

# FREMONT MUTUAL FUNDS INC

## FORM N-30D

(Annual and Semi-annual Report (registered investment company))

Filed 06/24/98 for the Period Ending 04/30/98

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Fiscal Year 10/31

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Fiscal Year	10/31

# FREMONT MUTUAL FUNDS, INC.(R)

INSTITUTIONAL  
U.S. MICRO-CAP FUND  
SEMI-ANNUAL REPORT

[GRAPHIC]

April 30, 1998

Fremont  
Funds [LOGO]

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# FREMONT FUNDS

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## FREMONT FUNDS

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### FREMONT INSTITUTIONAL U.S. MICRO-CAP FUND

Robert E. Kern, Portfolio Manager  
Kern Capital Management LLC

#### [PHOTO]

Robert E. Kern

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#### FUND PROFILE

The U.S. micro-cap stock market (stocks with market capitalizations in the bottom 5% of the equities market) is a breeding ground for entrepreneurially-managed companies with exceptional growth prospects. With minimal Wall Street research coverage and low institutional ownership, micro-cap stocks represent the least efficient sector of the domestic equities market. This inefficiency creates attractive investment opportunities for the research-driven stock pickers managing the Fremont Institutional U.S. Micro-Cap Fund.

Since the investment potential of micro-cap stocks is largely determined by the business prospects for individual companies rather than macro-economic trends, the Fund's focus is on bottom-up stock selection. Fund management analyzes financial statements, the company's competitive position, and meets with key corporate decision makers to discuss strategies for future growth. The Fund's goal is to find "winners" early in their growth cycle and, more importantly, to minimize fundamental investment mistakes.

Successful micro-cap investing also involves minimizing transaction costs. The Fund's experienced senior trader, Michael Murphy, works hand-in-hand with the portfolio management team to execute strategies that will enhance the Fund's performance.

Robert E. Kern is nationally recognized as a pioneer and leading practitioner of micro-cap research and portfolio management.

To Our Shareholders,

For the six months ended April 30, 1998, the Fund returned 7.22% compared to the Russell 2000's 11.88% gain.

We are disappointed, but not discouraged, by the Fund's performance during this reporting period. Although we have posted competitive performance relative to our benchmark in the first four months of 1998, we lagged the index in November/December 1997. The primary culprit was our technology holdings. The technology stock group was hit hard in October on the heels of the Asian currency crisis. While many of the larger technology stocks have done well recently, the Fund's technology invest-

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### FREMONT INSTITUTIONAL U.S. MICRO-CAP FUND INVESTMENT RETURNS

#### ANNUAL RETURNS

05/01/88-10/31/88*	-1.66%
11/01/88-10/31/89	+25.28%
11/01/89-10/31/90	-10.25%
11/01/90-10/31/91	+84.70%
11/01/91-10/31/92	-0.65%
11/01/92-10/31/93	+42.08%
11/01/93-10/31/94	-10.62%
11/01/94-10/31/95	+29.21%
11/01/95-10/31/96	+41.99%
11/01/96-10/31/97	+34.19%
11/01/97- 4/30/98*	+7.22%

#### GROWTH OF \$10,000+

#### [GRAPHIC OMITTED]

Comparison of the change in value since May 1, 1998 of a \$10,000 investment in the Fremont Institutional U.S. Micro-Cap Fund and the Russell 2000 Index.

	4/30/98
	-----
Fremont Institutional U.S. Micro-Cap Fund	\$68,013
Russell 2000 Index	\$39,257

\* Unannualized

+ Assumes initial investment of \$10,000 on May 1, 1988. Performance data illustrated is historical. Past performance is not predictive of future performance. Share price and return will vary so that a gain or loss may be realized when shares are sold. All performance figures assume reinvestment of dividends. Performance for the Fremont Institutional U.S. Micro-Cap Fund reflects the performance of the post-venture fund of Fund A of the Bechtel Trust & Thrift--whose assets were transferred into the Fremont Institutional U.S. Micro-Cap Fund on 8/6/97, net of actual fees and expenses. The post-venture fund imposed higher fees and expenses than that of the Fremont Institutional U.S. Micro-Cap Fund and was not registered with the Securities and Exchange Commission and therefore was not subject to the investment restrictions imposed on registered mutual funds. Management fees and other expenses are included in the Fund's performance; however, fees and expenses are not incorporated in the Russell 2000 Index.

## FREMONT FUNDS

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ments have underperformed. In addition, earnings disappointments have hurt the Fund's overall performance.

