIES -- 15.4%			
ChipPAC, Inc.*<F33>	7,000	73,080	
International Game Technology*<F33>	1,250	78,438	
Intersil Corporation -- Class A*<F33>	3,400	123,760	
Marvell Technology Group Ltd.*<F33>+<F37>	4,000	107,600	
Microsemi Corporation*<F33>	6,000	426,000	
Microtune, Inc.*<F33>	6,000	132,000	
QLogic Corporation*<F33>	750	48,338	
Rudolph Technologies, Inc.*<F33>	3,000	141,000	
Ultratech Stepper, Inc.*<F33>	6,000	153,900	

		1,284,116	

PHARMACEUTICAL PREPARATIONS -- 4.3%			
Duramed Pharmaceuticals, Inc.*<F33>	7,000	125,230	
Salix Pharmaceuticals, Ltd.*<F33>	6,000	147,900	
Taro Pharmaceuticals Industries Ltd.*<F33>+<F37>	1,000	87,560	

		360,690	

PRECISION INSTRUMENTS & MEDICAL SUPPLIES -- 1.9%			
IGEN International, Inc.*<F33>	2,500	65,000	
OraSure Technologies, Inc.*<F33>	7,500	93,750	

		158,750	

SOFTWARE -- 5.1%			
Activision, Inc.*<F33>	1,500	58,875	
Advent Software, Inc.*<F33>	1,250	79,375	
BEA Systems, Inc.*<F33>	2,000	61,420	
Emulex Corporation*<F33>	750	30,300	
Oracle Corporation*<F33>	5,000	95,000	
SERENA Software, Inc.*<F33>	2,000	72,680	
TIBCO Software Inc.*<F33>	2,200	28,094	

		425,744	

TELECOMMUNICATIONS EQUIPMENT -- 6.2%			
Avici Systems Inc.*<F33>	7,000	59,990	
CIENA Corporation*<F33>	2,100	79,800	
ONI Systems Corp.*<F33>	4,200	117,180	
QUALCOMM Inc.*<F33>	2,400	140,352	
SeaChange International, Inc.*<F33>1<F36>	6,500	117,195	

		514,517	

TOTAL MANUFACTURING		4,922,431	

SERVICES -- 26.0%			
BUSINESS SERVICES -- 9.5%			
Concord EFS, Inc.*<F33>	3,000	156,030	
eBay Inc.*<F33>1<F36>	4,100	280,809	
Fair, Isaac and Company, Incorporated	2,000	123,640	
Plexus Corp.*<F33>	1,350	44,550	
SEI Investments Company	4,000	189,600	

		794,629	

COMPUTER SERVICES -- 8.7%			
Check Point Software Technologies Ltd.*<F33>+<F37>	2,700	136,539	
Extreme Networks, Inc.*<F33>	2,500	73,750	
Sanchez Computer Associates, Inc.*<F33>	14,150	187,487	
SonicWALL, Inc.*<F33>	6,000	151,260	

SunGard Data Systems Inc.*<F33>	5,800	174,058

		723,094

ENTERTAINMENT & LEISURE -- 1.3%		
Shuffle Master, Inc.*<F33>	5,250	110,250

PHARMACEUTICAL SERVICES -- 4.8%		
Pharmaceutical Product Development, Inc.*<F33>	2,500	76,275
Professional Detailing, Inc.*<F33>	1,000	92,000
SFBC International, Inc.*<F33>	8,000	232,000

		400,275

TELECOMMUNICATION SERVICES -- 1.7%		
Metro One Telecommunications, Inc.*<F33>	1,000	64,870
Pac-West Telecomm, Inc.*<F33>	40,000	77,600

		142,470

TOTAL SERVICES		2,170,718

TOTAL COMMON STOCKS (COST \$7,023,579)		7,421,879

PRINCIPAL
AMOUNT

SHORT-TERM INVESTMENTS -- 8.0%		
COMMERCIAL PAPER #<F34> -- 4.1%		
Galaxy Funding Corporation, 3.98%, 7/02/01	\$340,000	340,000

VARIABLE RATE DEMAND NOTES ##<F35> -- 3.9%		
American Family Financial Services Inc., 3.36%	170,000	170,000
Wisconsin Corporate Central Credit Union, 3.42%	20,000	20,000
Wisconsin Electric Power Company, 3.36%	136,654	136,654

		326,654

TOTAL SHORT-TERM INVESTMENTS (COST \$666,654)		666,654

TOTAL INVESTMENTS (COST \$7,690,233) -- 96.8%		8,088,533

SHARES

SECURITIES SOLD SHORT -- (6.3%)		
ANADIGICS, Inc.	8,000	(184,000)
Bel Fuse Inc. -- Class A	3,000	(90,000)
Finisar Corporation	4,800	(89,664)
PolyMedica Corporation	4,000	(162,000)

TOTAL SECURITIES SOLD SHORT (PROCEEDS \$426,492)		(525,664)

OTHER ASSETS AND LIABILITIES, NET -- 9.5%		792,392

NET ASSETS -- 100.0%		\$8,355,261

*<F33> Non-income producing security.

#<F34> Security sold within the terms of a private placement memorandum, exempt from registration under section 144A of the Securities Act of 1933, as amended, and may be sold only to dealers in that program or other qualified institutional investors.

