

MERIDIAN VALUE FUND®

October 26, 2001

To our shareholders:

The Meridian Value Fund's net asset value per share at September 30, 2001, was 27.60. This represents a decrease of 4.91% for the calendar year to date. On September 25, 2001, the Fund made a distribution of \$0.08 per share, consisting of \$0.04 long-term capital gain and \$0.04 ordinary income. The Fund's total return and average compound annual rate of return since June 30, 1995, were 299.52% and 24.79%, respectively. The comparable period returns for the S&P 500 with dividends were 111.04% and 12.69%, respectively. The Fund's assets at the close of the quarter were invested 8.4% in cash and cash equivalents and 91.6% in stocks. Total net assets were \$768,135,316 and there were 30,712 shareholders.

Investors now expect that the terrorist attacks of September 11 will push the economy into recession. Stocks suffered their worst quarterly decline since the fourth quarter of 1987. The S&P 500 dropped 15.0 percent during the third quarter, the NASDAQ 30.7 percent and the Russell 2000 21.1 percent. The best performing sectors were precious metals and water utilities, while the worst performing groups included the travel and computer software industries. From their respective peaks reached in the first quarter of 2000, the S&P 500 was down 29.3 percent, the NASDAQ 70.8 percent and the Russell 2000 34.0 percent. This is, by any historical measure, a long and deep bear market.

The Dow Jones Bond Index closed at 102.89, up from 102.37 at the end of June, reflecting lower interest rates due to the weak economy. The two-year government bond now yields a mere 2.8 percent while the long-term bond yields 5.4 percent.

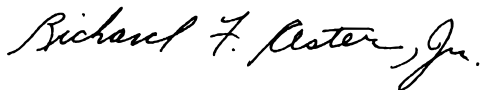
We now expect GDP to decline during the next two or three quarters, and corporate profits will be reduced accordingly. Private sector debt is high, layoffs are increasing, especially in the travel industry, the leading indicators are pointing downward, and consumer confidence is at a low level. The news is not all bad, however. The economy has been weak for the past year and some of the excesses of the late nineties have been eliminated. Inventories are being reduced, marginal companies have gone out of business, equity markets are correcting and there has been little new capacity added. The Federal Reserve is increasing liquidity at a rapid pace and fiscal policy is turning expansionary with the recent tax cuts and increased spending — both current and planned. A year from now, it is possible that we will be more concerned with inflation than recession.

Our investment strategy has not changed. We continue to research companies with temporarily depressed operating results and reasonable valuations. Important company characteristics include market share, return on invested capital, balance sheet strength, and management. The economic slowdown and market decline have substantially increased the number and quality of companies in our research universe. We believe this bodes well for our strategy during the next few years. For example, during the quarter, we initiated positions in Adtran, Carnival Corporation, and Symbol Technologies — three companies with great franchises in their respective markets and strong long-term growth prospects.

We also established new positions in Alltel, Cognos, Coherent, Gadzooks, Hasbro, International Flavors & Fragrances, PCTEL, SAFECO, Service Master, Sonoco Products, Sprint FON Group, Transocean Sedco Forex, and UTI Worldwide. We sold our shares of American Financial Group, Belden, Clayton Homes, Electronics Boutique Holdings, Ensc International, ESC Medical Systems, Horace Mann Educators, McLeodUSA, Parametric Technology, Partner RE, and Plum Creek Timber Company.

We welcome those new shareholders who joined the Meridian Value Fund during the quarter and appreciate the continued confidence of our existing shareholders.

Sincerely,



Richard F. Aster, Jr.



Kevin O'Boyle

Meridian Value Fund

Schedule of Investments

September 30, 2001

	<u>Shares</u>	<u>Value</u>
COMMON STOCK - 91.6%		
AGRICULTURE - 1.7%		
Agrium, Inc.*	1,356,600	\$13,186,152
APPAREL - 4.3%		
Nautica Enterprises, Inc.	691,000	8,181,440
Tommy Hilfiger, Inc.	1,126,000	10,077,700
VF Corporation*	510,100	<u>14,930,627</u>
		33,189,767
BANKING AND FINANCE - 1.1%		
USA Education, Inc.*	97,600	8,092,016
BASIC MATERIALS - 2.2%		
Newmont Mining*	705,800	16,656,880
COMPUTER SOFTWARE - 2.2%		
Cognos Incorporated	304,100	4,366,876
Compuware Corporation	549,000	4,573,170
FileNET Corporation	450,000	4,531,500
Progress Software	254,000	<u>3,553,460</u>
		17,025,006
CONSUMER PRODUCTS - 3.9%		
Concord Camera Corp.	641,500	2,809,770
Dial Corporation*	974,900	16,134,595
Dollar Thrifty Automotive Group, Inc.	141,600	1,408,920
Energizer Holdings, Inc.	236,900	3,937,278
Hasbro, Inc.*	427,600	<u>5,986,400</u>
		30,276,963
CONSUMER SERVICES - 6.1%		
Adelphia Communications Corporation	532,000	11,810,400
Service Master Company*	809,900	8,981,791
Waste Management Inc.*	983,800	<u>26,306,812</u>
		47,099,003
DEFENSE - 3.0%		
Raytheon Company*	656,000	22,796,000

Meridian Value Fund

(Schedule of Investments Continued)

