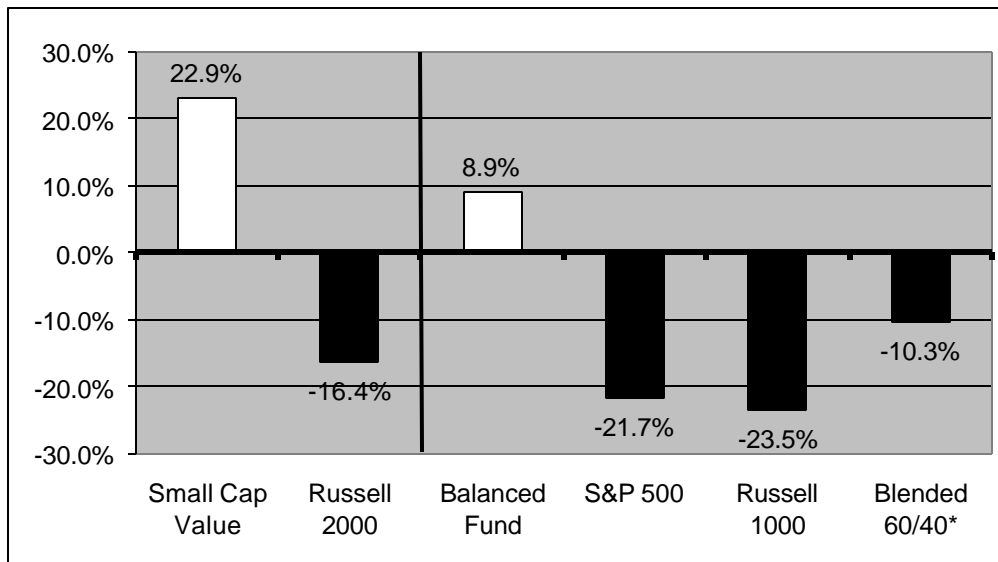


CornerCap Group of Funds
Manager's Report for the Shareholders
For the year ended March 31, 2001

Dear Shareholder:

For the fiscal year ending March 31, 2001, our Small Cap Value Fund and our Balanced Fund performed exceptionally well. In our quarterly reports, we have discussed the significant change in the market that started in March 2000, as the technology and telecommunication sectors began their sharp decline. While our two funds have appreciated nicely, the overall market has continued its decline into the current year. The returns for these funds and appropriate benchmarks for our most recent fiscal year are as follows:

Returns for the Fiscal Year Ending March 31, 2001



(* Blended 60/40 = 60% Russell 1000 Index + 40% Lehman Govt/Corp Bond Index)

The excellent returns of the Small Cap Value and Balanced Funds have continued since March 31, 2001, returning 9.4% and 5.5%, respectively, through May 25, 2001. We believe that this positive trend will continue as investors go through the process of lowering their expectations for the market in general and for the large and mid-sized technology stocks in particular.

On July 31, 2000, we added the CornerCap Emerging Growth Fund (CEGF) to our family of funds. The purpose of the CEGF is to capture above market returns in a higher risk, niche area of the market and to have a high probability that these returns will not be correlated with the returns from our other funds. Many of our clients use more than one of our funds, and this lack of correlation (i.e., returns with different cycles) tends to smooth out the near-term volatility. Since the inception of the CEGF, we have not been able to capture the above market returns, but we have realized uncorrelated returns. Through fiscal year-end (eight months ending March 31, 2001), the fund was down 31.8%. Since March 31 (through May 25, 2001), the fund has recovered nicely and is up 17.0%.

On a final note, our Board of Trustees recently voted to begin receiving all or a portion of their compensation in shares of our mutual funds. This is another example our Board's continuing to act in the best interest of our shareholders.

CornerCap Investment Counsel
May 30, 2001