##<F35> Variable rate demand notes are considered short-term obligations and are payable on demand. Interest rates change periodically on specified dates. The rates listed are as of June 30, 2001.

1<F36> All or a portion of the securities have been committed for collateral for open short positions.

+<F37> Foreign security.

See accompanying Notes to Financial Statements

EMERALD MUTUAL FUNDS

STATEMENTS OF ASSETS AND LIABILITIES

JUNE 30, 2001

<TABLE>

	HOMESTATE PENNSYLVANIA GROWTH FUND	SELECT BANKING AND FINANCE FUND	SELECT TECHNOLOGY FUND
<S>	<C>	<C>	<C>
ASSETS			
Investments in securities at market value (identified cost \$81,803,550, \$12,343,139 and \$7,690,233 respectively) (Note 2)	\$109,306,729	\$14,355,506	\$ 8,088,533
Deposits with brokers for securities sold short	--	--	1,206,331
Receivables for:			
Dividends and interest	54,371	39,471	41,570
Investment securities sold	1,600	--	482,788
Capital shares sold	244,143	1,065,472	981
Receivable from Adviser	--	429	27,331
Other assets	12,584	12,968	10,164
Total assets	109,619,427	15,473,846	9,857,698
LIABILITIES			
Securities sold short at market value (proceeds \$0, \$0 and \$426,492 respectively) (Note 2)	--	--	525,664
Payables for:			
Investment securities purchased	493,066	65,180	882,559
Capital shares repurchased	77,976	--	367
Payable to Adviser	65,430	--	--
Accrued expenses and other liabilities	224,001	74,014	93,847
Total liabilities	860,473	139,194	1,502,437
NET ASSETS	\$108,758,954	\$15,334,652	\$ 8,355,261
NET ASSETS CONSIST OF:			
Shares of beneficial interest	\$85,618,109	\$13,182,542	\$12,593,264
Accumulated net investment income	51,875	60,329	--
Accumulated net realized gain (loss) on investments	(4,414,209)	79,414	(4,537,131)
Net unrealized appreciation on investments	27,503,179	2,012,367	398,300
Net unrealized depreciation on securities sold short	--	--	(99,172)
Net assets	\$108,758,954	\$15,334,652	\$ 8,355,261
CLASS A:			
NET ASSET VALUE AND REDEMPTION PRICE PER SHARE			
(\$107,325,141/8,586,669 issued and outstanding shares, no par value; \$14,821,471/953,289 issued and outstanding shares, no par value and \$8,054,381/662,798 issued and outstanding shares, no par value, respectively)	\$12.50	\$15.55	\$12.15
Maximum offering price per share (100/95.25 of \$12.50, 100/95.25 of \$15.55 and 100/95.25 of \$12.15, respectively)	\$13.12	\$16.33	\$12.76
CLASS C:			
NET ASSET VALUE AND REDEMPTION PRICE PER SHARE			
(\$1,433,813/115,383 issued and outstanding shares, no par value; \$513,181/33,178 issued and outstanding shares, no par value and \$300,880/24,865 issued and outstanding shares, no par value, respectively)	\$12.43	\$15.47	\$12.10
Maximum offering price per share (100/99.00 of \$12.43, 100/99.00 of \$15.47 and 100/99.00 of \$12.10, respectively)	\$12.56	\$15.63	\$12.22

</TABLE>

See accompanying Notes to Financial Statements

EMERALD MUTUAL FUNDS

STATEMENTS OF OPERATIONS

<TABLE>

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

HOMESTATE PENNSYLVANIA GROWTH FUND	SELECT BANKING AND FINANCE FUND	SELECT TECHNOLOGY FUND
--	------------------------------------	---------------------------

<S>	<C>	<C>	<C>
INVESTMENT INCOME:			
Dividends	\$ 989,413	\$ 405,687	\$ 1,334
Interest	341,289	41,418	83,998
Total investment income	1,330,702	447,105	85,332
EXPENSES:			
Investment Advisory fees	858,470	119,966	130,320
12b-1 fees -- Class A	397,408	40,757	63,498
12b-1 fees -- Class C	9,248	3,546	3,362
Shareholder servicing and accounting	220,856	77,081	101,092
Professional fees	69,334	22,214	23,914
Trustees' fees and expenses	13,482	5,102	5,683
Administration fees	80,774	49,230	50,905
Reports to shareholders	42,379	3,931	5,662
Federal and state registration fees	39,628	26,148	44,196
Custody fees	32,740	4,310	13,368
Other	30,337	2,457	4,396
Total expenses before fee waivers	1,794,656	354,742	446,396
Advisory fee waived	--	(70,405)	(66,494)
Total expenses	1,794,656	284,337	379,902
NET INVESTMENT INCOME (LOSS)	(463,954)	162,768	(294,570)
REALIZED AND UNREALIZED GAIN (LOSS)			
ON INVESTMENTS:			
Realized gain (loss) on:			
Investments	3,201,890	687,769	(4,196,701)
Short positions	--	--	51,146
Options contracts expired or closed	--	--	52,618
Change in unrealized appreciation/depreciation on:			
Investments	(16,501,057)	3,303,916	(5,446,336)
Short positions	--	--	16,797
Written options	--	--	(43,068)
Net realized and unrealized gain (loss) on investments	(13,299,167)	3,991,685	(9,565,544)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (13,763,121)	\$4,154,453	\$ (9,860,114)