Since the Institutional U.S. Micro Cap Fund was introduced as a mutual fund just seven months ago, shareholders may not be aware of our long history with the Bechtel Corporation Profit Sharing Retirement Plan--by far the Fund's single largest shareholder. The charts on the previous page show the performance of the micro-cap portfolio in the Bechtel Plan for the nine plus years prior to the inception of the Fremont Institutional U.S. Micro-Cap Fund on August 4, 1997. Under our stewardship, the plan's micro-cap portfolio enjoyed very strong absolute and relative returns. Bechtel has been very supportive during this long relationship and we believe this will continue in the future.

Regarding the broad micro-cap market, we have been undergoing a period in which "big" has been beautiful. The Dow and S&P 500 have outperformed mid- and small cap indices. Within the small cap sector itself, larger companies have excelled relative to smaller ones. During first quarter 1998, the 100 largest companies on NASDAQ returned 23.2% compared to the NASDAQ Composite's 16.9% gain. Gains in big small cap companies, if you will forgive the oxymoron, have given investors little incentive to move down the capitalization ladder into micro-caps. We don't know when this will change.

We do think we have a portfolio of excellent small companies in which favorable business developments will, over the longer term, impact stock prices more than macro-economic or stock market trends. We offer the following examples:

Orckit Communications has developed proprietary digital subscriber line (xDSL) technology for improving the capacity of copper telephone lines to transmit digital information. This technology is designed to provide what everyone wants--a faster internet. GTE recently announced it has chosen Orckit's technology. This win, combined with other successes in the international market, is a very strong endorsement from leading communications companies around the world. Judging from the stock's current price, Wall Street does not yet know or care about Orckit. We expect this to change.

Star Buffet is a tiny (\$90 million market cap) restaurant company spun off from CKE Restaurants. The buffet style restaurant field has been very crowded and the marginal competitors have been struggling. Star Buffet has been picking them off at very cheap prices. They clean them up, install new management, generate cost efficiencies through purchasing clout, and start making money. Star Buffet management wants to build a big profitable company and we think they are going to succeed.

NuCO2 is attempting to revolutionize its industry. The carbon dioxide used in beverage dispensers in bars and restaurants has traditionally been delivered in small, but very heavy high pressure cylinders. These are expensive to transport to sites and retrieve for refilling, take up valuable storage space, and are inconvenient for restaurant workers to change when they run out of gas. NuCO2 provides bulk tanks of carbon dioxide for carbonated beverage dispensers. This service reduces the hassle for restaurant owners and through an aggressive acquisition program, NuCO2 has developed a strong national franchise. Management is now emphasizing improving profitability and we anticipate the stock will start to reflect this change.

In closing, we are not pleased with the Fund's return in this reporting period. Going forward, we plan on doing what we've always done--work hard to identify small companies with big growth potential. We remain confident in our ability to do so and to provide long-term "value-added" performance for the Fund's shareholders.

Sincerely,

*/s/ Robert E. Kern*

*Robert E. Kern  
Portfolio Manager  
Fremont Institutional U.S. Micro-Cap Fund*

**FREMONT INSTITUTIONAL U.S. MICRO-CAP FUND**  
**April 30, 1998 (Unaudited)**

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**STATEMENT OF INVESTMENTS IN SECURITIES AND NET ASSETS**

Value

Shares Security Description (Note 1)

**STOCKS 84.1%**

**BUSINESS EQUIPMENT & SERVICES 17.6%**

- \* 60,000 Able Telecom Holding Corp. \$ 746,250
- \* 58,600 AmeriLink Corp. 1,355,125
- \* 29,600 Arguss Holdings, Inc. 527,250
- \* 7,000 DA Consulting Group, Inc. 123,375
- \* 85,000 Hospitality Worldwide Services 823,438
- \* 49,050 International Total Services, Inc. 999,394
- \* 39,000 Market Facts, Inc. 897,000
- \* 96,600 NuCO2, Inc. 1,074,675
- \* 47,700 Pentacon, Inc. 632,025
- \* 27,000 Rental Service Corp. 784,688
- \* 139,500 Richey Electronics, Inc. 1,325,250
- \* 10,150 Specialty Teleconstructors, Inc. 378,088
- \* 45,500 UOL Publishing, Inc. 494,813
- \* 107,100 Warrantech Corp. 702,844 10,864,215

