



U.S. Global Investors Funds
Annual Report

December 31, 2008



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Table of Contents

Letter to Shareholders	1
Management Teams' Perspectives	10
Expense Example	69
Portfolios of Investments	72
Notes to Portfolios of Investments	133
Statements of Assets and Liabilities	140
Statements of Operations	146
Statements of Changes in Net Assets	156
Notes to Financial Statements	165
Financial Highlights	182
Report of Independent Registered Public Accounting Firm	195
Trustees and Officers	196
Additional Information	199

Nasdaq Symbols

U.S. Global Investors Funds

U.S. Treasury Securities Cash Fund	USTXX
U.S. Government Securities Savings Fund	UGSXX
Near-Term Tax Free Fund	NEARX
Tax Free Fund	USUTX
All American Equity Fund	GBTFX
Holmes Growth Fund	ACBGX
Global MegaTrends Fund	MEGAX
Global Resources Fund	PSPFX
World Precious Minerals Fund	UNWPX
Gold and Precious Metals Fund	USERX
Eastern European Fund	EUROX
Global Emerging Markets Fund	GEMFX
China Region Fund	USCOX



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Dear Shareholder:

The famous author E.L. Doctorow once described the process of writing a book: “It’s like driving at night. You never see further than your headlights, but you can make the whole trip that way.”



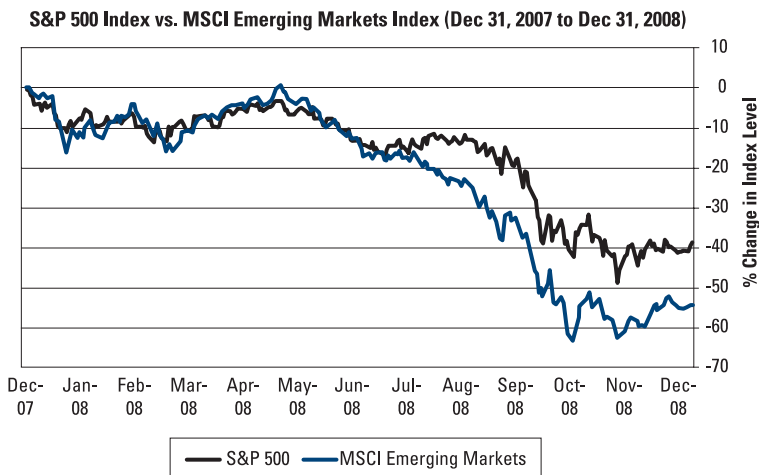
That’s also an appropriate way to describe the process of investing during the darkest and most treacherous markets since the early 1930s. The past year has been a challenge that we have met by striving to look as far forward as we could see and then adjusting the wheel as needed to keep ourselves on the road.

The U.S. Global Investors Funds were not immune from the pain that plagued domestic and global markets in 2008. Every time it looked like things couldn’t get any worse, another dose of dismal news would drive the markets down another notch.

The United States spent the year in a recession that officially began in December 2007, and much of Europe and Asia was in official or de facto recession. China’s phenomenal growth slowed considerably, as did that of the other BRIC nations of Brazil, Russia and India. The credit crisis arising from the subprime debt catastrophe took down many formidable companies in the financial world – Bear Stearns, Lehman Brothers, Merrill Lynch – and left others badly wounded. Forced de-leveraging by banks, hedge funds and others cratered stock markets, while in Detroit, the economic slowdown and high gas prices in place most of the year left the American auto industry languishing on life support.

Plunging oil prices in the second half of 2008 brought some relief and governments around the world pumped out hundreds of billions of dollars in economic stimulus spending to try to reverse the global downturn, but that didn’t stop U.S. unemployment from climbing to a multi-year high, consumer confidence from dropping to a multi-decade low and housing prices from continuing their freefall.

U.S. Global Investors Funds



Source: U.S. Global Research

The recession began just as financial regulators were implementing a rule known as FAS 157, which made some changes in how companies establish the value of securities when there is little or no active trading in those securities. As a result of this rule change, many financial companies have written off untold billions of dollars worth of securities on their balance sheets, even if these securities continued to produce income because valuations are now required to reflect exit or market prices. While there's no doubt that this rule was enacted with the best of intentions, FAS 157 may have played an unintended yet significant role in the seizing-up of America's credit markets.

Leverage was another key factor. Wall Street, Main Street and government agencies were all excessively leveraged, and a rule change for short-selling that eliminated the uptick rule set off a feeding frenzy by predatory short sellers. Banks and brokerages sought to raise capital to rebuild their balance sheets, but short-selling mercilessly drove down the value of their shares and impaired their ability to raise enough new money.

Lacking capital, the banks had to cut back on new loans, which hurts manufacturers and others that need access to short-term working capital to run their businesses. Products don't get made, workers don't get paid and before long the economy has ground to a halt.

The banks also made margin calls against existing loans, including those to highly leveraged hedge funds. To get their hands on cash, the hedge funds sold liquid assets, among them natural resources and emerging markets equities that had been performing so well. This forced selling was detrimental to our funds that were in the same sectors.

Capital-deficient banks had to stop facilitating the auction-rate securities market for very short-term trading in commercial debt. This destroyed the auction-rate paper market in early 2008, in the process locking up hundreds of billions of dollars in investors' money. We were fortunate to not be directly affected by that collapse in any of our products.

Before discussing the funds in greater detail, I would like to recap the results of a special election in 2008. Shareholders approved a momentous change for our fund family — the merger of the nine U.S. Global Investors Funds and the four U.S. Global Accolade Funds into a single trust. The new trust, which began operations on October 1, 2008, is known as U.S. Global Investors Funds.

The combination of the funds into a single trust created a more cost-efficient business structure by removing a number of duplicative processes, including the preparation and printing of two sets of semi-annual and annual reports each year. In addition, we now have a single board of trustees.

Also approved by shareholders in the special election was the addition of performance fees to the nine equity mutual funds managed by U.S. Global Investors. If a fund surpasses its designated benchmark by five percentage points or more over a 12-month rolling period, the fund adviser will receive a 0.25 percent performance fee. If a fund's returns are five percentage points or more below its benchmark, the adviser will forfeit 0.25 percent of its base advisory fee.

We believe the performance fee structure benefits shareholders by aligning their interests to an even greater degree to the interests of the fund managers. Our portfolio managers have significant investments in the funds they manage and, hence, have exposure to the funds' ups and downs just like other shareholders. Along with the portfolio managers, many other U.S. Global employees invest in the funds we manage. In this way, the financial interests of our entire company — both at a corporate level and an individual level — are aligned with those of the other shareholders.

U.S. Global Investors Funds

I offer my sincere thanks to fund shareholders for their vote of confidence in the special election. We have worked hard over the years to earn your trust, and we were gratified that you supported us during a particularly difficult period in the markets.

Another noteworthy event came in early November 2008, when U.S. Global Investors took over day-to-day management of the Eastern European Fund and the Global Emerging Markets Fund. We restructured our relationship with Charlemagne Capital (IOM) Ltd., which had previously overseen the daily operation of those funds. We will use the services of Charlemagne Capital, who is providing non-discretionary advisory services, when managing the funds.

We have expanded our investment team to enable us to handle the management of these two funds, just as we did when we assumed direct management of the Global MegaTrends Fund more than a year ago. Adding experienced personnel from Eastern Europe to that of our specialists in China-East Asia and natural resources further broadens our global perspective, which we believe will serve the fund shareholders well.

Total Annualized Returns as of 12/31/08

Fund/Ticker	One-Year	Three-Year	Five-Year	Ten-Year	Gross Expense Ratio	Capped Expense Ratio
Gold and Precious Metals Fund (USERX)	-27.05%	8.59%	9.73%	13.85%	1.79%	1.50%
World Precious Minerals Fund (UNWPIX)	-52.96%	-4.12%	3.09%	9.11%	1.71%	1.50%
Global Resources Fund (PSPFX)	-62.13%	-13.47%	4.70%	12.47%	1.57%	1.50%

Gross expense ratio as stated in the most recent prospectus. The Adviser has contractually limited total fund operating expenses (as a percentage of net assets) to not exceed 1.50% (exclusive of acquired fund fees and expenses of 0.04%) for the Gold and Precious Metals Fund, 1.50% (exclusive of acquired fund fees and expenses of 0.02%) for the World Precious Minerals Fund, and 1.50% for the Global Resources Fund through September 30, 2009. These contractual limitations, however, may be revised at any time by the funds' Board of Trustees. Performance data quoted above is historical. Past performance is no guarantee of future results. Results reflect the reinvestment of dividends and other earnings. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance does not include the effect of any direct fees described in the fund's prospectus (e.g., short-term trading fees of up to 0.50%) which, if applicable, would lower your total returns. Obtain performance data current to the most recent month-end at www.usfunds.com or 1-800-US-FUNDS.

Gold bullion was one of the few investment categories to finish 2008 in positive territory, but that success was not fully shared by the Gold and Precious Metals Fund (USERX) or the World Precious Minerals Fund (UNWPIX), which invest primarily in gold-mining equities, which were down for the year.

Mining companies produced less gold for the third straight year, and their profit margins were squeezed by higher energy and materials costs. For the non-producing “junior” miners, access to

U.S. Global Investors Funds

capital for exploration and development work was very difficult to find, though there were signs at year-end that this may be changing.

Oil prices peaked near \$150 a barrel shortly after mid-year, and then prices nosedived. By the end of 2008, that same barrel of crude was under \$40. The Global Resources Fund (PSPFX) was adversely affected by oil's price reversal, as well as the drop in price of industrial metals like copper and aluminum as the global economy slowed.

Total Annualized Returns as of 12/31/08

Fund/Ticker	One-Year	Three-Year	Five-Year	Ten-Year	Gross Expense Ratio	Capped Expense Ratio
All American Equity Fund (GBTFX)	-39.72%	-5.28%	-0.04%	-3.17%	2.31%	1.75%
China Region Fund (USCOX)	-56.12%	-2.45%	2.77%	7.17%	2.29%	2.00%

Gross expense ratio as stated in the most recent prospectus. The Adviser has contractually limited total fund operating expenses (as a percentage of net assets) to not exceed 1.75% (exclusive of acquired fund fees and expenses of 0.01%) for the All American Equity Fund, and 2.00% (exclusive of acquired fund fees and expenses of 0.01%) for the China Region Fund through September 30, 2009. These contractual limitations, however, may be revised at any time by the funds' Board of Trustees. Performance data quoted above is historical. Past performance is no guarantee of future results. Results reflect the reinvestment of dividends and other earnings. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance does not include the effect of any direct fees described in the fund's prospectus (e.g., short-term trading fees of up to 1.00%) which, if applicable, would lower your total returns. Obtain performance data current to the most recent month-end at www.usfunds.com or 1-800-US-FUNDS.

Early in the six-month period, the All American Equity Fund (GBTFX) was more invested in materials and energy and held a lower weighting in financials and health care compared to its benchmark, the S&P 500 Index, and those relative weightings caused the fund to underperform. In the second half of the time period, the fund was helped by a high cash position that the managers were able to invest during a year-end rally.

The China Region Fund (USCOX) maintained an above average cash position for most of the six-month period in light of China's economic slowdown. But following Beijing's announcement of a huge stimulus program, the nation's stock market climbed. In this scenario, the defensive cash position contributed to the fund performing below its benchmark, the Hang Seng Composite Index.