</TABLE>

See accompanying Notes to Financial Statements

EMERALD MUTUAL FUNDS

STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

<S>	HOMESTATE PENNSYLVANIA GROWTH FUND	SELECT BANKING AND FINANCE FUND	SELECT TECHNOLOGY FUND*<F38>
<C>	<C>	<C>	<C>
OPERATIONS:			
Net investment income (loss)	\$ (463,954)	\$ 162,768	\$ (294,570)
Net realized gain (loss):			
Investments	3,201,890	687,769	(4,196,701)
Short positions	--	--	51,146
Options contracts expired or closed	--	--	52,618
Change in unrealized appreciation/depreciation on:			
Investments	(16,501,057)	3,303,916	(5,446,336)
Short positions	--	--	16,797
Written options	--	--	(43,068)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	(13,763,121)	4,154,453	(9,860,114)
DISTRIBUTIONS TO CLASS A SHAREHOLDERS FROM:			
Net investment income	--	(153,359)	--
Net realized gain on investment transactions	(32,046,059)	--	(2,626,043)

	(32,046,059)	(153,359)	(2,626,043)
DISTRIBUTIONS TO CLASS C SHAREHOLDERS FROM:			
Net investment income	--	(4,480)	--
Net realized gain on investment transactions	(161,654)	--	(33,693)
	(161,654)	(4,480)	(33,693)
CAPITAL SHARE TRANSACTIONS: (NOTE 3)			
Net increase in net assets resulting from capital share transactions	18,080,524	390,686	1,485,342
TOTAL INCREASE (DECREASE) IN NET ASSETS	(27,890,310)	4,387,300	(11,034,508)
NET ASSETS:			
Beginning of period	136,649,264	10,947,352	19,389,769
End of period	\$108,758,954	\$15,334,652	\$ 8,355,261

FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	HOMESTATE PENNSYLVANIA GROWTH FUND	SELECT BANKING AND FINANCE FUND	SELECT TECHNOLOGY FUND*<F38>
OPERATIONS:			
Net investment income (loss)	\$ (899,125)	\$ 90,202	\$ (365,702)
Net realized gain (loss):			
Investments	41,756,079	(256,917)	7,097,220
Short positions	--	--	(174,975)
Option contracts expired or closed	--	--	106,649
Change in unrealized appreciation/depreciation on:			
Investments	21,846,095	(1,912,824)	4,405,290
Short positions	--	--	(80,422)
Written options	--	--	43,068
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	62,703,049	(2,079,539)	11,031,128
DISTRIBUTIONS TO CLASS A SHAREHOLDERS FROM:			
Net investment income	--	(35,485)	--
Net realized gain on investment transactions	(8,460,931)	--	(450,023)
	(8,460,931)	(35,485)	(450,023)
CAPITAL SHARE TRANSACTIONS: (NOTE 3)			
Net decrease in net assets resulting from capital share transactions	(16,569,413)	(69,027)	(247,009)
TOTAL INCREASE (DECREASE) IN NET ASSETS	37,672,705	(2,184,051)	10,334,096
NET ASSETS:			
Beginning of period	98,976,559	13,131,403	9,055,673
End of period	\$136,649,264	\$10,947,352	\$19,389,769

</TABLE>

*<F38> Prior to February 29, 2000 was known as the Year 2000 (Y2K) Fund.

See accompanying Notes to Financial Statements

EMERALD MUTUAL FUNDS

FINANCIAL HIGHLIGHTS

FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD:
HOMESTATE PENNSYLVANIA GROWTH FUND*<F40>

<TABLE>

		YEARS ENDED				
		6/30/01	6/30/00	6/30/99	6/30/98	6/30/97
CLASS C++	CLASS A++					
<F41>	<F41>					

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value at beginning of period	\$18.31	\$18.31	\$11.70	\$13.03	\$10.78	\$10.63
INCOME FROM INVESTMENT OPERATIONS						
Net investment loss	(0.13)2<F43>	(0.05)2<F43>	(0.12)1<F42>	(0.01)1<F42>	(0.05)1<F42>	(0.03)
Net realized and unrealized gain (loss) on investments	(1.57)	(1.58)	7.79	(1.18)	2.70	0.89
Total from investment operations	(1.70)	(1.63)	7.67	(1.19)	2.65	0.86
LESS DISTRIBUTIONS						
Distributions from net realized gains	(4.18)	(4.18)	(1.06)	(0.14)	(0.40)	(0.71)
Net asset value at end of period	\$12.43	\$12.50	\$18.31	\$11.70	\$13.03	\$10.78
Total return*<F39>	(10.08)%	(9.62)%	66.58%	(9.24)%	25.04%	9.56%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000s omitted)	\$1,434	\$107,325	\$136,649	\$98,977	\$135,437	\$89,577
Ratio of expenses to average net assets	2.21%	1.56%	1.45%	1.56%	1.49%	1.77%
Ratio of net investment loss to average net assets	(1.05)%	(0.40)%	(0.66)%	(0.11)%	(0.45)%	(0.39)%
Portfolio turnover rate3<F44>	60%	60%	102%	88%	51%	50%

*<F39> Total return assumes dividend reinvestment and does not reflect the effect of sales charges.