**CAPITAL GOODS 6.2%**

- \* 7,000 AFC Cable Systems, Inc. 243,250
- \* 96,000 AVTEAM, Inc. 1,032,000
- \* 100,000 Channell Commercial Corp. 1,156,250
- \* 62,500 IMPCO Technologies, Inc. 781,250
- \* 80,000 Miller Industries, Inc. 630,000 3,842,750

**CONSUMER DURABLES 0.1%**

- 1,800 Craftmade International, Inc. 27,450 27,450

**CONSUMER NON-DURABLES 6.8%**

- \* 43,900 Il Fornaio (America) Corp. 592,650
- \* 33,400 RARE Hospitality International, Inc. 434,200
- \* 56,000 Star Buffet, Inc. 896,000
- \* 56,000 Steven Madden Ltd. 570,500
- \* 117,500 Taco Cabana, Inc. 778,438
- \* 25,100 Tefron Ltd. 672,994
- \* 8,800 USANA, Inc. 239,800 4,184,582

**CONSUMER SERVICES 9.1%**

- \* 108,700 Alliance Gaming Corp. 512,928
- \* 47,650 American Classic Voyages Co. 1,036,388
- \* 39,000 Cinar Films, Inc. (Class B) 750,750
- \* 63,100 Movie Gallery, Inc. 504,800
- \* 60,000 Precision Auto Care, Inc. 645,000
- \* 23,300 Royal Olympic Cruise Lines, Inc. 428,138
- \* 24,385 Saga Communications, Inc. (Class A) 556,283
- \* 17,300 Servico, Inc. 337,350
- \* 35,600 Silverleaf Resorts, Inc. 845,500 5,617,137

Value Shares Security Description (Note 1)

**ENERGY 2.2%**

- \* 34,800 KTI, Inc. \$ 643,800
- \* 66,800 TransCoastal Marine Services, Inc. 768,200 1,412,000

**HEALTH CARE 6.2%**

- \* 7,050 Advance Paradigm, Inc. 281,119
- \* 59,200 Cytoc Corp. 858,400
- \* 61,500 Del Global Technologies Corp. 753,375
- \* 28,400 Gene Logic, Inc. 230,750



- \* 123,000 Genelabs Technologies, Inc. 445,875
- \* 10,000 Horizon Medical Products, Inc. 148,750
- \* 60,000 Intensiva Healthcare Corp. 487,500
- \* 16,000 Monarch Dental Corp. 262,000
- \* 12,600 Perclose, Inc. 382,725 3,850,494

**RAW MATERIALS 1.1%**

	50,000	Northern Technologies International	415,625
*	23,300	Scheid Vineyards, Inc. (Class A)	227,175
			-----
			642,800
			-----

**RETAIL 10.0%**

- \* 21,000 A.C. Moore Arts & Crafts, Inc. 399,000
- \* 67,000 Chico's Fas, Inc. 619,750 34,500 Delta Woodside Industries, Inc. 209,156
- \* 27,200 Elder-Beerman Stores Corp. 734,400
- \* 24,400 Finlay Enterprises, Inc. 667,950
- \* 18,600 Gadzooks, Inc. 488,250
- \* 31,100 Garden Ridge Corp. 594,788
- \* 4,200 Genesco, Inc. 71,138
- \* 58,500 Media Arts Group, Inc. 1,418,625
- \* 79,750 Successories, Inc. 438,625
- \* 19,800 Tractor Supply Co. 509,850
- \* 2,100 Urban Outfitters, Inc. 34,388 6,185,920

**TECHNOLOGY (COMPONENTS) 9.7%**

- \* 40,300 Anaren Microwave, Inc. 730,438
- \* 79,100 Ancor Communications, Inc. 474,600
- \* 85,700 Interlink Electronics, Inc. 428,500
- \* 11,200 Micrel, Inc. 439,600
- \* 155,100 Orckit Communications Ltd. 3,208,631
- \* 110,200 Southwall Technologies, Inc. 674,975 5,956,744

**TECHNOLOGY (EQUIPMENT) 1.8%**

- \* 45,000 Barringer Technologies, Inc. 540,000
- \* 26,900 Integrated Process Equipment Corp. 489,244
- \* 15,900 Schmitt Industries, Inc. 99,375 1,128,619

\* Non-income producing securities The accompanying notes are an integral part of these financial statements.