U.S. Global Investors Funds

Total Annualized Returns as of 12/31/08

Fund/Ticker	One-Year	Three-Year	Five-Year	Ten-Year	Gross Expense Ratio	Capped Expense Ratio
Holmes Growth Fund (ACBGX)	-46.97%	-9.74%	-1.23%	0.06%	1.92%	1.75%
Global MegaTrends Fund (MEGAX)	-47.65%	-11.85%	-3.70%	-0.04%	2.56%	1.85%
Eastern European Fund (EUROX)	-69.20%	-18.38%	3.11%	11.90%	2.14%	2.25%
Global Emerging Markets Fund (GEMFX)	-68.02%	-16.07%	n/a	-7.95*	2.93%	2.50%

* As of inception date 2/24/05

Gross expense ratio as stated in the most recent prospectus. The Adviser has contractually limited total fund operating expenses (as a percentage of net assets) to not exceed 1.75% (exclusive of acquired fund fees and expenses of 0.01%) for the Holmes Growth Fund, 1.85% (exclusive of acquired fund fees and expenses of 0.01%) for the Global MegaTrends Fund, 2.25% for the Eastern European Fund, and 2.50% (exclusive of acquired fund fees and expenses of 0.06%) for the Global Emerging Markets Fund through September 30, 2009. These contractual limitations, however, may be revised at any time by the funds' Board of Trustees. Performance data quoted above is historical. Past performance is no guarantee of future results. Results reflect the reinvestment of dividends and other earnings. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance does not include the effect of any direct fees described in the fund's prospectus (e.g., short-term trading fees of up to 2.00%) which, if applicable, would lower your total returns. Obtain performance data current to the most recent month-end at www.usfunds.com or 1-800-US-FUNDS.

We previously reported results for the four former U.S. Global Accolade Funds as of October 31, 2008, so this report will only cover the final two months of the year. Going forward, these four funds will be reported at six-month intervals with the remainder of the U.S. Global Investors Funds.

In November and December, the Holmes Growth Fund (ACBGX) benefited from its exposure to education and health care stocks, while its performance was hampered by its energy holdings and its limited exposure to telecom and utilities, two of the best-performing sectors.

The Global MegaTrends Fund (MEGAX), which focuses on infrastructure opportunities in the U.S. and around the world, was also helped by some sectors and hurt by others during the two-month period after the fund outperformed the S&P 500 for most of 2008. President Obama has made infrastructure spending in the U.S. a key component of his economic recovery program, which is a good sign for the sector.

The Eastern European Fund (EUROX) and Global Emerging Markets Fund (GEMFX) struggled in November and December, and while more short-term volatility is likely, over the longer term growth prospects remain bright for Eastern Europe and the world's emerging markets on the whole. The BRIC nations – Brazil, Russia, India and China – are all still largely underdeveloped and need better housing, transport and other infrastructure.

U.S. Global Investors Funds

There and elsewhere, consumers have embraced the lifestyles of the West, and this should create investment opportunities.

Total Annualized Returns as of 12/31/08

Fund/Ticker	One-Year	Three-Year	Five-Year	Ten-Year	Gross Expense Ratio	Capped Expense Ratio
Near-Term Tax Free Fund (NEARX)	3.25%	3.55%	2.67%	3.52%	1.87%	0.45%
Tax Free Fund (USUTX)	0.54%	2.78%	2.65%	3.63%	1.92%	0.70%
U.S. Government Securities Savings Fund (UGSXX)	1.87%	3.68%	2.93%	3.14%	0.72%	0.45%
U.S. Treasury Securities Cash Fund (USTXX)	0.88%	2.95%	2.25%	2.42%	1.15%	1.00%

Gross expense ratio as stated in the most recent prospectus. The Adviser has contractually limited total fund operating expenses (as a percentage of net assets) to not exceed 0.45% for the Near-Term Tax Free Fund, 0.70% for the Tax Free Fund, 0.45% for the U.S. Government Securities Savings Fund, and 1.00% for the U.S. Treasury Securities Cash Fund through September 30, 2009. These contractual limitations, however, may be revised at any time by the fund's Board of Trustees. Performance data quoted above is historical. Past performance is no guarantee of future results. Results reflect the reinvestment of dividends and other earnings. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance does not include the effect of any direct fees described in the fund's prospectus which, if applicable, would lower your total returns. Obtain performance data current to the most recent month-end at www.usfunds.com or 1-800-US-FUNDS.

Our municipal bond and money market funds were impacted by the Federal Reserve's dramatic cuts in the fed funds rate in its effort to kick-start the faltering domestic economy. At year-end, the fed funds rate was effectively zero.

These funds were affected by the extremely tight credit conditions that prevailed for most of 2008 and that escalated following the collapse of Lehman Brothers in September. The stimulative efforts of global central banks have increased the chances that we will see an economic recovery in 2009, but that likely remains some months away.

We take a long-term perspective in managing the U.S. Global Investors Funds, and we continue to search for long-term investment opportunities in domestic markets, emerging markets and global infrastructure. All of these markets can be very volatile, as we have seen in 2008, but I provide you this reminder as a way for you to manage your expectations and make appropriate decisions.

We strive to deliver superior market returns and serve as a source of useful information on the trends that influence domestic and global markets. That information is available in the "Frank Talk" investment blog, as well as in replays of our informative webcasts and in our Weekly Investor Alert electronic newsletter. I encourage you to sign up for the Investor Alert on our web site www.usfunds.com.

And as always, we urge investors to avoid chasing performance. One way to do that is to consider a portfolio allocation model similar to one cited by prominent financial planner Roger Gibson in his excellent book “Asset Allocation: Balancing Financial Risk.” In this model, assets are divided among four broad categories – domestic stocks, international stocks, fixed-income securities and hard assets – and rebalanced periodically to maintain the desired exposure.

Thank you for placing your trust in U.S. Global Investors. We take that trust very seriously, and we look forward to serving you in the years ahead.

Sincerely,



Frank Holmes
CEO and Chief Investment Officer
U.S. Global Investors, Inc.

Please consider carefully the fund's investment objectives, risks, charges and expenses. For this and other important information, obtain a fund prospectus by visiting www.usfunds.com or by calling 1-800-US-FUNDS (1-800-873-8637). Read it carefully before investing. Distributed by U.S. Global Brokerage, Inc. An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

All opinions expressed and data provided are subject to change without notice. Some of these opinions may not be appropriate to every investor. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The S&P 500 Stock Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The Hang Seng Composite Index is a market capitalization-weighted index that comprises the top 200 companies listed on Stock Exchange of Hong Kong, based on average market cap for the 12 months. Diversification does not protect an investor from market risks and does not assure a profit. Foreign and emerging market investing involves special risks such as currency fluctuation and less

public disclosure, as well as economic and political risk. By investing in a specific geographic region, a regional fund's returns and share price may be more volatile than those of a less concentrated portfolio. Gold funds may be susceptible to adverse economic, political or regulatory developments due to concentrating in a single theme. The price of gold is subject to substantial price fluctuations over short periods of time and may be affected by unpredicted international monetary and political policies. We suggest investing no more than 5% to 10% of your portfolio in gold or gold stocks. Because the Global Resources Fund concentrates its investments in a specific industry, the fund may be subject to greater risks and fluctuations than a portfolio representing a broader range of industries. Tax-exempt income is federal income tax free. A portion of this income may be subject to state and local income taxes, and if applicable, may subject certain investors to the Alternative Minimum Tax as well. Bond funds are subject to interest-rate risk; their value declines as interest rates rise. All opinions expressed and data provided are subject to change without notice. Some of these opinions may not be appropriate to every investor. The Eastern European Fund invests at least 25% of its total assets in companies involved in the oil, gas or banking industries. The risk of concentrating investments in this group of industries will make the fund more susceptible to risk in these industries than funds which do not concentrate their investments in an industry and may make the fund's performance more volatile.

Management Team's Perspective

INTRODUCTION

The U.S. Treasury Securities Cash Fund (USTXX) seeks to obtain a high level of current income while maintaining the highest degree of safety of principal and liquidity. The U.S. Government Securities Savings Fund (UGSXX) seeks to achieve a consistently high yield with safety of principal.

PERFORMANCE

U.S. Treasury Securities Cash Fund	<i>As of December 31, 2008</i>
7-Day Yield	0.01%
7-Day Effective Yield	0.01%
Weighted Average Days to Maturity	54

U.S. Government Securities Savings Fund	<i>As of December 31, 2008</i>
7-Day Yield	0.78%
7-Day Effective Yield	0.78%
Weighted Average Days to Maturity	44

An investment in either the U.S. Government Securities Savings Fund or the U.S. Treasury Securities Cash Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or by any other government agency. Although the funds seek to preserve the value of your investments at \$1.00 per share, it is possible to lose money by investing in the funds.

The Adviser has contractually limited total fund operating expenses (as a percentage of net assets) to not exceed 1.00% for the U.S. Treasury Securities Cash Fund and 0.45% for the U.S. Government Securities Savings Fund on an annualized basis through September 30, 2009. These contractual limitations, however, may be revised at any time by the funds' Board of Trustees. In addition, the yields reported above for the U.S. Treasury Securities Cash Fund include the effects of the Adviser's voluntary waiver of fees and/or reimbursement of expenses to maintain a minimum net yield for the fund. The Adviser can modify or terminate this arrangement at any time.

PERFORMANCE COMMENTARY

The U.S. Government Securities Savings Fund outperformed the Lipper government-only money market funds for the six months ended December 31, 2008, returning 0.67 percent versus 0.60 percent for the peer group. The U.S. Treasury Securities Cash Fund underperformed the Lipper treasury money market funds for the six months ended December 31, 2008, returning 0.23 percent versus 0.33 percent for the peer group.

**THE SIX-MONTH PERIOD IN REVIEW -
ECONOMIC AND POLITICAL ISSUES THAT
AFFECTED THE FUNDS**

September was extremely volatile as the deterioration in the U.S. and global economies accelerated rapidly. During the third calendar quarter of 2008, the financial crisis essentially froze the global financial system. The extreme volatility continued into the fourth quarter. Economists determined in retrospect that the U.S. economy officially fell into recession in December 2007, and it will likely be the deepest recession in decades. Most economic indicators are at multi-decade lows, among them housing starts, consumer confidence, manufacturing indicators and unemployment. The economy lost jobs every month this year, raising the unemployment rate to 7.2 percent, the highest level in 15 years. The economy lost 2.6 million jobs during 2008, the worst year in absolute terms since 1945. Housing prices nationally fell 18 percent year over year, and in many places around the country the decline in value was even greater. Inflation declined sharply after the collapse of global demand, and energy prices ended the year at just a fraction of their level just six months earlier. A number of prominent financial firms filed for bankruptcy or survived only with the help of government intervention. In early October, the Federal Reserve, European Central Bank and other central banks around the world simultaneously cut interest rates to try to stem the credit crisis. The Fed continued to cut interest rates during the quarter, ultimately driving rates to virtually zero. Central banks around the globe followed the Fed's lead by aggressively cutting interest rates to stimulate their economies. As a result, yields collapsed across the money market spectrum. The yield on the three-month Treasury bill fell 165 basis points to 0.08 percent, while yields on the six-month T-Bills fell 189 basis points to 0.26 percent. Yields on longer-term money market instruments, such as 1-year agency bonds, fell 195 basis points to 0.85 percent.

INVESTMENT HIGHLIGHTS

For much of the period, the U.S. Government Securities Savings Fund took a laddered approach by buying fixed-rate securities across the money market spectrum. The fund averaged a weighted average maturity of 47 days over the six-month period. The fund took advantage of higher yields by selectively extending its ladder. The U.S. Treasury Securities Cash Fund followed a similar approach – its weighted average maturity was 23 days over the period. The market dynamics for Treasuries changed as a tremendous amount of money flowed into the safest and most liquid securities, pushing yields to very low levels relative to other money market alternatives. The U.S. Treasury Securities Cash Fund took advantage of relatively

high repurchase rates, which kept the weighted average maturity lower than the U.S. Government Securities Savings Fund.

CURRENT OUTLOOK

The Federal Reserve went to extraordinary measures during the past six months, cutting interest rates essentially to zero, buying assets directly in the market and providing other liquidity backstops. The U.S. government also took steps to ensure that the economy did not slide from recession into depression. The combined efforts of policy makers in the U.S. and abroad increased the odds of a recovery in 2009, but that is likely some months away. The economic stimulus efforts have pushed yields in the government money markets down to very low absolute levels, where they will likely remain for at least the next six months.