**<F40> The per share data reflects a 2 for 1 stock split which occurred December 29, 1997.

++<F41> On July 1, 2000, the Class C Shares went effective and the existing class of shares was designated Class A Shares.

1<F42> Net investment loss per share is calculated using ending balances prior to consideration of adjustments for permanent book and tax differences.

2<F43> Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the period.

3<F44> Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

See accompanying Notes to Financial Statements

FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD:
SELECT BANKING AND FINANCE FUND

<S>	YEARS ENDED					
	6/30/01	6/30/00	6/30/99	6/30/98	6/30/97#	
	CLASS C++ <F46>	CLASS A++ <F46>				<F45>
Net asset value at beginning of period	\$11.20	\$11.20	\$13.36	\$13.42	\$11.70	\$10.00
INCOME FROM INVESTMENT OPERATIONS						
Net investment income (loss)	0.102<F51>	0.182<F51>	0.08	(0.01)1<F50>	(0.20)1<F50>	(0.03)
Net realized and unrealized gain (loss) on investments	4.34	4.34	(2.20)	(0.05)	2.46	1.73
Total from investment operations	4.44	4.52	(2.12)	(0.06)	2.26	1.70
LESS DISTRIBUTIONS						
Dividends from net investment income	(0.17)	(0.17)	(0.03)	--	--	--
Dividends in excess of net investment income	--	--	(0.01)	--	--	--
Distributions from net realized gains	--	--	--	--	(0.54)	--
	(0.17)	(0.17)	(0.04)	--	(0.54)	--
Net asset value at end of period	\$15.47	\$15.55	\$11.20	\$13.36	\$13.42	\$11.70
Total return**<F48>	40.00%	40.72%	(15.91)%	(0.45)%	19.56%	17.00%***

<F49>

RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (000s omitted)	\$513	\$14,822	\$10,947	\$13,131	\$17,426	\$5,628
Ratio of operating expenses to average net assets before reimbursement by Adviser and waivers	3.59%	2.94%	2.60%	2.60%	2.59%	8.10%* <F47>
Ratio of operating expenses to average net assets after reimbursement by Adviser and waivers<F52>	3.00%	2.35%	2.35%	2.35%	2.35%	2.35%* <F47>
Ratio of dividends on short positions to average net assets	--	--	--	--	0.02%	--
Ratio of net investment income (loss) to average net assets before reimbursement by Adviser and waivers	0.14%	0.79%	0.51%	(0.31)%	(1.99)%	(6.85)%* <F47>
Ratio of net investment income (loss) to average net assets after reimbursement by Adviser and waivers	0.73%	1.38%	0.76%	(0.05)%	(1.75)%	(1.10)%* <F47>
Portfolio turnover rate<F53>	55%	55%	46%	158%	115%	59%

</TABLE>

#<F45> From commencement of operations: February 18, 1997.

++<F46> On July 1, 2000, the Class C Shares went effective and the existing class of shares was designated Class A Shares.

*<F47> Annualized.

**<F48> Total return assumes dividend reinvestment and does not reflect the effect of sales charges.

***<F49> Not annualized.

1<F50> Net investment loss per share is calculated using ending balances prior to consideration of adjustments for permanent book and tax differences.

2<F51> Net investment income per share represents net investment income divided by the average shares outstanding throughout the period.

3<F52> The operating expense ratio excludes dividends on short positions. The ratio including dividends on short positions for the periods ended June 30, 2001, 2000, 1999, 1998 and 1997 were 3.00% (Class C) and 2.35% (Class A), 2.35% 2.35%, 2.37% and 2.35%, respectively.

4<F53> Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

See accompanying Notes to Financial Statements

FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD:
SELECT TECHNOLOGY FUND

<TABLE>

	YEARS ENDED				
	6/30/01		6/30/00	6/30/99	6/30/98#
	CLASS C++ <F55>	CLASS A++ <F55>			<F54>
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value at beginning of period	\$29.59	\$29.59	\$12.17	\$12.09	\$10.00
INCOME FROM INVESTMENT OPERATIONS					
Net investment loss	(0.37)2<F60>	(0.43)2<F60>	(0.55)1<F59>	(0.22)1<F59>	(0.16)1<F59>
Net realized and unrealized gain on investments	(13.12)	(13.01)	18.62	0.30	2.25
Total from investment operations	(13.49)	(13.44)	18.07	0.08	2.09
LESS DISTRIBUTIONS					
Distributions from net realized gains	(4.00)	(4.00)	(0.65)	--	--
Net asset value at end of period	\$12.10	\$12.15	\$29.59	\$12.17	\$12.09
Total return**<F57>	(52.00)%	(51.80)%	148.95%	0.66%	20.90%***<F58>

RATIOS/SUPPLEMENTAL DATA

Net assets, end of period (000s omitted)	\$301	\$8,054	\$19,390	\$9,056	\$10,973
Ratio of operating expenses to average net assets before reimbursement by Adviser and waivers	3.91%	3.41%	2.67%3<F61>	3.01%	5.29%*<F56>