September 30, 2001

COMMON STOCK (continued)	Shares	Value
ENERGY - 4.3%		
Diamond Offshore Drilling, Inc.*	288,000	\$ 7,263,360
Newfield Exploration Company	386,000	11,271,200
Tom Brown, Inc.	357,000	7,461,300
Transocean Sedco Forex, Inc.*	280,000	7,392,000
		<u>33,387,860</u>
FOOD CHAINS - 2.3%		
Albertson's, Inc.*	556,000	17,725,280
HEALTH SERVICES - 16.7%		
Becton, Dickinson and Co.*	476,000	17,612,000
DaVita, Inc.	709,100	14,430,185
HEALTHSOUTH Corporation	1,530,900	24,892,434
Haemonetics Corporation	258,000	8,929,380
Lincare Holdings, Inc.	571,100	15,174,127
McKesson Corporation*	397,000	15,002,630
Mylan Laboratories, Inc.*	377,000	12,297,740
Omnicare, Inc.*	671,400	14,656,662
Parexel International*	498,200	5,649,588
		<u>128,644,746</u>
INDUSTRIAL PRODUCTS - 4.9%		
InFocus Corp.	569,000	7,425,450
International Flavors & Fragrances*	275,100	7,617,519
Pall Corporation*	392,000	7,624,400
Sonoco Products Company*	338,500	7,954,750
Thermo Electron Corporation	403,100	7,275,955
		<u>37,898,074</u>
INDUSTRIAL SERVICES - 1.2%		
CIBER, Inc.	506,200	3,189,060
Keane, Inc.	450,000	6,142,500
		<u>9,331,560</u>
INSURANCE - 2.6%		
Fairfax Financial Holdings Limited	76,200	9,764,268
Harleysville Group*	246,000	5,901,540
SAFECO Corp.*	142,000	4,306,860
		<u>19,972,668</u>

Meridian Value Fund

(Schedule of Investments Continued)

September 30, 2001

COMMON STOCK (continued)	<u>Shares</u>	<u>Value</u>
LEISURE & AMUSEMENT - 3.6%		
Carnival Corporation	217,000	\$ 4,778,340
Royal Caribbean Cruises Ltd.*	400,000	4,292,000
Six Flags, Inc.	1,496,400	<u>18,300,972</u>
		27,371,312
REAL ESTATE - 2.2%		
Healthcare Realty Trust*	661,000	16,855,500
RETAIL - 4.7%		
Burlington Coat Factory Warehouse Corp.*	531,200	7,489,920
Gadzooks, Inc.*	286,800	3,943,500
Office Depot, Inc.	1,120,200	15,234,720
Zale Corporation	356,500	<u>9,440,120</u>
		36,108,260
TECHNOLOGY - 9.9%		
AVX Corporation*	514,000	8,362,780
Coherent, Inc.*	244,500	6,943,800
Concurrent Computer Corp.	1,097,200	9,962,576
Genesis Microchip Incorporated	139,000	3,911,460
PCTEL, Inc.*	514,800	3,861,000
Pinnacle Systems, Inc.	1,608,000	4,679,280
Power Integrations, Inc.	463,000	8,435,860
Storage Technology Corp.	1,245,600	15,632,280
Symbol Technologies, Inc.	761,900	7,992,331
Vishay Intertechnology, Inc.	331,000	<u>6,090,400</u>
		75,871,767
TELECOMMUNICATIONS/CABLE EQUIPMENT - 4.5%		
Adtran, Inc.	398,500	7,611,350
Harris Corporation*	586,300	18,656,066
REMEC, Inc.	1,053,300	<u>8,352,669</u>
		34,620,085

Meridian Value Fund

(Schedule of Investments Continued)

September 30, 2001

TELECOMMUNICATIONS/SERVICES - 7.9%		
Alltel Corporation*	137,000	\$ 7,939,150
CenturyTel, Inc.*	484,000	16,214,000
SBC Communications Inc.*	384,000	18,094,080
Sprint FON Group*	775,400	<u>18,617,354</u>
		60,864,584
TRANSPORTATION - 0.2%		
UTi Worldwide, Inc.*	120,000	1,800,000
UTILITIES - 2.0%		
NiSource, Inc.*	647,700	<u>15,097,887</u>
TOTAL COMMON STOCK		
(Identified cost \$721,258,828)		<u>703,871,370</u>
U.S. GOVERNMENT OBLIGATIONS - 2.6%		
U.S. Treasury Bill @3.570% due 10/11/01		9,988,909
U.S. Treasury Bill @3.514% due 10/25/01		<u>9,976,459</u>
TOTAL U.S. GOVERNMENT OBLIGATIONS		
(Identified Cost \$19,837,261)		<u>19,965,368</u>
TOTAL INVESTMENTS		
(Identified Cost \$741,096,089) - 94.2%		723,836,738
CASH AND OTHER ASSETS LESS LIABILITIES - 5.8%		
		<u>44,298,578</u>
NET ASSETS - 100%		
		<u>\$68,135,316</u>
Shares of capital stock outstanding		
		<u>27,830,373</u>
Net Asset Value per share		
		<u>\$ 27.60</u>

* income producing

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MERIDIAN VALUE FUND®

This report is submitted for the information of shareholders of Meridian Value Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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