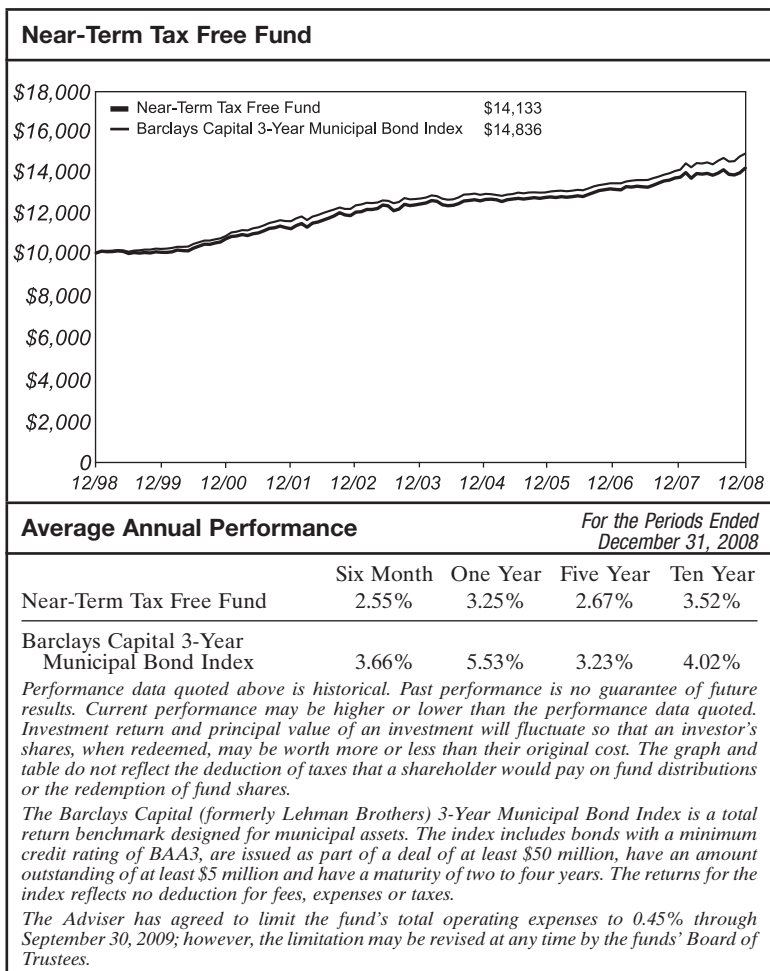
Tax Free Funds

Management Team's Perspective

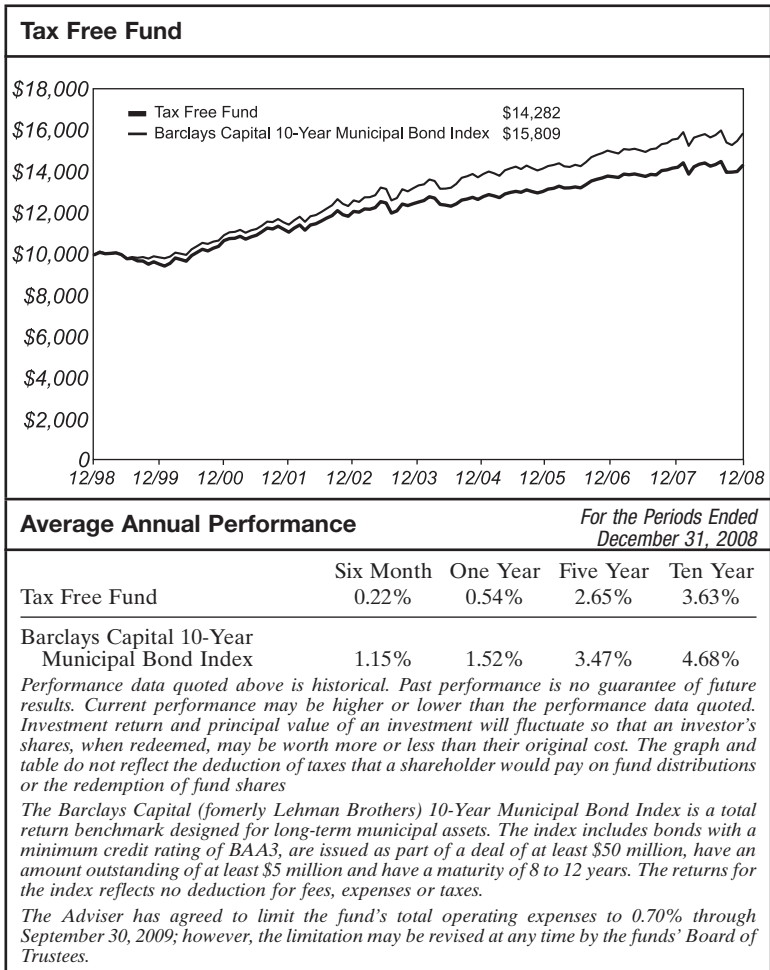
INTRODUCTION

The Near-Term Tax Free Fund (NEARX) and Tax Free Fund (USUTX) seek to provide a high level of current income exempt from federal income taxation and to preserve capital. However, a portion of any distribution may be subject to federal and/or state income taxes. The Near-Term Tax Free Fund will maintain a weighted average maturity of less than five years, while the Tax Free Fund will generally maintain a longer weighted average maturity.

PERFORMANCE GRAPHS



Tax Free Funds



Please visit our website at usfunds.com for updated performance information for different time periods.

PERFORMANCE COMMENTARY

Over the six-month period ended December 31, 2008, the Near-Term Tax Free Fund posted a 2.55 percent return, while the Tax Free Fund returned 0.22 percent. The Near-Term Tax Free Fund trailed the performance of its benchmark, the Barclays Capital 3-Year Municipal Bond Index, which returned 3.66 percent. The Tax Free Fund trailed the performance of its benchmark, the Barclays Capital 10-Year Municipal Bond Index, which

returned 1.15 percent. The performance difference for the funds was primarily driven by fund maturity preferences, as the funds maintained exposure across a wide range of maturities versus the bullet structure of each index.

Both funds significantly outperformed their respective Lipper peer groups for the six-month period. The Lipper Short-Intermediate Municipal Debt Fund peer group averaged a return of 0.04 percent and the Lipper General Municipal Debt Fund peer group averaged a return of -8.48 percent. Both funds benefited from a conservative credit profile, which was the primary driver for peer group outperformance. As the subprime debt market imploded, liquidity dried up and credit spreads widened. This primarily affected higher-yielding securities and longer-dated securities.

**THE SIX-MONTH PERIOD IN REVIEW -
ECONOMIC AND POLITICAL ISSUES THAT
AFFECTED THE FUNDS**

The third quarter of 2008 was extremely volatile, with the Barclays Capital Municipal Bond Index⁽¹⁾ falling 3.21 percent during that period. September was a particularly treacherous month for the financial markets, and municipals were not immune. The municipal bond index suffered its largest monthly decline (4.69 percent) in more than 20 years. Many of the same factors generally affecting the financial markets came to bear on the municipal market, most notably an extreme lack of liquidity as a result of constrained brokerage firm balance sheets, brokerage consolidation, turmoil at insurance firms and other traditional municipal buyers and arbitrage players exiting the market. The long end of the municipal yield curve (maturities 20 years and longer) suffered the most, with third quarter losses of 6.5 percent to 8 percent. The short end of the municipal curve outperformed, as 1- to 5-year bonds generated positive total returns.

The fourth quarter saw some improvement for high-quality municipals, but long-term and lower-quality bonds continued to suffer. The Barclays Capital Municipal Bond Index rose 0.74 percent during the fourth quarter, but this masked the underlying volatility in certain segments of the market, particularly the high-yield sector, which declined by more than 21 percent. The Barclays Capital Municipal Bond Index fell 2.47 percent during 2008, its worst decline since 1994. The index fell 2.49 percent in the second half of the year.

Virtually all of the factors that impacted municipals in the third quarter continued into the fourth quarter. The long end of the municipal yield curve suffered the bulk of the underperformance, with quarterly losses of more than 5 percent for maturities 22 years and longer. The short-intermediate portion of the municipal curve outperformed with gains approaching

4 percent in the 5- to 7-year range. The municipal yield curve steepened significantly, as short-term yields fell by as much as 125 basis points, while 30-year bond yields rose by about 5 basis points.

For the six-month period, revenue-backed municipals underperformed general obligation bonds, falling more than 6 percent as credit spreads widened. Generally speaking, credit quality and total returns were highly correlated. High-quality securities outperformed, with performance worsening as one moved down the credit scale. Industrial development bonds fared the worst, driven by poor performance of tobacco-backed issuers. The Federal Reserve cut interest rates effectively to zero to combat the widening financial crisis. The Fed and other government policymakers in Washington pulled out all the stops to avert a financial and economic collapse.

INVESTMENT HIGHLIGHTS

Strengths

- Both funds maintained a conservative credit profile, which significantly enhanced performance relative to their peer groups.
- Both funds were significantly overweight Texas municipals, which outperformed.
- Both funds avoided the hardest-hit sectors of the market, notably tobacco, housing and lower quality bonds.

Weaknesses

- Both funds maintained an overweight position relative to the benchmark in longer term securities, which generally underperformed.
- The funds did have some exposure to low-quality investment-grade bonds, which underperformed.
- The funds maintained significant exposure to hospital-backed municipals, which underperformed.

CURRENT OUTLOOK

Opportunities

- Municipals are historically “cheap” compared to other fixed-income alternatives such as treasuries, agency bonds and corporate bonds.
- The extremely poor performance of high-yield-related securities offers opportunities at much more attractive prices.

Threats

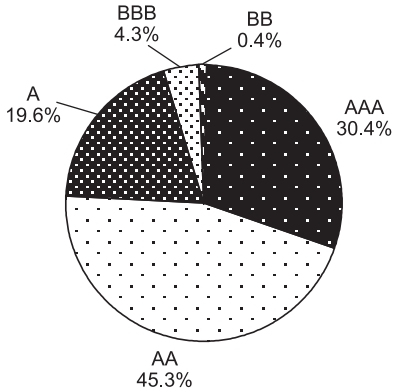
- The slowing economy has taken a toll on municipal issuers. Tax receipts have fallen sharply and the potential for bankruptcies has increased.
- The Fed has taken interest rates to zero and is now employing “quantitative” easing measures (buying assets directly, in addition to direct equity injections into financial institutions) to prevent a systematic financial collapse. The threat involved in this approach is this is likely sowing the seeds of inflation, but it may be some time before inflation materializes.

⁽¹⁾The Barclays Capital Municipal Bond Index is an unmanaged index representative of the tax-exempt bond market.

Tax Free Funds

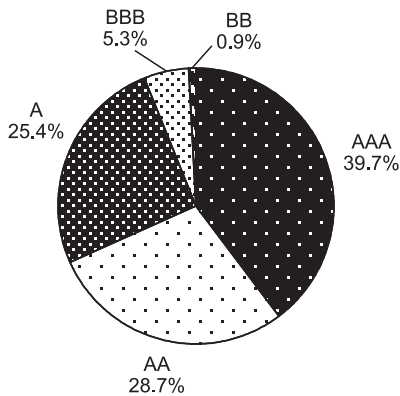
**Near-Term Tax Free Fund
Municipal Bond Ratings
(Based on Total Municipal Bonds)**

December 31, 2008
(unaudited)



**Tax Free Fund
Municipal Bond Ratings
(Based on Total Municipal Bonds)**

December 31, 2008
(unaudited)



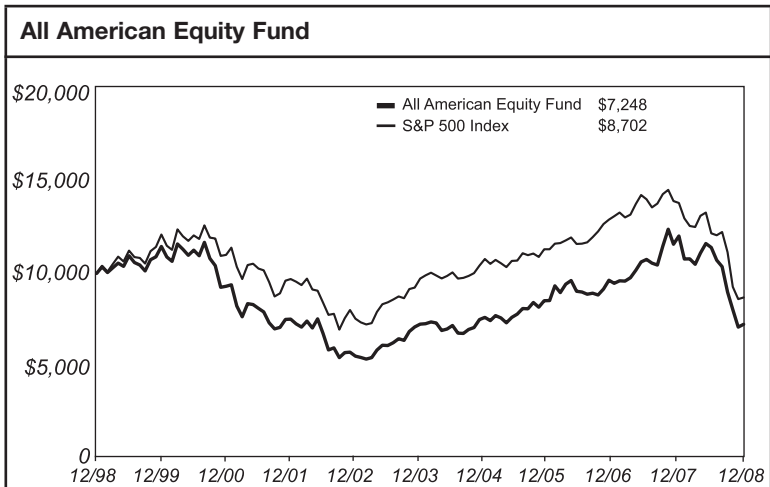
All American Equity Fund

Management Team's Perspective

INTRODUCTION

The principal objective of the All American Equity Fund (GBTFX) is to seek capital appreciation by investing primarily in a broadly diversified portfolio of domestic common stocks. The fund invests in large-capitalization stocks, while retaining the flexibility to seek out promising individual stock opportunities. The fund seeks capital appreciation and does not emphasize income.