Ratio of operating expenses to average net assets after reimbursement by Adviser and waivers	3.40% ³	2.90% ³	na ⁴	2.90% ³	2.90%* ⁵
Ratio of dividends on short positions to average net assets	--	--	0.02%	0.04%	0.03%* ⁵
Ratio of net investment loss to average net assets before reimbursement by Adviser and waivers	(3.26)%	(2.76)%	(2.17)%	(2.27)%	(4.56)%* ⁵
Ratio of net investment loss to average net assets after reimbursement by Adviser and waivers	(2.75)%	(2.25)%	na ³	(2.16)%	(2.17)%* ⁵
Portfolio turnover rate ⁵	193%	193%	199%	200%	44%

#⁴ From commencement of operations: October 31, 1997.
⁺ On July 1, 2000, the Class C Shares went effective and the existing class of shares was designated Class A Shares.
^{*} Annualized.
^{**} Total return assumes dividend reinvestment and does not reflect the effect of sales charges.
^{***} Not annualized.
¹ Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the period.
² Net investment loss per share is calculated using ending balances prior to consideration of adjustments for permanent book and tax differences.
³ The operating expense ratio excludes dividends on short positions. The ratio including dividends on short positions for the periods ended June 30, 2001, 2000, 1999 and 1998 were 3.40% (Class C) and 2.90% (Class A), 2.69%, 2.94% and 2.93%, respectively.
⁴ Not applicable: no reimbursements were made by the Adviser.
⁵ Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

See accompanying Notes to Financial Statements

EMERALD MUTUAL FUNDS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

NOTE 1 -- DESCRIPTION OF FUNDS

The HomeState Group (the "Trust"), an open-end management investment company, was established as a Pennsylvania common law trust on August 26, 1992, and is registered under the Investment Company Act of 1940, as amended. The Trust has established three series: the Emerald HomeState Pennsylvania Growth Fund, the Emerald Select Banking and Finance Fund and the Emerald Select Technology Fund (each a "Fund" and collectively, the "Funds"). Effective July 1, 2000, the Board voted to name the Fund family the Emerald Mutual Funds. The investment objectives of the Emerald Mutual Funds are set forth below.

The Emerald HomeState Pennsylvania Growth Fund commenced operations on October 1, 1992. The investment objective of the Fund is long-term growth of capital through a diversified portfolio of investments primarily in the common stock of companies with headquarters or significant operations in the Commonwealth of Pennsylvania. To pursue its objective, the Fund will invest at least 65% of its total assets in such companies. Consequently, the Fund may be subject to risk from economic changes and political developments occurring within Pennsylvania.

The Emerald Select Banking and Finance Fund commenced operations on February 18, 1997. The investment objective of the Fund is long-term growth through capital appreciation. Income is a secondary objective. To pursue its objective, the Fund will invest at least 65% of its total assets in a diversified portfolio of banking and financial services companies. Prior to October 20, 1998, the Fund was named the HomeState Select Opportunities Fund and had a different investment objective.

The Emerald Select Technology Fund commenced operations on October 31, 1997. The investment objective of the Fund is to seek capital appreciation by investing in a non-diversified portfolio of equity securities of public companies in the technology sector. To pursue its objective, the Fund will invest at least 65% of its total assets in such companies. Prior to February 29, 2000, the Fund was named the HomeState Year 2000 Fund and had a narrower investment objective.

The Funds issued a second class of shares, Class C Shares, and renamed the initial class as Class A Shares on July 1, 2000. The two classes differ principally in their respective distribution expenses and arrangements as well as their respective sale and redemption fee arrangements. Both classes of shares have identical rights to earnings, assets and voting privileges, except for class specific expenses and exclusive rights to vote on matters affecting only individual classes.

Class A Shares are subject to an initial sales charge of 4.75% imposed at the time of purchase. Class C Shares are subject to an initial sales charge of 1.00% imposed at the time of purchase, as well as a contingent deferred sales charge ("CDSC") for redemptions made within one year of purchase, in accordance with the Fund's prospectus. The CDSC is 1.00% of the lesser of the current market value or the cost of shares being redeemed.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies, in conformity with accounting principles generally accepted in the United States of America, which were consistently followed by each Fund in the preparation of their financial statements.

SECURITY VALUATION -- Investment securities traded on a national securities exchange are valued at the last reported sales price, which is usually at 4:00 p.m. Eastern time, unless there are no transactions on the valuation date, in which case they are valued at the mean between the closing asked and bid prices. Securities traded over-the-counter are valued at the last reported sales price unless there is no reported sales price, in which case the mean between the closing asked and bid price is used. Debt securities with maturities of sixty days or less are valued at amortized cost, which approximates market value. Where market quotations are not readily available, securities are valued using methods which the Board of Trustees believe in good faith accurately reflects their fair value.

INCOME RECOGNITION -- Interest income is accrued as earned. Dividend income is recorded on the ex-dividend date. Income, expense (other than expenses attributable to a specific class) and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

SECURITIES TRANSACTIONS -- Security transactions are accounted for on the date the securities are purchased or sold. Realized gains and losses on securities sold are determined using the first-in, first-out (FIFO) cost method.

DISTRIBUTIONS TO SHAREHOLDERS -- The Funds record distributions to shareholders on the ex-dividend date. Net gains realized from securities transactions, if any, will normally be distributed to shareholders in August and December. The amounts of distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from those amounts determined under generally accepted accounting principles. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, they are charged or credited to paid-in capital in the period that the difference arises. The Funds may utilize earnings and profits distributed to shareholders on redemption of shares as part of the dividends paid deduction.