**STATEMENT OF INVESTMENTS IN SECURITIES AND NET ASSETS**

Value

Shares Security Description (Note 1)

**TECHNOLOGY (SOFTWARE) 13.3%**

*	90,000	Acclaim Entertainment, Inc.	\$	686,250
*	14,600	Broadvision, Inc.		270,100
*	20,500	Credit Management Solutions, Inc.		151,186
*	21,300	Document Sciences Corp.		69,890
*	42,700	Geoworks Corp.		202,824
*	1,800	Go2net, Inc.		48,600
*	93,400	ISG International Software Group Ltd.		957,350
*	95,700	MDSI Mobile Data Solutions, Inc.		1,459,423
*	49,800	OrCAD, Inc.		498,000
*	128,500	Peerless Systems Corp.		2,256,780
*	25,600	Peregrine Systems, Inc.		617,600
*	29,600	Template Software, Inc.		344,100
*	9,900	TSI International Software Ltd.		217,800
*	147,200	V-One Corp.		432,400
				-----
				8,212,303
				-----

TOTAL STOCKS	(Cost \$50,871,607)			51,925,014
				-----

Shares/Face Amount/Issuer/Discount Rate/Stated Maturity

SHORT-TERM SECURITIES				16.6%
	55,056	Benchmark Funds-Diversified Assets Portfolio		55,056
	\$10,200,000	Federal Home Loan Mortgage Corp.		
		Discount Note, 5.450%, 05/01/98		10,200,000
				-----
TOTAL SHORT-TERM SECURITIES	(Cost \$10,255,056)			10,255,056
				-----
TOTAL INVESTMENTS	(Cost \$61,126,663),	100.7%		62,180,070
				-----
OTHER ASSETS AND LIABILITIES, NET,	(0.7)%			(411,117)
				-----
NET ASSETS,	100.0%			\$ 61,768,953
				=====

\* Non-income producing securities The accompanying notes are an integral part of these financial statements.

**FREMONT INSTITUTIONAL U.S. MICRO-CAP FUND**  
**April 30, 1998 (Unaudited)**

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**STATEMENT OF ASSETS AND LIABILITIES**

(All numbers in thousands except net asset value per share)

Assets:	
Investments in securities at cost	\$ 61,127
	=====
Investments in securities at value (Note 1)	62,180
Dividends and interest receivable	25
Receivable for securities sold	1,439
Receivable from sale of fund shares	874
Unamortized organization costs (Note 3)	18
	-----
Total assets	64,536
	-----
Liabilities:	
Payable for securities purchased	2,677
Accrued expenses:	
Investment advisory, administrative and shareholder servicing fees	78
Other	12
	-----
Total liabilities	2,767
	-----
Net assets	\$ 61,769
	=====
Net assets consist of:	
Paid in capital	\$ 53,500
Undistributed net investment loss	(82)
Unrealized appreciation on investments	1,053
Accumulated net realized gain	7,298
	-----
Net assets	\$ 61,769
	=====
Shares of capital stock outstanding	6,050
	=====
Net asset value per share	\$ 10.21
	=====

The accompanying notes are an integral part of these financial statements.

**FREMONT INSTITUTIONAL U.S. MICRO-CAP FUND**  
**April 30, 1998 (Unaudited)**

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**STATEMENT OF OPERATIONS**

(All numbers in thousands)

Investment Income:	
Interest	\$ 232
Dividends	10
	-----
Total income	242
	-----
Expenses:	
Investment advisory and administrative fees (Note 2)	297
Shareholder servicing fees	14
Custody fees	11
Accounting fees	10
Audit and legal fees	9
Directors' fees (Note 2)	3
Registration fees	9
Other	9
	-----
Total expenses before reductions	362
Expenses waived and/or reimbursed by Advisor (Note 2)	(38)
	-----
Total net expenses	324
	-----
Net investment loss	(82)
	-----
Realized and unrealized gain (loss) from investments:	
Net realized gain from investments	7,304
Net unrealized depreciation on investments	(3,231)
	-----
Net realized and unrealized gain from investments	4,073
	-----
Net increase in net assets resulting from operations	\$ 3,991
	=====

The accompanying notes are an integral part of these financial statements.