PERFORMANCE GRAPH



Average Annual Performance

For the Periods Ended
December 31, 2008

	Six Month	One Year	Five Year	Ten Year
All American Equity Fund	(36.42)%	(39.72)%	(0.04)%	(3.17)%
S&P 500 Index	(28.48)%	(37.00)%	(2.19)%	(1.38)%

Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The returns for the index reflects no deduction for fees, expenses or taxes.

The Adviser has agreed to limit the fund's total operating expenses to 1.75% through September 30, 2009; however, the limitation may be revised at any time by the funds' Board of Trustees.

Please visit our website at usfunds.com for updated performance information for different time periods.

**THE SIX-MONTH PERIOD IN REVIEW -
ECONOMIC AND POLITICAL ISSUES THAT
AFFECTED THE FUND**

The federal funds rate was lowered three times in the last six months of 2008 and is now targeted between 0 and 0.25 percent, with the three cuts totaling between 175 and 200 basis points. The U.S. has officially been in recession since December 2007. Fourth-quarter 2008 GDP was a negative 3.8 percent on a quarter-over-quarter basis, and recent economic reports point towards negative growth in the first quarter of 2009. The unemployment picture weakened significantly with the unemployment rate rising from 5.6 percent in June to 7.2 percent in December, the highest rate in 15 years.

Despite lower inflation, the investment climate became more challenging. The Consumer Price Index (including food and energy) fell from 5.0 percent in June 2008 to 0.1 percent in December, while core CPI (excluding food and energy) declined from 2.4 percent to 1.8 percent.

Oil prices averaged \$89 per barrel over the six-month period but finished at \$45 – a decline of more than 67 percent in six months.

The yield on the 10-year U.S. Treasury note fell from 3.97 percent at the start of the time period to 2.21 percent at the end of December. This reflects the weakening of the U.S. economy over the time period.

Sector performance was all negative, with staples, healthcare and telecom declining the least. The largest declines were seen in materials, energy and financials.

INVESTMENT HIGHLIGHTS

Overview

The fund returned negative 36.42 percent for the six-month period ended December 31, 2008, compared to a negative 28.48 percent return for the S&P 500 Index.

Being overweight materials and energy and underweight financials hurt the fund, as dramatic sector rotation took place at the start of July. The outperformance only lasted for the first two months of the period. All of these gains and more were lost in the last four months. In addition, investors sought the safety of the staples and healthcare sectors, which were also underrepresented in the fund at the beginning of the period. In the second half of the time period, the fund benefited from a high cash

position that was put to work at the end of the year to participate in a year-end rally.

For the most part, the fund was able to correct the issues that hurt it in the first half of the time period. The fund ended the year overweight health-care and financials.

Our top-down analysis reviews global trends that include economic outlooks, the current political and legislative environment, government policy changes, socioeconomic trends, currency effects and other items. This is combined with a bottom-up analysis that emphasizes companies that we believe have prospects to generate long-term, sustainable growth in cash flow and relatively high returns on capital.

Strengths

- Consumer staples was the best performing sector, and the fund benefited during the time period by owning Altria Group, Inc.,⁽¹⁾ Philip Morris International, Inc.⁽²⁾ and General Mills, Inc.⁽¹⁾ During the uncertain times, the relative certainty of staples tends to be beneficial.
- Healthcare was the second-best performing sector on the back of strength in biotechnology and healthcare supplies. The fund benefited by being overweight this sector and biotech in particular. Positions in biotech stocks during the time period included Gilead Sciences, Inc.,⁽³⁾ Celgene Corp.,⁽⁴⁾ Sequenom, Inc.⁽⁵⁾ and United Therapeutics Corp.⁽⁶⁾

Weaknesses

- The worst performing sectors were energy and materials. The fund was hurt by being overweight both of these sectors at the start of the time period. Positions that hurt the fund included Potash Corp. of Saskatchewan, Inc.,⁽¹⁾ The Mosaic Co.,⁽¹⁾ Monsanto Co.,⁽¹⁾ Nabors Industries, Ltd.⁽¹⁾ and Diamond Offshore Drilling, Inc.⁽¹⁾ Other money managers were unwinding their long positions in commodities and short positions in financial stocks, which drove down the energy and materials markets and, for a time, drove the market up for financials.
- Although the financial sector ended up as the third worst performing sector by the end of the time period, it was one of the best performing sectors in the first three months. The fund entered the time period more than 12 percent underweight financials, which hurt performance for the period. We were overweight in financials at the end of the period in expectations of a rally in early 2009.

All American Equity Fund

Sector Weightings—All American Equity Fund and S&P 500 Index (% of Investments as of December 31, 2008)

Sectors	All American Equity Fund % Weights	S&P 500 Index % Weights	Over (Under) % Weight
Financials	24.4	13.3	11.1
Healthcare	17.4	14.8	2.6
Technology	13.8	15.3	(1.5)
Energy	13.6	13.3	0.3
Consumer Discretion	7.0	8.4	(1.4)
Materials	6.8	2.9	3.9
Utilities	6.0	4.2	1.8
Industrials	3.5	11.1	(7.6)
Consumer Staples	2.2	12.9	(10.7)
Telecommunications	1.6	3.8	(2.2)
Cash Equivalent	3.7	0.0	3.7
Total	<u>100.0</u>	<u>100.0</u>	<u>0.0</u>

From a fund construction viewpoint, at December 31, 2008, the fund was positioned to benefit from a weakening economy with rising inflation.

Fund Metrics

	Revenue Growth	Earnings Growth	Return On Equity - ROE	P/E to Growth Ratio - PEG	Average Market Capitalization
All American Equity Fund	27%	22%	19.1%	1.2X	\$23.5 Billion
S&P 500 Index	8%	-10%	20.6%	1.3X	\$15.8 Billion

As of December 31, 2008, the average revenue growth in the last 12 months for the stocks in the fund was 54 percent, compared to 8 percent for the stocks in the S&P 500 Index. The high relative growth also applied to earnings of the stocks in the fund, which on average grew 150 percent year-over-year over the last 12 months while the S&P 500 Index saw earnings growth of negative 14 percent. The fund's holdings also exhibited stronger return on equity, which demonstrated the quality of these companies. Despite higher growth rates, the price-to-projected-earnings-per-share growth rate (PEG ratio) was slightly lower than that of the S&P 500 Index.

The fund is actively managed, and holding period is not generally a consideration in investment decisions. Its portfolio turnover is, and is expected to continue to be, over 100 percent.

CURRENT OUTLOOK

Opportunities

- Given the massive sell-off in equities, 2009 may be a better year as far as relative performance.
- The unprecedented fiscal and monetary response to the current economic weakness could begin to have an impact by midyear.
- Stocks appear to be cheap on a historical basis, given the level of interest rates and assuming estimates are accurate.

Threats

- Stocks historically rally on interest rate cuts. However, the U.S. has basically cut rates as low as they possibly can with a targeted fed funds rate between 0 and 0.25 percent.
- Trade could become an issue in light of record trade deficits and a more confrontational Congress.

⁽¹⁾The fund did not hold this security as of December 31, 2008.

⁽²⁾This security comprised 2.14% of the total net assets of the fund as of December 31, 2008.

⁽³⁾This security comprised 2.84% of the total net assets of the fund as of December 31, 2008.

⁽⁴⁾This security comprised 1.36% of the total net assets of the fund as of December 31, 2008.

⁽⁵⁾This security comprised 0.98% of the total net assets of the fund as of December 31, 2008.

⁽⁶⁾This security comprised 0.58% of the total net assets of the fund as of December 31, 2008.

All American Equity Fund**Top 10 Holdings Based on Total Investments
(excluding repurchase agreements)***December 31, 2008*

FIRST FINANCIAL BANKSHARES, INC. FINANCIAL SERVICES	4.44%
VORNADO REALTY TRUST REAL ESTATE INVESTMENT TRUSTS	3.49%
HATTERAS FINANCIAL GROUP REAL ESTATE INVESTMENT TRUSTS	3.42%
JOHNSON & JOHNSON MEDICAL - PRODUCTS	3.08%
VMWARE, INC. SOFTWARE TOOLS	3.05%
GILEAD SCIENCES, INC. THERAPEUTICS	2.96%
LOWE'S COS., INC. RETAIL	2.77%
UNITEDHEALTH GROUP, INC. MEDICAL - HMO	2.40%
MCDONALD'S CORP. RESTAURANTS	2.40%
OCWEN FINANCIAL CORP. FINANCIAL SERVICES	2.36%
TOTAL TOP TEN HOLDINGS	30.37%

Portfolio Profile*December 31, 2008*

Country Distribution*	% of Investments
United States	84.88%
People's Republic of China	4.17%
Canada	3.23%
Hong Kong	2.86%
Other Foreign	4.86%

* Country distribution shown is based on domicile and is not intended to conform to the "all American" definition in the prospectus.

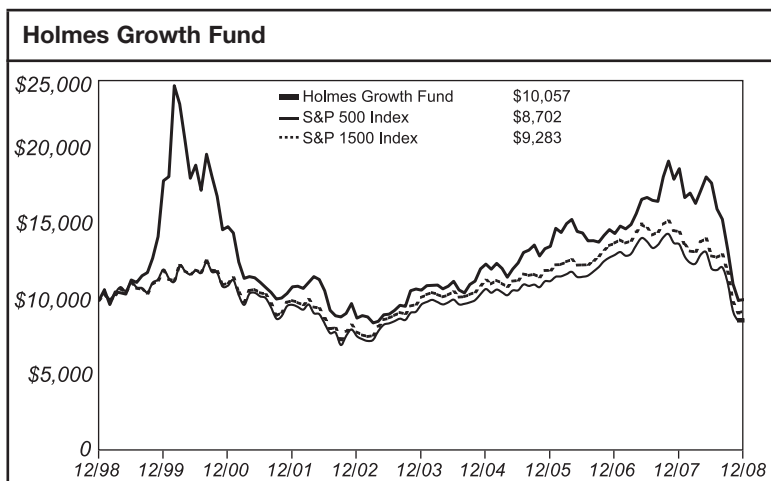
Holmes Growth Fund

Management Team's Perspective

INTRODUCTION

The Holmes Growth Fund (ACBGX) focuses on companies with good growth prospects and strong positive earnings momentum. Our primary objective is long-term capital appreciation.

PERFORMANCE GRAPH



Average Annual Performance

For the Periods Ended
December 31, 2008

	Two Month	One Year	Five Year	Ten Year
Holmes Growth Fund	(9.55)%	(46.97)%	(1.23)%	0.06%
S&P 500 Index	(6.19)%	(37.00)%	(2.19)%	(1.38)%
S&P 1500 Index	(6.10)%	(36.70)%	(1.85)%	(0.74)%

Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The S&P 1500 Index is a broad-based capitalization-weighted index of 1500 U.S. companies and is comprised of the S&P 400, S&P 500 and the S&P 600. The returns for the indexes reflect no deduction for fees, expenses or taxes.

The Adviser has agreed to limit the fund's total operating expenses to 1.75% on an annualized basis through September 30, 2009; however, the limitation may be revised at any time by the funds' Board of Trustees.

Please visit our website at usfunds.com for updated performance information for different time periods.