FEDERAL INCOME TAXES -- The Funds intend to comply with provisions of the Internal Revenue Code applicable to regulated investment companies, including the distribution of substantially all of their taxable income. Accordingly, no provision for federal income taxes is considered necessary in the financial statements.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS -- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CALL AND PUT OPTIONS -- The Emerald Select Banking and Finance Fund and the Emerald Select Technology Fund may write and/or purchase exchange-traded call options and purchase exchange-traded put options primarily to hedge or protect from adverse movements in securities prices in the Funds. When the Funds write a call option, an amount equal to the premium received is reflected as a liability. The amount of the liability is subsequently "marked to market" to reflect the current market value of the option written. If an option which the Funds have written either expires on its stipulated expiration date, or if the Funds enter into a closing purchase transaction, the Funds realize a gain (or loss if the cost of the closing transaction exceeds the premium received when the option is sold), and the liability related to such option is extinguished. If a call option which the Funds have written is exercised, the Funds realize a gain or loss from the sale of the underlying security, and the proceeds of which are increased by the premium originally received. The Emerald Select Banking and Finance Fund did not write any call options for the year ended June 30, 2001. See Note 7 for options written by the Emerald Select Technology Fund for the year ended June 30, 2001.

The Funds continue to bear the risk of adverse movements in the price of the underlying asset during the period of the option, although any potential loss during the period would be reduced by the amount of the option premium received. The Funds forgo the opportunity to profit from an increase in the market price of the underlying security above the exercise price. The use of exchange-traded options may involve risks such as the possibility of illiquid markets or that the counterparty will fail to perform its obligation. Securities held by the Funds may be designated as collateral on written options.

The premium paid by the Funds for the purchase of a put option is recorded as an investment and subsequently marked to market to reflect the current market value of the option purchased. If an option which the Funds have purchased expires on the stipulated expiration date, the Funds realize a loss in the amount of the cost of the option. If the Funds exercise a put option, they realize a gain or loss from the sale of the underlying security, the proceeds of which are decreased by the premium originally paid. The Emerald Select Banking and Finance Fund and the Emerald Select Technology Fund limit the aggregate value of puts and call options to 5% and 25% of each Fund's net assets, respectively.

SHORT SALES -- The Emerald Select Banking and Finance Fund and the Emerald Select Technology Fund may sell securities short. Short sales are transactions in which the Funds sell a security they do not own, in anticipation of a decline in the market value of that security. To complete such a transaction, the Funds must borrow the security to deliver to the buyer upon the short sale; the Funds then are obligated to replace the security borrowed by purchasing it in the open market at some later date. The Funds will incur a loss if the market price of the security increases between the date of the short sale and the date on which the Funds replace the borrowed security. The Funds will realize a gain if the security declines in value between those dates. All short sales must be fully collateralized. The Funds maintain collateral consisting of cash, U.S. Government securities or other liquid assets in an amount at least equal to the market value of their respective short positions. The Funds are liable for any dividends payable on securities while those securities are in a short position. The Emerald Select Banking and Finance Fund and the Emerald Select Technology Fund limit the value of short positions to 5% and 25% of each Fund's net assets, respectively. At June 30, 2001, the Emerald Select Technology Fund had 6.3% of its net assets in short positions.

NOTE 3 -- CAPITAL STOCK

At June 30, 2001, each Fund had an authorized unlimited number of shares of beneficial interest with no par value.

The following table summarizes the capital share transactions of each Fund:

HOMESTATE PENNSYLVANIA GROWTH FUND

<TABLE>

	FOR THE YEAR ENDED JUNE 30, 2001		FOR THE YEAR ENDED JUNE 30, 2000	
	CLASS A			
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Sales	1,748,370	\$ 22,151,003	728,849	\$ 13,594,972
Reinvested distributions	2,249,895	30,392,062	482,225	8,015,501
Redemptions	(2,873,660)	(36,127,406)	(2,206,764)	(38,179,886)
Net increase (decrease)	1,124,605	\$ 16,415,659	(995,690)	\$ (16,569,413)
SHARES OUTSTANDING:				
Beginning of period	7,462,064		8,457,754	
End of period	8,586,669		7,462,064	
	FOR THE YEAR ENDED JUNE 30, 2001			
	CLASS C			
	SHARES	AMOUNT		
Sales	107,714	\$ 1,559,761		
Reinvested distributions	12,171	157,203		
Redemptions	(4,502)	(52,099)		

Net increase	115,383	\$ 1,664,865
--------------	---------	--------------

Total Net Increase		\$ 18,080,524
--------------------	--	---------------

SELECT BANKING AND FINANCE FUND

FOR THE YEAR
ENDED JUNE 30, 2001

FOR THE YEAR
ENDED JUNE 30, 2000

CLASS A

	SHARES	AMOUNT	SHARES	AMOUNT
Sales	246,105	\$ 3,539,634	387,410	\$ 4,465,476
Reinvested distributions	11,773	147,083	2,766	32,713
Redemptions	(281,708)	(3,698,095)	(396,274)	(4,567,216)
Net decrease	(23,830)	\$ (11,378)	(6,098)	\$ (69,027)

SHARES OUTSTANDING:

Beginning of period	977,119	983,217
End of period	953,289	977,119

FOR THE YEAR
ENDED JUNE 30, 2001

CLASS C

	SHARES	AMOUNT
Sales	38,033	\$ 467,450
Reinvested distributions	344	4,350
Redemptions	(5,199)	(69,736)
Net increase	33,178	\$ 402,064