**FREMONT INSTITUTIONAL U.S. MICRO-CAP FUND**  
**April 30, 1998 (Unaudited)**

**STATEMENT OF CHANGES IN NET ASSETS**  
(All numbers in thousands)

	(Unaudited) Six Months ended April 30, 1998	Period from August 4, 1997 to October 31, 1997
	-----	-----
Increase (decrease) in net assets:		
From operations:		
Net investment loss	\$ (82)	\$ (20)
Net realized gain from investments	7,304	2,498
Net unrealized depreciation on investments	(3,231)	(2,226)
	-----	-----
Net increase in net assets from operations	3,991	252
	-----	-----
Distributions to shareholders from:		
Net realized gains	(1,255)	(1,229)
	-----	-----
Total distributions to shareholders	(1,255)	(1,229)
	-----	-----
From capital share transactions:		
Proceeds from shares sold (Note 2)	25,847	40,322
Payments for shares redeemed	(8,499)	--
Reinvested dividends	1,140	1,200
	-----	-----
Net increase in net assets from capital share transactions	18,488	41,522
	-----	-----
Net increase in net assets	21,224	40,545
	-----	-----
Net assets at beginning of period	40,545	--
	-----	-----
Net assets at end of period	\$ 61,769	\$ 40,545
	=====	=====
Capital transactions in shares:		
Sold (Note 2)	2,643	4,022
Redeemed	(865)	--
Reinvested dividends	127	123
	-----	-----
Net increase from capital share transactions	1,905	4,145
	=====	=====

**FINANCIAL HIGHLIGHTS**

	(Unaudited) Six Months ended April 30, 1998	Period from August 4, 1997 to October 31, 1997
	-----	-----
Selected Per Share Data		
for one share outstanding during the period		
Net asset value, beginning of period	\$ 9.78	\$ 10.00
	-----	-----
Income from Investment Operations		
Net investment loss	(.01)	--
Net realized and unrealized gain	.68	.09
	-----	-----
Total investment operations	.67	.09
	-----	-----
Less Distributions		
From net realized gains	(.24)	(.31)
	-----	-----
Total distributions	(.24)	(.31)
	-----	-----
Net asset value, end of period	\$ 10.21	\$ 9.78
	=====	=====
Total Return 1	7.22%	0.90%
	-----	-----
Ratios and Supplemental Data		
Net assets, end of period (000s omitted)	\$ 61,769	\$ 40,545
Ratio of net expenses to average net assets 2	1.25%*	1.25%*
Ratio of gross expenses to average net assets 2	1.40%*	1.49%*
Ratio of net investment loss to average net assets 2	(0.31)%*	(0.21)%*
Portfolio turnover rate	91%	28%
Average commission rate paid	\$ .0525	\$ .0521

1 Total return would have been lower had the advisor not waived and/or reimbursed expenses.

2 See Note 2 of "Notes to Financial Statements."

\* Annualized

The accompanying notes are an integral part of these financial statements.

# FREMONT INSTITUTIONAL U.S. MICRO-CAP FUND

## Notes to Financial Statements - April 30, 1998 (Unaudited)

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### 1. SIGNIFICANT ACCOUNTING POLICIES

Fremont Mutual Funds, Inc. (the "Investment Company") is an open-end investment company authorized to issue ten billion shares of \$.0001 par value capital stock. These shares are currently offered in thirteen series, one of which, the Institutional U.S. Micro-Cap Fund (the Fund), is covered by this report. The Fund has its own investment objective and policies and operates as a separate mutual fund.

Significant accounting policies followed by the Fund are in conformity with generally accepted accounting principles for investment companies and are summarized below.

#### A. Security Valuation

Investments, including options, are stated at value based on recorded closing sales on a national securities exchange or, in the absence of a recorded sale, at the mean between the last reported bid and asked prices or at fair value as determined by the Board of Directors. Short-term notes and similar securities are included in investments at amortized cost, which approximates value. Securities which are primarily traded on foreign exchanges are generally valued at the closing values of such securities on their respective exchanges or the most recent price available where no closing value is available.

#### B. Security Transactions

Security transactions are accounted for as of trade date. Realized gains and losses on security transactions are determined on the basis of specific identification for both financial statement and federal income tax purposes.

#### C. Investment Income, Expenses and Distributions

Dividends are recorded on the ex-dividend date. Interest income and estimated expenses are accrued daily. Bond discount and premium are amortized as required by the Internal Revenue Code, as amended. Distributions to shareholders are recorded on the ex-dividend date. The Investment Company accounts for the assets of the Fund and allocates general expenses of the Investment Company to the Fund based upon the relative net assets of the Fund or the nature of the services performed and their applicability to the Fund.

#### D. Income Taxes

The Fund's policy is to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all taxable income and net capital gains, if any, to share holders. Therefore, no income tax provision is required. The Fund is treated as a separate entity in the determination of compliance with the Internal Revenue Code and distributes taxable income and net realized gains, if any, in accordance with schedules described in the prospectus.