**THE TWO-MONTH PERIOD IN REVIEW -
ECONOMIC AND POLITICAL ISSUES THAT
AFFECTED THE FUND**

The federal funds rate was lowered in mid-December to a target between 0 and 0.25 percent in an effort to energize the U.S. economy, which has officially been in recession since December 2007. Economic reports point toward a continuation of the recession in the first quarter of 2009. The unemployment picture weakened significantly to 7.2 percent in December, the highest rate of unemployment in 15 years.

The Consumer Price Index (including food and energy) came in at 0.1 percent as of December 2008. Core CPI (excluding food and energy) was 1.8 percent. Oil prices averaged \$50 per barrel over the last two months, and finished 2008 at \$45. The price range for oil over the period was a high of \$71 per barrel and a low of \$34.

The yield on the 10-year U.S. Treasury note fell from 3.95 percent at the start of the time period to 2.21 percent, reflecting the weakening of the U.S. economy over the time period.

Sector performance was mixed, with telecom and utilities in positive territory and all other sectors declining. The largest declines were seen in energy, materials and consumer discretion.

INVESTMENT HIGHLIGHTS

Overview

The fund returned a negative 9.55 percent for the two-month time period, compared to a negative 6.10 percent return for the S&P 1500 Index, the fund's benchmark.

The fund benefited from its exposure to healthcare and education stocks. The fund's energy equities tended to be the biggest drags on performance.

Our top down analysis reviews global trends that include economic outlooks, political and legislative environment, government policy changes, socioeconomic trends, currency effects and other similar items. The bottom up analysis emphasizes companies that we believe have prospects to generate long-term, sustainable growth in cash flow and relatively high returns on capital.

Strengths

- Although consumer discretion was the third worst performing sector, the fund's holdings in education stocks were positive contributors to performance. Both ITT Educational Services, Inc.⁽¹⁾ and Strayer Education, Inc.⁽²⁾ worked out well for the fund.

Holmes Growth Fund

- The fund's healthcare picks, including Bristol-Myers Squibb Co.,⁽³⁾ Humana, Inc.⁽⁴⁾ and Emergent Biosolutions, Inc.⁽⁵⁾, were positive contributors to performance.

Weaknesses

- The decline in oil prices was the biggest reason for energy being the worst performing sector. Holdings that detracted from performance included Peabody Energy Corp.,⁽⁶⁾ Helmerich & Payne, Inc.⁽⁷⁾ and Transocean, Inc.⁽⁸⁾
- The best performing sectors, telecom and utilities, were underrepresented in the fund. The fund had no utility exposure and was underweight the telecom sector.

Sector Weightings—Holmes Growth Fund and S&P 1500 Index (As of December 31, 2008 in %)

Sectors	Holmes Growth Fund % Weights	S&P 1500 Index % Weights	Over (Under) % Weight
Healthcare	30.1	14.5	15.6
Financials	17.2	14.1	3.1
Consumer Discretion	13.6	9.0	4.6
Energy	10.3	12.5	(2.2)
Technology	8.0	15.1	(7.1)
Industrials	6.2	11.6	(5.4)
Materials	4.5	3.3	1.2
Telecom	2.9	3.5	(0.6)
Consumer Staples	2.8	11.9	(9.1)
Utilities	0.0	4.5	(4.5)
Cash Equivalent	4.4	0.0	4.4
Total	<u>100.0</u>	<u>100.0</u>	<u>0.0</u>

From a fund construction viewpoint, at December 31, 2008, the fund is defensively positioned with a significant presence in healthcare.

Fund Metrics

	Revenue Growth	Earnings Growth	Return On Equity - ROE	P/E to Growth Ratio - PEG	Average Market Capitalization
Holmes Growth Fund	19%	56%	24.5%	1.0X	\$28.2 Billion
S&P 1500 Index	9%	-12%	16.9%	1.3X	\$5.5 Billion

As of December 31, 2008, the average revenue growth for the stocks in the fund was 19 percent, compared to 9 percent for the stocks in the S&P 1500 Index. The high relative growth also applies to earnings of the stocks in the fund, which on average grew 56 percent year-over-year compared to a negative 12 percent for the S&P 1500 Index. The fund's holdings exhibited higher return on equity. Despite these higher growth rates, the price-to-projected-earnings-per-share growth rate (PEG ratio) is less than that of the S&P 1500 Index (1.0x for the fund compared to 1.3x for the index).

CURRENT OUTLOOK

Opportunities

- Given the massive sell-off in equities, 2009 may be a better year as far as relative performance.
- The unprecedented fiscal and monetary response to the current economic weakness could begin to have an impact by midyear.
- Stocks appear to be cheap on a historical basis, given the level of interest rates and assuming estimates are accurate.

Threats

- Stocks historically rally on interest rate cuts. However, the U.S. has basically cut rates as low as they possibly can with a targeted fed funds rate between 0 and 0.25 percent.
- Trade could become an issue, given record trade deficits and the possibility of a more confrontational Congress.

⁽¹⁾This security comprised 3.51% of the total net assets of the fund as of December 31, 2008.

⁽²⁾This security comprised 3.30% of the total net assets of the fund as of December 31, 2008.

⁽³⁾This security comprised 3.04% of the total net assets of the fund as of December 31, 2008.

⁽⁴⁾This security comprised 2.30% of the total net assets of the fund as of December 31, 2008.

⁽⁵⁾This security comprised 1.61% of the total net assets of the fund as of December 31, 2008.

⁽⁶⁾This security comprised 1.05% of the total net assets of the fund as of December 31, 2008.

⁽⁷⁾This security comprised 1.68% of the total net assets of the fund as of December 31, 2008.

⁽⁸⁾The fund did not hold this security as of December 31, 2008.

Holmes Growth Fund**Top 10 Holdings Based on Total Investments
(excluding repurchase agreements)***December 31, 2008*

ITT EDUCATIONAL SERVICES, INC. SCHOOLS	3.71%
BAXTER INTERNATIONAL, INC. MEDICAL PRODUCTS	3.66%
STRAYER EDUCATION, INC. SCHOOLS	3.49%
BRISTOL-MYERS SQUIBB CO. MEDICAL - PRODUCTS	3.22%
PETMED EXPRESS, INC. RETAIL	3.16%
CUBIST PHARMACEUTICALS, INC. MEDICAL - BIOMEDICAL	3.15%
STIFEL FINANCIAL CORP. FINANCIAL SERVICES	2.99%
EZCORP, INC. RETAIL	2.97%
ILLUMINA, INC. MEDICAL - BIOMEDICAL	2.54%
FIRST SOLAR, INC. ENERGY	2.47%
TOTAL TOP TEN HOLDINGS	31.36%

Portfolio Profile*December 31, 2008*

Country Distribution*	% of Investments
United States	94.34%
Canada	4.21%
Switzerland	1.45%

* Country distribution shown is based on domicile and the locale of company operations may be different. American Depositary (ADRs) and Global Depositary Receipts (GDRs) are included as United States investments in accordance with the prospectus.

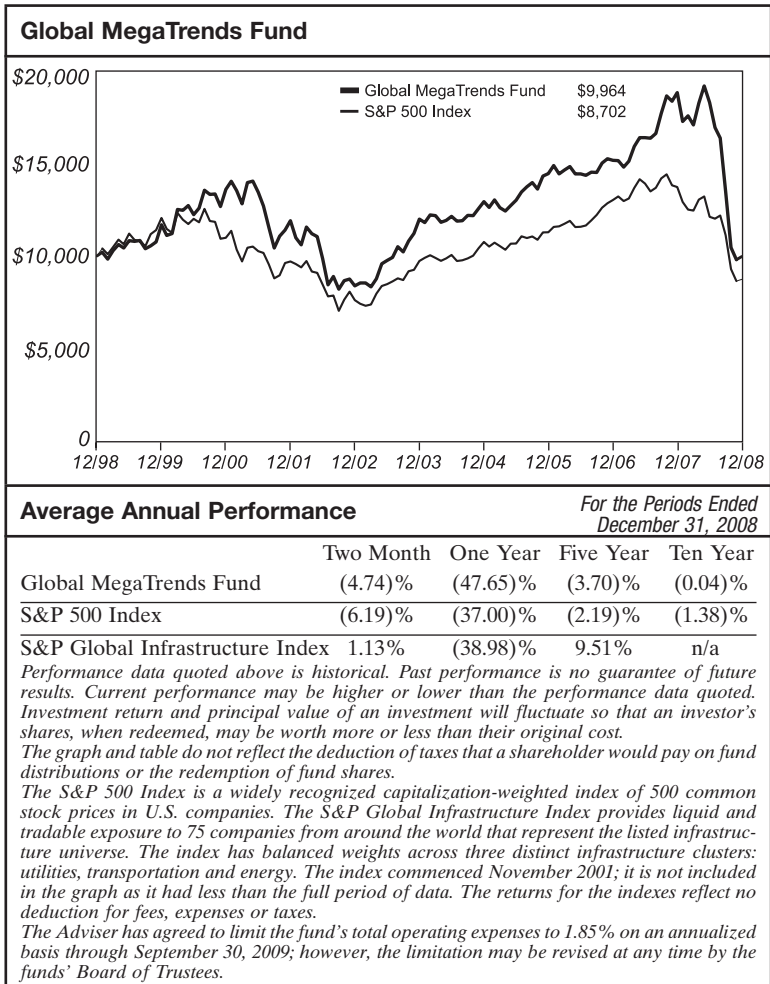
Global MegaTrends Fund

Management Team's Perspective

INTRODUCTION

The Global MegaTrends Fund (MEGAX) focuses on companies that are well positioned to benefit from future investments in global infrastructure, both in the private and public sectors. The fund considers a broad range of investable opportunities, including publicly-traded infrastructure assets (such as airports and toll roads), select utilities, construction and engineering firms, telecom operators, select companies in the alternative energy space, and companies in the steel, cement and raw materials sectors.

PERFORMANCE GRAPH



**THE TWO-MONTH PERIOD IN REVIEW -
ECONOMIC AND POLITICAL ISSUES THAT
AFFECTED THE FUND**

The last two months of 2008 saw a continuation of the themes featured during the U.S. presidential election. Then President-elect Obama frequently mentioned during his campaign a need to increase domestic infrastructure spending and to broaden the nation's commitment to alternative energy. We believe this was one of the reasons Vestas Wind Systems A/S,⁽¹⁾ a wind turbine company, appreciated by over 40 percent in anticipation of investments in the space.

In Canada, where the government also remains committed to infrastructure spending, SNC-Lavalin Group, Inc.,⁽²⁾ a diversified engineering firm, saw its price rise by 24 percent. However, the performance of the infrastructure-related companies was uneven. The heavy equipment manufacturer The Manitowoc Co., Inc.⁽³⁾ saw its share price fall by 12 percent.

Volatility in Russia, which started in July 2008 with an investigation by the Russian government of alleged coal price-fixing by steel companies and was later exacerbated by the conflict between Russia and Georgia, affected Evraz Group S.A.,⁽⁴⁾ one of the vertically integrated steel producers, which suffered a 44 percent depreciation in its share price.

INVESTMENT HIGHLIGHTS

Overview

The fund had a negative 4.74 percent return in the two-month period ended December 31, 2008, compared to a negative 6.19 percent return for the S&P 500 Index, the fund's benchmark, and a positive 1.13 percent return for the S&P Global Infrastructure Index.

Strengths

- The fund benefited from select international holdings that saw significant price appreciation. China Communications Construction Co., Ltd.⁽⁵⁾ is seen as one of the potential beneficiaries of the forthcoming infrastructure boom in China, while Hyflux Ltd.,⁽⁶⁾ a water infrastructure play in Asia and the Middle East, posted record profit.
- In the U.S., Granite Construction, Inc.,⁽⁷⁾ specializing in roads, bridges and tunnels construction, returned 24 percent as President-elect Obama reiterated his commitment to the infrastructure cause. FPL Group, Inc.,⁽⁸⁾ another U.S. company and the fund's largest holding at year-end, also had a positive contribution to the fund's performance for the period.