Total Net Increase		\$ 390,686
--------------------	--	------------

SELECT TECHNOLOGY FUND

FOR THE YEAR
ENDED JUNE 30, 2001

FOR THE YEAR
ENDED JUNE 30, 2000

CLASS A

	SHARES	AMOUNT	SHARES	AMOUNT
Sales	134,076	\$ 2,736,381	625,902	\$ 18,771,493
Reinvested distributions	107,107	2,488,877	15,755	426,362
Redemptions	(233,618)	(4,392,208)	(730,220)	(19,444,864)
Net increase (decrease)	7,565	\$ 833,050	(88,563)	\$ (247,009)

SHARES OUTSTANDING:

Beginning of period	655,233	743,796
End of period	662,798	655,233

FOR THE YEAR
ENDED JUNE 30, 2001

CLASS C

	SHARES	AMOUNT
Sales	27,968	\$ 689,150
Reinvested distributions	1,517	33,693
Redemptions	(4,620)	(70,551)

Net increase	24,865	\$ 652,292
	-----	-----

Total Net Increase		\$ 1,485,342

</TABLE>

NOTE 4 -- INVESTMENT TRANSACTIONS

During the year ended June 30, 2001, purchases and sales of investment securities (excluding securities sold short and short-term investments) were as follows:

<TABLE>

	HOMESTATE PENNSYLVANIA GROWTH FUND	SELECT BANKING AND FINANCE FUND	SELECT TECHNOLOGY FUND
	-----	-----	-----
<S>	<C>	<C>	<C>
Purchases	\$66,068,780	\$6,347,732	\$23,191,260
Sales	\$77,836,770	\$6,291,417	\$24,070,224

</TABLE>

The following balances for the Funds are as of June 30, 2001:

<TABLE>

	COST FOR FEDERAL INCOME TAX PURPOSES	TAX BASIS NET UNREALIZED APPRECIATION (DEPRECIATION)	TAX BASIS GROSS UNREALIZED APPRECIATION	TAX BASIS GROSS UNREALIZED DEPRECIATION
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
HomeState Pennsylvania Growth Fund	\$81,751,675	\$27,555,054	\$32,353,601	\$(4,798,547)
Select Banking and Finance Fund	12,324,320	2,031,186	2,696,682	(665,496)
Select Technology Fund	8,121,667	(33,134)	950,204	(983,338)

</TABLE>

The HomeState Pennsylvania Growth and Select Technology Funds realized, on a tax basis, post-October losses through June 30, 2001 of \$4,414,209 and \$4,391,394, respectively, which are not recognized for tax purposes until the first day of the following fiscal year.

NOTE 5 -- EXPENSES AND TRANSACTIONS WITH AFFILIATED PARTIES

Emerald Advisers, Inc. serves as the investment adviser (the "Adviser") to the Funds for which it receives investment advisory fees from each Fund. The fee for the Emerald HomeState Pennsylvania Growth Fund is based on average daily net assets at the annual rate of 0.75% on assets up to and including \$250 million, 0.65% for assets in excess of \$250 million up to and including \$500 million, 0.55% for assets in excess of \$500 million up to and including \$750 million, and 0.45% for assets in excess of \$750 million. The fee for the Emerald Select Banking and Finance Fund is based on average daily net assets at the annual rate of 1.00% on assets up to and including \$100 million and 0.90% for assets in excess of \$100 million. The fee for the Emerald Select Technology Fund is based on average daily net assets at the annual rate of 1.00% on assets up to and including \$100 million and 0.90% for assets in excess of \$100 million. Under the terms of the investment advisory agreement which expires on December 31, 2001, Emerald Advisers, Inc. may also voluntarily reimburse the Funds for certain expenses. Through June 30, 2001, the Adviser has voluntarily agreed to waive its advisory fee and/or reimburse other expenses to the extent that the Fund's total operating expenses exceeds the following:

	Class A	Class C
	-----	-----
HomeState Pennsylvania Growth Fund	2.25%	2.90%
Select Banking and Finance Fund	2.35%	3.00%
Select Technology Fund	2.90%	3.40%

The following table summarizes the advisory fees and expense waivers/reimbursements for the year ended June 30, 2001.

	GROSS ADVISORY	ADVISORY FEE/ OTHER EXPENSES WAIVED
	-----	-----
HomeState Pennsylvania Growth Fund	\$858,470	\$ --
Select Banking and Finance Fund	119,966	70,405
Select Technology Fund	130,320	66,494

NOTE 6 -- OTHER AGREEMENTS

Rafferty Capital Markets, LLC (the Distributor), is the sole distributor of the Trust shares pursuant to a Distribution Agreement with each Fund. Each Fund has adopted a distribution services plan (the "Plan") under Rule 12b-1 of the Investment Company Act of 1940. The table below demonstrates how the Plan allows each Fund to reimburse the Distributor for a portion of the costs incurred in distributing each Fund's shares, including amounts paid to brokers or dealers, at an annual rate not to exceed the following:

	CLASS A	INCURRED EXPENSES FOR THE YEAR ENDED JUNE 30, 2001	CLASS C	INCURRED EXPENSES FOR THE YEAR ENDED JUNE 30, 2001
<S>	<C>	<C>	<C>	<C>
HomeState Pennsylvania Growth Fund	0.35%	\$397,408	1.00%	\$9,248
Select Banking and Finance Fund	0.35%	\$40,757	1.00%	\$3,546
Select Technology Fund	0.50%	\$63,498	1.00%	\$3,362

Firststar Mutual Fund Services, LLC serves as transfer agent, administrator and accounting services agent for the Funds. Firststar Bank, N.A. serves as custodian for the Funds.