Income dividends and capital gain distributions paid to shareholders are determined in accordance with income tax regulations which may differ from generally accepted accounting principles and, therefore, may differ from the information presented in the financial statements. These differences are generally referred to as "book/tax" differences and are primarily due to differing treatments for losses deferred due to wash sale rules, classification of gains/losses related to certain futures and options transactions.

Permanent book/tax differences causing payments to shareholders of income dividends which are in excess of the net investment income reported in the financial statements will result in reclassification of such excess to paid in capital from undistributed net investment income. Temporary book/tax differences, which will reverse in subsequent periods, will not be reclassified and will remain in undistributed net investment income. Any taxable income or gain remaining at fiscal year end is distributed in the following year.

#### E. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

### 2. TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

#### Investment Advisor

The Fund has entered into an investment management and administrative services agreement with Fremont Investment Advisors, Inc. (the

Advisor), a majority-owned subsidiary of Fremont Investors, Inc. Under this agreement, the Advisor supervises and implements the Fund's investment activities and provides administrative services as necessary to conduct Fund business. For its advisory and administrative services, the Advisor receives a management fee based on the average daily net assets of the Fund at an annual rate of 1.15%.

The Advisor has agreed to limit the Fund's total operating expenses to 1.25% of average daily net assets. The Fund may reimburse the Advisor for any reductions in the Fund's expenses during the three years following that reduction if such reimbursement is requested by the Advisor, if such reimbursement can be achieved within the foregoing expense limit, and if the Board of Directors approves the reimbursement at the time of the request as not inconsistent with the best interests of the Fund. Because of these substantial contingencies, the potential reimbursements will be accounted for as contingent liabilities that are not recordable on the balance sheet of the Fund until payment is probable. The Advisor has not recouped \$22,911 of prior period expense waivers and reimbursements as of April 30, 1998.



FREMONT INSTITUTIONAL U.S. MICRO-CAP FUND

Notes to Financial Statements - April 30, 1998 (Unaudited)

Ratios of expenses have been disclosed both before and after the impact of these various waivers and/or reimbursements under the Fund's Financial Highlights table.

The Fund is also required to comply with the limitations set forth in the laws, regulations, and administrative interpretations of the states in which it is registered. For the six months ended April 30, 1998, no reimbursements were required or made to the Fund by the Advisor to comply with these limitations.

**Other Related Parties**

At April 30, 1998, Fremont Investors, Inc. and its affiliated companies including their employee retirement plans, its principal shareholder and members of his family, including trusts, owned directly or indirectly approximately 79% of the Fund.

On August 6, 1997, the Fund commenced operations upon the transfer of assets from a separate account of an employee retirement plan. This transfer was accomplished by a tax-free exchange of 3,785,450 shares of the Fund for investments with a market value and cost of \$37,854,505 and \$31,344,942, respectively.

Certain officers and/or directors of the Fund are also officers and/or directors of the Advisor and/or Fremont Investors, Inc. None of the officers and/or directors so affiliated receive compensation for services as officers and/or directors of the Fund.

**3. ORGANIZATION COSTS**

Costs incurred by the Fund, if any, in connection with its organization have been deferred and are amortized on a straight-line basis over a period of five years (60 months).

**4. PURCHASES AND SALES OF INVESTMENT SECURITIES**

Aggregate purchases and aggregate proceeds from sales of securities for the six months ended April 30, 1998 were as follows:

	Purchases	Proceeds
Long-term securities:	\$52,890,809	\$39,824,226

**5. PORTFOLIO CONCENTRATIONS**

Although the Fund has a diversified investment portfolio, there are certain investment concentrations of risk which may subject the Fund more significantly to economic changes occurring in certain segments or industries.

**6. UNREALIZED APPRECIATION (DEPRECIATION) - TAX BASIS**

At April 30, 1998, the cost of securities for federal income tax purposes was \$61,133,669 and the net unrealized appreciation based on that cost were as follows:

Unrealized appreciation	\$ 5,922,217
Unrealized depreciation	(4,875,816)
	-----
Net unrealized appreciation	\$ 1,046,401
	=====

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Funds [LOGO]

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This report, including the statement of investments and financial statements, is submitted for the general information of the shareholders of Fremont Mutual Funds, Inc. This report is not authorized for distribution, and may not be used as sales literature, unless preceded or accompanied by a prospectus.

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**BR040-9806**

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**End of Filing**

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