Global MegaTrends Fund

- The fund was significantly underweight financials and energy, both of which were among the worst performing groups of the S&P 500.

Weaknesses

- Many ‘typical’ infrastructure plays, including construction and engineering firms and telecom, exhibited weak performance in the last two months of 2008.
- Significantly overweighting in industrials, utilities and materials exacerbated weak performance.
- Political volatility in Russia and general weakness across emerging markets such as China and Brazil affected some of the fund’s holdings.

Sector Weightings—Global MegaTrends Fund and S&P 500 Index (% of Investments as of December 31, 2008)

Sectors	Global MegaTrends Fund % Weights	S&P 500 Index % Weights	Over (Under) % Weight
Industrials	42.2	11.1	31.1
Utilities	23.4	4.2	19.2
Telecommunications	13.4	3.8	9.6
Materials	10.5	2.9	7.6
Energy	2.6	13.3	(10.7)
Financials	2.5	13.3	(10.8)
Technology	0.0	15.3	(15.3)
Healthcare	0.0	14.8	(14.8)
Consumer Staples	0.0	12.9	(12.9)
Consumer Discretion	0.0	8.4	(8.4)
Cash Equivalent	5.4	0.0	5.4
Total	<u>100.0</u>	<u>100.0</u>	<u>0.0</u>

CURRENT OUTLOOK

We believe that infrastructure-related issues will be prominent for many years to come due to a growth in population and urbanization that will necessitate improvements to the existing global infrastructure. Underinvestment in infrastructure assets in the past 20 to 30 years has resulted in a significant deterioration of the existing stock.

We are encouraged by the awareness of political leaders around the world that investments in infrastructure are needed to sustain economic growth and competitiveness. President Obama supports a significant increase in

infrastructure spending that, by some estimates, could total hundreds of billions of dollars.

In addition, growing recognition of the need for alternative energy sources will continue despite a recent decline in crude oil prices. The U.S. Senate overwhelmingly approved tax credits for solar and wind power in late 2008, and this will likely support continued investment in this sector.

Opportunities

- Market volatility allowed the fund to buy shares in some companies in the infrastructure space that recently saw a price correction after a stellar performance last year.
- Although the lower price of oil may change relative attractiveness of wind and solar, we believe that investments in alternative energy sources will gain traction due to a growing need for additional power globally.
- The privatization of Chicago Midway Airport in October 2008 illustrates interest in quality infrastructure assets.

Threats

- While many countries remain committed to improving their infrastructure, it remains to be seen how tighter credit conditions and the issue of property rights impact some of the projects.
- Investors began to move to more defensive sectors at the beginning of 2008 in expectation of weaker economic activity.
- Government support/subsidies are still required for a sustainable development of alternative energy and these can vary with changes in a political climate.

⁽¹⁾This security comprised 1.36% of the fund's total net assets as of December 31, 2008.

⁽²⁾This security comprised 1.48% of the fund's total net assets as of December 31, 2008.

⁽³⁾This security comprised 1.18% of the fund's total net assets as of December 31, 2008.

⁽⁴⁾This security comprised 0.27% of the fund's total net assets as of December 31, 2008.

⁽⁵⁾This security comprised 1.47% of the fund's total net assets as of December 31, 2008.

⁽⁶⁾This security comprised 1.72% of the fund's total net assets as of December 31, 2008.

⁽⁷⁾This security comprised 1.00% of the fund's total net assets as of December 31, 2008.

⁽⁸⁾This security comprised 5.02% of the fund's total net assets as of December 31, 2008.

Global MegaTrends Fund**Top 10 Holdings Based on Total Investments
(excluding repurchase agreements)***December 31, 2008*

FPL GROUP, INC. ELECTRIC UTILITIES	5.03%
CHINA MOBILE LTD. WIRELESS TELECOMMUNICATIONS	4.84%
BURLINGTON NORTHERN SANTA FE CORP. TRANSPORTATION	4.47%
GRUPO AEROPORTUARIO DEL SURESTE S.A.B. DE C.V. AIRPORTS	3.73%
EXELON CORP. ELECTRIC UTILITIES	3.53%
AT&T, INC. TELECOMMUNICATIONS	3.23%
FIRST SOLAR, INC. ENERGY	3.13%
FIRSTENERGY CORP. ELECTRIC GENERATION	2.87%
STANTEC, INC. COMMERCIAL SERVICES	2.80%
FLUOR CORP. ENGINEERING/RESEARCH & DEVELOPMENT	2.65%
TOTAL TOP TEN HOLDINGS	36.28%

Portfolio Profile*December 31, 2008*

Country Distribution*	% of Investments
United States	52.97%
Brazil	10.84%
Canada	8.32%
Hong Kong	7.13%
Mexico	5.98%
People's Republic of China	5.75%
Turkey	1.99%
Singapore	1.72%
Other Foreign	5.30%

* Country distribution shown is based on domicile and the locale of company operations may be different. Investments in companies that are economically tied to foreign countries were 51% of total assets at December 31, 2008.

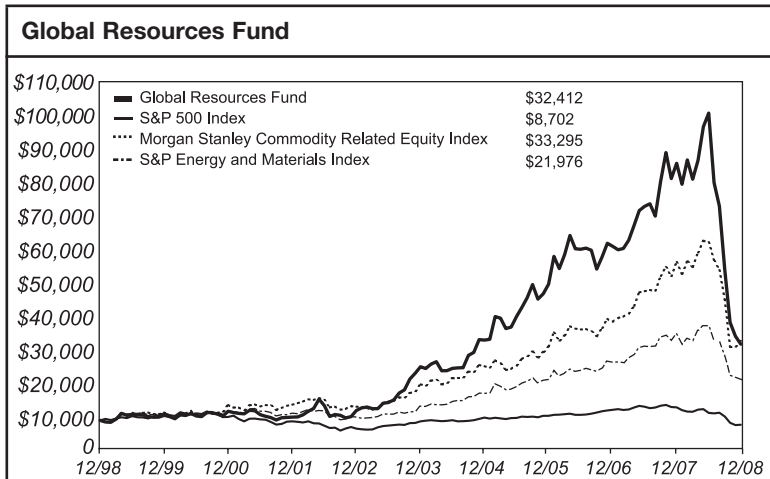
Global Resources Fund

Management Team's Perspective

INTRODUCTION

The Global Resources Fund (PSPFX) is a diversified natural resources fund with the principal objective of achieving long-term growth of capital while providing protection against inflation and monetary instability. The fund invests globally in companies involved in the exploration, production, transportation and processing of petroleum, natural gas, industrial commodities, metals, minerals and forestry.

PERFORMANCE GRAPH



Average Annual Performance

For the Periods Ended
December 31, 2008

	Six Month	One Year	Five Year	Ten Year
Global Resources Fund	(67.70)%	(62.13)%	4.70%	12.47%
S&P 500 Index	(28.48)%	(37.00)%	(2.19)%	(1.38)%
Morgan Stanley Commodity Related Equity Index	(46.70)%	(41.21)%	10.09%	12.77%
S&P Energy and Materials Index	(41.90)%	(37.99)%	9.13%	8.18%

Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The Morgan Stanley Commodity Related Equity Index is an equal-dollar weighted index based on shares of widely held companies involved in commodity-related industries such as energy, non-ferrous metals, agriculture and forest products. In the future, this index will be used as the primary benchmark comparison for this fund as the Adviser believes it is more representative of the investments in the fund. The previous benchmark was the S&P Energy and Materials Index. The S&P Energy and Materials Index is a combination of the S&P 500 Energy Index and the S&P 500 Materials Index calculated on a 70% and 30% weighting, respectively, with monthly rebalancing of weights. The returns for the indexes reflect no deduction for fees, expenses or taxes.

The Adviser has agreed to limit the fund's total operating expenses to 1.50% on an annualized basis through September 30, 2009; however, the limitation may be revised at any time by the fund's Board of Trustees.

Please visit our website at usfunds.com for updated performance information for different time periods.

**THE SIX-MONTH PERIOD IN REVIEW -
ECONOMIC AND POLITICAL ISSUES THAT
AFFECTED THE FUND**

The economy contracted significantly in the second half of the year as negative fallout from overleveraged banks and speculative loans accelerated, causing severe dislocation in the international equity markets. The Standard & Poor's 500 Index declined 37 percent in 2008 (the last six months had a 28 percent decline), with periods of extreme volatility that were on par with the Great Depression era of the 1930s.

Credit markets froze when investment banking giant Lehman Brothers filed for bankruptcy in September. Mortgage underwriters Fannie Mae and Freddie Mac were nationalized by the federal government in order to avoid a complete financial collapse. As a result, credit spreads between banks, corporations and sovereign nations ballooned, making it virtually impossible to roll over or secure new loans.

Barack Obama won the 2008 presidential election and quickly responded to rising unemployment and deteriorating economic fundamentals. President Obama pledged to introduce a stimulus package that would create jobs and revitalize the economy.

The Russian army invaded the Republic of Georgia in an effort to regain influence in the Caucasus region. This invasion strained relations with NATO countries and threatened oil supplies that move through the BTC pipeline. Russian oil production declined in 2008, mainly due to resource nationalism and declining foreign investment. It was Russia's first output shortfall in 13 years.

INVESTMENT HIGHLIGHTS

Overview

For the six-month period ended December 31, 2008, the Global Resources Fund posted a negative return of 67.70 percent versus the fund's benchmark, the Morgan Stanley Commodity Related Equity Index (CRX), which declined by 46.70 percent. The S&P 500 Index saw a 28.48 percent decline as volatility reached historic levels due to the global banking crisis.

The fund reduced its exposure to small and mid-sized oil and gas equities in response to the \$100 per barrel decline in the price of crude oil and a 58 percent reduction in the price of natural gas. The managers also reduced equity holdings with exposure to economically sensitive metals, such as copper and aluminum, due to weakening global industrial production. Additionally, the fund lowered exposure to certain emerging market

equities due to the strength of the U.S. dollar. As a result of increased commodity and equity market volatility, the fund's portfolio turnover increased to 100 percent from 67 percent for the same period in the prior year as the managers increased the average cash position, and the frequency of sub-sector rotations in accordance with our proprietary models.

INVESTMENT PROCESS

Our top-down analysis reviews global trends, including economic outlook, the current political and legislative environment, government policy changes, socioeconomic trends, supply and demand fundamentals, currency effects and other similar items. We combine that with a bottom-up analysis that emphasizes companies that we believe have prospects to generate meaningful per-share growth in reserves, production and cash flow and high returns on capital.

The fund typically invests in equity derivatives, including warrants and exchange-traded options, to manage risk and volatility when the managers identify opportunities to exploit the pricing of equity derivatives relative to the underlying equity.

Strengths

- Fund performance benefited from exposure to gold and related mining equities. Holdings in Goldcorp, Inc.⁽¹⁾ and the SPDR Gold Trust⁽²⁾ outperformed the benchmark.
- The AMEX Oil Index⁽³⁾ outperformed the S&P 500 Energy Index⁽⁴⁾ by 500 basis points in the period. Management's decision to rotate into large-cap oil stocks aided fund performance as positions in Exxon Mobil Corp.,⁽⁵⁾ Chevron,⁽⁶⁾ ConocoPhillips,⁽⁷⁾ and BP plc⁽⁸⁾ made positive contributions.
- The late fourth quarter recovery in refining margins and the fund's corresponding holdings in Valero Energy Corp.,⁽⁹⁾ Tesoro Corp.⁽¹⁰⁾ and Sunoco, Inc.⁽¹¹⁾ made a meaningful contribution to the portfolio.
- The fund's ability to employ defensive positions in inverse exchange-traded funds and covered call writing helped offset downside volatility and added to performance in the period.

Weaknesses

- The price of crude oil and natural gas fell by an average of 63 percent in the period to \$44.60 a barrel and \$5.60 per thousand cubic feet. Accordingly, the fund's holdings in oil and gas exploration and production companies adversely affected performance.