The Funds' Declaration of Trust provides that each Trustee affiliated with the Funds' Adviser shall serve without compensation and each Trustee who is not so affiliated shall receive fees from each Fund and expense reimbursements for each Trustees' meeting attended. A member of the Funds' Board of Trustees who is not affiliated with the Adviser is employed as a practicing attorney and is a partner in the law firm of Duane, Morris & Heckscher, LLP the Funds' legal counsel. Legal fees aggregating \$44,876, \$4,223 and \$5,429 were incurred by the Emerald HomeState Pennsylvania Growth Fund, the Emerald Select Banking and Finance Fund and the Emerald Select Technology Fund, respectively, to Duane, Morris & Heckscher, LLP during the year ended June 30, 2001.

NOTE 7 -- OPTION CONTRACTS WRITTEN

The premium amount and the number of option contracts written by the Emerald Select Technology Fund during the year ended June 30, 2001, were as follows:

	PREMIUM AMOUNT	NUMBER OF CONTRACTS
Options outstanding at June 30, 2000	\$53,818	60
Options written	0	0
Options closed	(35,939)	(20)
Options exercised	0	0
Options expired	(17,879)	(40)
Options outstanding at June 30, 2001	\$ 0	0

NOTE 8 -- PROXY RESULTS - HOMESTATE PENNSYLVANIA GROWTH FUND

Following are results from the shareholder vote taken on May 31, 2001 to change the HomeState Pennsylvania Growth Fund's investment objective to long-term growth of capital and to change the name of the Fund to the "Emerald Growth Fund."

	NUMBER OF SHARES	% OF OUTSTANDING SHARES	% OF SHARES VOTED
Affirmative	4,390,533.633	48.947%	95.771%
Against	129,497.970	1.443%	2.824%
Abstain	64,392.914	0.718%	1.405%
TOTAL	4,584,424.517	51.108%	100.000%

EMERALD MUTUAL FUNDS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees and Shareholders of
The HomeState Group

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Emerald HomeState Pennsylvania Growth Fund, the Emerald Select Banking and Finance Fund and the Emerald Select Technology Fund (constituting The HomeState Group, hereafter referred to as the "Funds") at June 30, 2001, the results of their operations, the changes in their net assets and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of

America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at June 30, 2001 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP

Milwaukee, Wisconsin
August 17, 2001

EMERALD MUTUAL FUNDS

TAX INFORMATION

REQUIRED INCOME TAX DISCLOSURES

In early 2001, shareholders received information regarding all distributions paid to them by the Funds during the fiscal year ended June 30, 2001. The Funds hereby designate the following amounts, including the utilization of earnings and profits distributed to shareholders on redemption of shares as part of the dividends paid deduction, as long-term capital gains distributions.

	HOMESTATE PENNSYLVANIA GROWTH FUND -----	SELECT BANKING AND FINANCE FUND -----	SELECT TECHNOLOGY FUND -----
Capital Gains Taxed at 20%	\$11,587,901	\$ --	\$298,132

EMERALD MUTUAL FUNDS

INVESTMENT ADVISER

EMERALD ADVISERS, INC.
LANCASTER, PA

DISTRIBUTOR

RAFFERTY CAPITAL MARKETS, LLC
WHITE PLAINS, NY

ADMINISTRATOR AND
TRANSFER AGENT

FIRSTAR MUTUAL FUND SERVICES, LLC
MILWAUKEE, WI

CUSTODIAN

FIRSTAR BANK, N.A.
CINCINNATI, OH

INDEPENDENT ACCOUNTANTS

PRICEWATERHOUSECOOPERS LLP
MILWAUKEE, WI

LEGAL COUNSEL

DUANE, MORRIS & HECKSCHER, LLP
HARRISBURG, PA

BOARD OF TRUSTEES

BRUCE E. BOWEN
KENNETH G. MERTZ II, CFA
SCOTT C. PENWELL, ESQ.
SCOTT L. REHR
H.J. ZOFFER, PHD

FUND MANAGEMENT

EMERALD ADVISERS, INC.
1703 OREGON PIKE, SUITE 101
P.O. BOX 10666
LANCASTER, PA 17605

SHAREHOLDER SERVICES

FIRSTSTAR MUTUAL FUND SERVICES, LLC
P.O. BOX 701
MILWAUKEE, WI 53210-0701

TELEPHONE NUMBERS

THE FUND	(800) 232-0224
MARKETING / BROKER SERVICES	(800) 232-6572
SHAREHOLDER SERVICES	(800) 232-0224

24 HOUR PRICING INFORMATION

1-800-232-0224
www.emeraldmutualfunds.com

This report is for the general information of Fund shareholders. For more detailed information about the Fund, please consult a copy of the Fund's current prospectus. This report is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by a copy of the current prospectus.

08/01