- In response to lower commodity prices, producers significantly reduced exploration and development budgets, which negatively impacted the fund's holdings in oil service and equipment contractors. The Philadelphia Oil Service Sector Index⁽¹²⁾ declined nearly 66 percent in the last six months.
- The divergence between large-cap natural resource equities and junior exploration companies weighed on performance during the period. The S&P/TSX Venture Composite Index⁽¹³⁾ fell 75 percent in U.S. dollar terms, which materially underperformed the fund's large-cap benchmark.
- The fund's foreign holdings listed in Canada, Australia and Latin America were particularly impaired by the strength of the trade-weighted U.S. dollar, which increased by 12 percent in the period.
- The Baltic Dry Freight Index⁽¹⁴⁾ fell 92 percent as global trade seized in response to the credit crisis. Additionally, the price of coal was weakened by lower exports and soft utility demand, which resulted in a near 80 percent drop in coal equities.

CURRENT OUTLOOK

Opportunities

- In response to the weakening global economy, the U.S., Europe and China have committed more than \$2 trillion in a synchronized effort to jump-start economic growth. Much of the stimulus is aimed at commodity intensive infrastructure projects.
- In an effort to support falling oil prices, OPEC agreed to cut production by 2.2 million barrels a day. Since September, members of the oil cartel have pledged cuts totaling 4.2 million barrels a day, or nearly 12 percent of their capacity.
- According to the International Energy Agency's latest World Energy Outlook report, \$26.3 trillion of cumulative investment will be necessary through 2030 for energy supply infrastructure.
- President Obama promised to spend \$150 billion over the next 10 years to develop alternative clean energy technologies. The International Energy Agency forecasts crude oil demand to rise from 87 million barrels a day to 94 million barrels by 2013, or 1.6 percent per annum. OPEC spare capacity is expected to fall to 2.2 percent over the same time period.

Threats

- The International Monetary Fund expects developed economies to contract by 0.3 percent in 2009 based on further deterioration in producer and consumer confidence and continued financial de-leveraging.
- An economic recovery could be at risk if the government is unable to put together a viable plan to clean up bad loans within the banking sector in order to normalize credit markets and restart growth.
- According to the Energy Information Administration, U.S. oil demand is expected to grow only 1 million barrels per day, or 0.2 percent, over the next two decades, as higher vehicle fuel standards and increased use of renewable fuels constrain petroleum consumption.
- The global financial and credit crises combined with a recession, have exposed several emerging market countries to serious financial market risks that could further disrupt an economic recovery.

⁽¹⁾This security comprised 3.17% of the total net assets of the fund as of December 31, 2008.

⁽²⁾This security comprised 3.91% of the total net assets of the fund as of December 31, 2008.

⁽³⁾The AMEX Oil Index (XOI) is a price weighted index designed to measure the performance of the oil industry through changes in the prices of a cross section of widely-held corporations involved in the exploration, production, and development of petroleum.

⁽⁴⁾The S&P 500 Energy Index is a capitalization-weighted index that tracks the companies in the energy sector as a subset of the S&P 500.

⁽⁵⁾This security comprised 4.30% of the total net assets of the fund as of December 31, 2008.

⁽⁶⁾The fund did not hold this security as of December 31, 2008.

⁽⁷⁾This security comprised 2.34% of the total net assets of the fund as of December 31, 2008.

⁽⁸⁾This security comprised 1.61% of the total net assets of the fund as of December 31, 2008.

⁽⁹⁾This security comprised 0.89% of the total net assets of the fund as of December 31, 2008.

⁽¹⁰⁾This security comprised 1.13% of the total net assets of the fund as of December 31, 2008.

⁽¹¹⁾This security comprised 1.22% of the total net assets of the fund as of December 31, 2008.

⁽¹²⁾The Philadelphia Oil Service Sector Index is a price-weighted index composed of 15 companies that provide oil drilling and production services, oil field equipment, support services and geophysical/reservoir services.

⁽¹³⁾The S&P/TSX Venture Composite Index is a value-weighted index that tracks the continuous price only performance of stocks traded in meaningful levels on the Canadian Venture Exchange.

⁽¹⁴⁾The Baltic Dry Freight Index is an economic indicator that portrays an assessed price of moving major raw materials by sea as compiled by the London-based Baltic Exchange.

**Top 10 Holdings Based on Total Investments
(excluding repurchase agreements)**

December 31, 2008

EXXON MOBIL CORP. OIL & GAS - INTEGRATED	4.49%
SPDR GOLD TRUST EXCHANGE-TRADED FUND	4.09%
CHINA SHENHUA ENERGY CO., LTD. COAL	3.62%
GOLDCORP, INC. GOLD & SILVER MINING	3.32%
PETROCHINA CO. LTD. OIL & GAS - INTEGRATED	3.20%
RANGE RESOURCES CORP. OIL & GAS EXPLORATION & PRODUCTION - SENIOR	2.82%
XTO ENERGY, INC. OIL & GAS EXPLORATION & PRODUCTION - SENIOR	2.58%
OCCIDENTAL PETROLEUM CORP. OIL & GAS - INTEGRATED	2.50%
CONOCOPHILLIPS OIL & GAS - INTEGRATED	2.45%
BHP BILLITON LTD. GENERAL METAL & MINERAL MINING	2.41%
TOTAL TOP TEN HOLDINGS	31.48%

Portfolio Profile

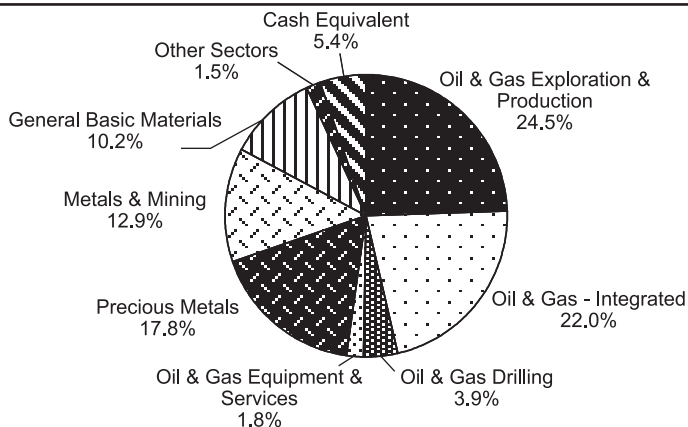
December 31, 2008

Country Distribution*	% of Investments
United States	61.94%
Canada	20.27%
People's Republic of China	9.01%
Australia	2.77%
United Kingdom	1.96%
Other Foreign	4.05%

* Country distribution shown is based on domicile and is not intended to conform to the classification of economic ties as described in the prospectus. Investments in companies that are economically tied to foreign countries were 40% of total assets at December 31, 2008.

**Portfolio Allocation by Industry Sector
Based on Total Investments**

December 31, 2008



Energy:

Oil & Gas Exploration & Production	24.5%	
Oil & Gas - Integrated (includes Refining and Marketing)	22.0%	
Oil & Gas Drilling	3.9%	
Oil & Gas Equipment & Services	1.8%	
Total Energy		52.2%

Basic Materials:

Precious Metals (includes Gold/Silver Mining and Platinum Group Metals)	17.8%	
Metals & Mining (includes Copper, Uranium and Coal)	12.9%	
General Basic Materials	10.2%	
Total Basic Materials		40.9%
Other Sectors	1.5%	
Cash Equivalent	5.4%	
Total Investments		<u>100.0%</u>

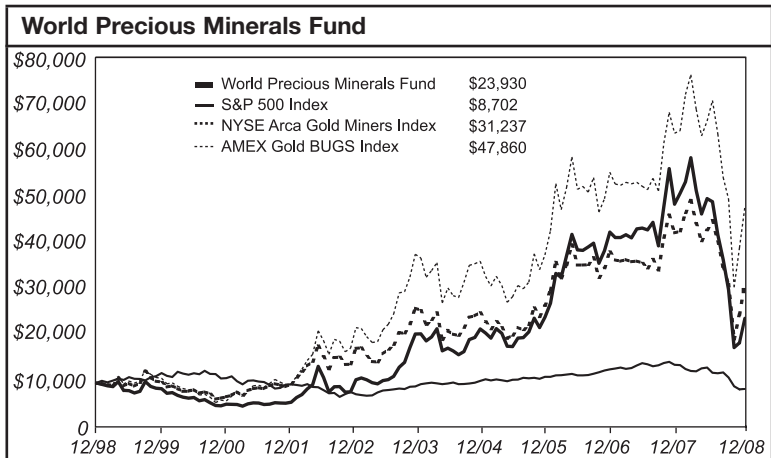
Precious Metals and Minerals Funds

Management Team's Perspective

INTRODUCTION

The World Precious Minerals Fund (UNWPX) and the Gold and Precious Metals Fund (USERX) pursue an objective of long-term capital growth through investments in gold and precious metals and minerals companies. The Gold and Precious Metals Fund also pursues current income as a secondary objective and focuses on established, gold-producing companies. The World Precious Minerals Fund focuses on equity securities of companies principally engaged in the exploration, mining and processing of precious minerals such as gold, silver, platinum, and diamonds. Although this fund has the latitude to invest in a broad range of precious minerals, it currently remains focused on the gold sector.

PERFORMANCE GRAPHS



Average Annual Performance

For the Periods Ended
December 31, 2008

	Six Month	One Year	Five Year	Ten Year
World Precious Minerals Fund	(51.23)%	(52.96)%	3.09%	9.11%
S&P 500 Index	(28.48)%	(37.00)%	(2.19)%	(1.38)%
NYSE Arca Gold Miners Index*	(30.55)%	(26.79)%	4.00%	12.05%
AMEX Gold BUGS Index	(32.49)%	(25.63)%	5.33%	16.93%

* These are not total returns. These returns reflect simple appreciation only and do not reflect dividend reinvestment.

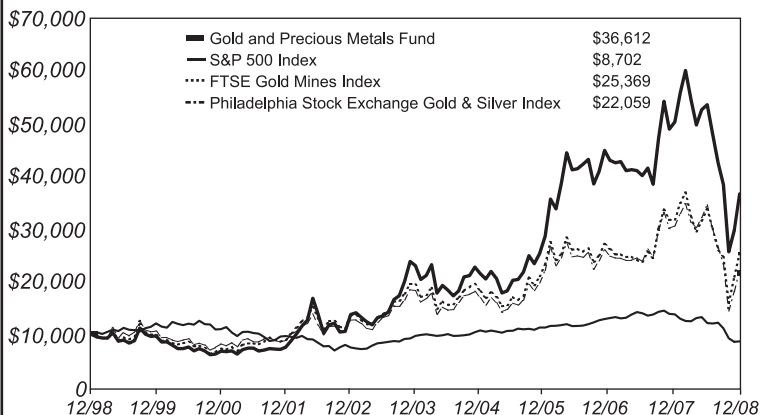
Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The NYSE Arca Gold Miners Index is a modified market capitalization-weighted index comprised of publicly-traded companies involved primarily in the mining for gold and silver. In the future, this index will be used as the primary benchmark comparison for this fund as the Adviser believes it is more representative of the investments in the fund. The previous benchmark was the AMEX Gold BUGS Index. The AMEX Gold BUGS Index is a modified equal-dollar weighted index of companies involved in major gold mining. The returns for the indexes reflect no deduction for fees, expenses or taxes.

The Adviser has agreed to limit the fund's total operating expenses to 1.50% on an annualized basis through September 30, 2009; however, the limitation may be revised at any time by the funds' Board of Trustees.

Precious Metals and Minerals Funds

Gold and Precious Metals Fund



Average Annual Performance

For the Periods Ended
December 31, 2008

	Six Month	One Year	Five Year	Ten Year
Gold and Precious Metals Fund	(31.51)%	(27.05)%	9.73%	13.85%
S&P 500 Index	(28.48)%	(37.00)%	(2.19)%	(1.38)%
FTSE Gold Mines Index*	(24.91)%	(19.88)%	5.37%	9.75%
Philadelphia Stock Exchange Gold & Silver Index	(36.11)%	(27.73)%	3.79%	8.23%

* These are not total returns. These returns reflect simple appreciation only and do not reflect dividend reinvestment.

Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The FTSE Gold Mines Index encompasses all gold mining companies that have a sustainable and attributable gold production of at least 300,000 ounces a year and that derive 75% or more of their revenue from mined gold. In the future, this index will be used as the primary benchmark comparison for this fund as the Adviser believes it is more representative of the investments in the fund. The previous benchmark was the Philadelphia Stock Exchange Gold & Silver Index. The Philadelphia Stock Exchange Gold & Silver Index is a capitalization-weighted index which includes the leading companies involved in the mining of gold and silver. The returns for the indexes reflect no deduction for fees, expenses or taxes.

The Adviser has agreed to limit the fund's total operating expenses to 1.50% on an annualized basis through September 30, 2009; however, the limitation may be revised at any time by the funds' Board of Trustees.

Please visit our website at usfunds.com for updated performance information for different time periods.

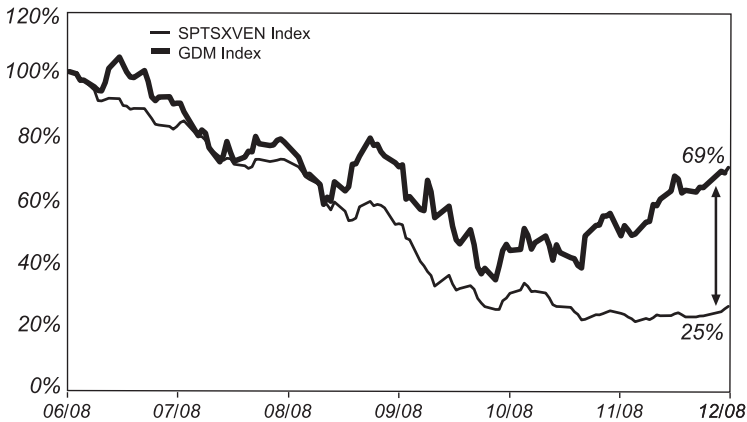
PERFORMANCE COMMENTARY

For the six-month period ending December 31, 2008, the Gold and Precious Metals Fund declined 31.51 percent. The FTSE Gold Mines Index fell 24.91 percent. The World Precious Minerals Fund posted a negative return of 51.23 percent. The NYSE Arca Gold Miners Index fell 30.55 percent. Spot gold finished the period at \$882.05, down \$43.35, or 4.68 percent. The S&P 500 Index also posted a negative return of 28.48 percent, the U.S. Trade Weighted Dollar Index⁽¹⁾ gained 12.21 percent and the yield on the Bloomberg Generic 90 Day Treasury Bill fell from 1.76 percent to 0.03 percent.

As of October 1, 2008, both the Gold and Precious Metals Fund and the World Precious Minerals Fund adopted the FTSE Gold Mines Index and the NYSE Arca Gold Miners Index as their new performance benchmarks, respectively. The FTSE Gold Mines Index attempts to include all gold mining companies that produce at least 300,000 ounces of gold per year and derive 75 percent or more of their revenue from mined gold. The NYSE Arca Gold Miners Index extends its scope beyond the senior gold mining companies to pick up more of the mid-tier gold producers, though it underrepresents the pure exploration and development stage companies.

The junior mining and exploration companies were still out of favor with investors due to the unraveling of credit markets. A good proxy for the performance of exploration and development stage companies is the S&P/TSX Venture Composite Index,⁽²⁾ which was down almost 75 percent in the six-month period. As the chart below shows, the NYSE Arca Gold Miners Index began to rally in November but the S&P/TSX Venture Composite Index continued to languish. Corporate activity began to pick up in December with Agnico-Eagle Mines Ltd.⁽³⁾ completing one of the first successful stock offerings. We expect to see more consolidation take place in the coming months, which may lift current valuations higher in the venture stage arena.

Relative Performance S&P/TSE Venture Composite Index (SPTSXVEN) vs. NYSE Arca Gold Miners Index (GDM) Over Last Six Months Shows Venture Stage Companies Lagging on the Recent Rally



Source: Bloomberg. Canadian index values converted to USD returns.

**THE SIX-MONTH PERIOD IN REVIEW -
ECONOMIC AND POLITICAL ISSUES THAT
AFFECTED THE FUND**

Very few investable assets had positive returns over the last six months as a major deleveraging took place to meet cash calls and settle up trades in dollars. Despite the extraordinary efforts by central banks around the world to shore up the economy, most investors found out what a hard landing really feels like.

Investment demand for gold coins and bars was strong. Scarce American Eagle one-ounce coins sold at up to 50 percent premiums to spot market prices. Gold refineries and mints in Switzerland, South Africa and Australia commented that their production increased dramatically as they worked to meet investor demand. India started a successful program for selling small denomination gold coins at post offices.

According to the World Gold Council, there was strong retail demand for gold bars and coins, but institutional sales totaled 300 tonnes just in the September quarter amid a scramble for cash. As we closed out the year with higher gold prices, much of the jewelry buying was brought to a standstill in India and Dubai. Jewelers in Dubai commented that traditional gold sales were off as much as 80 percent in the first two weeks of December. Indian dealers reported buyers had stronger interest at the \$765 level.

INVESTMENT HIGHLIGHTS

Strengths

- As 2008 came to a close, there were signs of improvement in capital markets for gold mining stocks.
- Consolidation activity increased and a number of gold mining companies successfully raised capital and traded at higher levels. Approximately \$1 billion in deals were booked.
- The mantra of “sell at any price” gave way to the realization that gold stocks now have some of the most compelling valuations in years. World gold mine production has fallen for the past three years and central bank selling of bullion has been greatly curtailed as their inventories are at record lows.
- Over the six months, our best results came from overweight positions in Randgold Resources Ltd.,⁽⁴⁾ Kinross Gold Corp.,⁽⁵⁾ Agnico-Eagle Mines Ltd.,⁽³⁾ and puts purchased on the Philadelphia Stock Exchange Gold & Silver Index.⁽⁶⁾

Weaknesses

- The collapse of credit markets shut down the ability of junior mining and exploration companies to fund their growth, while rising energy and material costs for most of the gold miners squeezed their profit margins. Thus share price performance for most of the gold mining companies was dismal.
- Tax loss selling by Canadians was intense. Canadians can refile tax returns to obtain tax refunds by using current-year losses to offset gains booked in the previous three years.
- Over the last six-months, the S&P/TSX Venture Composite Index (a good barometer for the price performance of exploration stage companies) fell 75 percent.
- Our most unfavorable investments included Eastern Platinum Ltd.,⁽⁷⁾ Silver Wheaton Corp.,⁽⁸⁾ and Yamana Gold, Inc.⁽⁹⁾

CURRENT OUTLOOK

Opportunities

- The latest United Nations economic study called the recent dollar strength temporary and said that “the U.S. currency risks a hard landing in 2009.” The report recommends that international reserves diversify out of the dollar toward a multi-currency system. Such a move to

diversify could lead to a spillover into additional gold purchases since central bank gold reserves are at more than a 50-year low.

- J.P. Morgan recently cited the complicated and expensive nature of gold mining as reason for the price of gold to increase another 20 percent to make new investments economically feasible. One of the top South African gold miners commented that it would need to see a gold price of \$2,000 an ounce to replace its infrastructure.

Threats

- Wall Street analysts say that mining supply will be “tighter than ever” as a result of the financial crisis. Mining companies are expected to either delay or cancel up to \$50 billion in development projects next year due to limited access to capital and the fall in metals prices.
- Deutsche Bank declared the commodities supercycle over because of sliding oil prices that will have an adverse effect on gold and cause it to fall to around \$650 per ounce.
- A senior economist at the Bank of Montreal supports this notion and expressed the bank’s belief that the commodity boom is history and the entrance into a bear market is on the way. This comes after the Canadian dollar reached its lowest level over a one-year period.
- There is still uncertainty over how much farther the dollar will rise as liquidity demands appear unabated in the near-term.

⁽¹⁾The U.S. Trade Weighted Dollar Index provides a general indication of the international value of the U.S. dollar.

⁽²⁾The S&P/TSX Venture Composite Index is a value-weighted index that tracks the continuous price only performance of stocks traded in meaningful levels on the Canadian Venture Exchange.

⁽³⁾This security comprised 5.88% of the total net assets of the World Precious Minerals Fund and 6.73% of the total net assets of the Gold and Precious Metals Fund as of December 31, 2008.

⁽⁴⁾This security comprised 10.86% of the total net assets of the World Precious Minerals Fund and 7.34% of the total net assets of the Gold and Precious Metals Fund as of December 31, 2008.

⁽⁵⁾This security comprised 5.76% of the total net assets of the World Precious Minerals Fund and 8.31% of the total net assets of the Gold and Precious Metals Fund as of December 31, 2008.

⁽⁶⁾Neither the World Precious Minerals Fund nor the Gold and Precious Metals Fund held this security as of December 31, 2008.

⁽⁷⁾This security comprised 1.25% of the total net assets of the World Precious Minerals Fund and 0.73% of the total net assets of the Gold and Precious Metals Fund as of December 31, 2008.

⁽⁸⁾This security comprised 2.51% of the total net assets of the World Precious Minerals Fund and 0.83% of the total net assets of the Gold and Precious Metals Fund as of December 31, 2008.

Precious Metals and Minerals Funds

⁽⁹⁾This security comprised 1.93% of the total net assets of the World Precious Minerals Fund and 1.33% of the total net assets of the Gold and Precious Metals Fund as of December 31, 2008.

World Precious Minerals Fund

Top 10 Holdings Based on Total Investments (excluding repurchase agreements)	<i>December 31, 2008</i>
GOLDCORP, INC. SENIOR GOLD PRODUCERS	11.17%
RANDGOLD RESOURCES LTD. INTERMEDIATE & JUNIOR GOLD PRODUCERS	10.85%
AGNICO-EAGLE MINES LTD. SENIOR GOLD PRODUCERS	5.87%
KINROSS GOLD CORP. SENIOR GOLD PRODUCERS	5.76%
JAGUAR MINING, INC. INTERMEDIATE & JUNIOR GOLD PRODUCERS	3.36%
RED BACK MINING, INC. INTERMEDIATE & JUNIOR GOLD PRODUCERS	2.66%
SILVER WHEATON CORP. METAL & MINERAL MINING & EXPLORATION	2.50%
NEWMONT MINING CORP. SENIOR GOLD PRODUCERS	2.44%
ROYAL GOLD, INC. GOLD/MINERAL ROYALTY COMPANIES	2.16%
IAMGOLD CORP. INTERMEDIATE & JUNIOR GOLD PRODUCERS	2.08%
TOTAL TOP TEN HOLDINGS	48.85%

Precious Metals and Minerals Funds

Gold and Precious Metals Fund

Top 10 Holdings Based on Total Investments (excluding repurchase agreements)	<i>December 31, 2008</i>
KINROSS GOLD CORP. GOLD MINING	8.15%
RANDGOLD RESOURCES LTD. GOLD MINING	7.20%
AGNICO-EAGLE MINES LTD. GOLD MINING	6.60%
GOLDCORP, INC. GOLD MINING	5.65%
BARRICK GOLD CORP. GOLD MINING	5.19%
NEWMONT MINING CORP. GOLD MINING	4.71%
ROYAL GOLD, INC. GOLD ROYALTY COMPANY	4.22%
GOLD FIELDS LTD. GOLD MINING	4.19%
SPDR GOLD TRUST EXCHANGE-TRADED FUND	3.96%
ANGLOGOLD ASHANTI LTD. GOLD MINING	3.32%
TOTAL TOP TEN HOLDINGS	53.19%

Precious Metals and Minerals Funds

World Precious Minerals Fund

Portfolio Profile	December 31, 2008
Country Distribution*	% of Investments
Canada	60.38%
United States	14.85%
Jersey, Channel Islands	11.37%
Australia	5.57%
South Africa	4.06%
Other Foreign	3.77%
<i>* Country distribution shown is based on domicile and is not intended to conform to the classification of economic ties as described in the prospectus. Investments in companies that are economically tied to foreign countries were 88% of total assets at December 31, 2008.</i>	

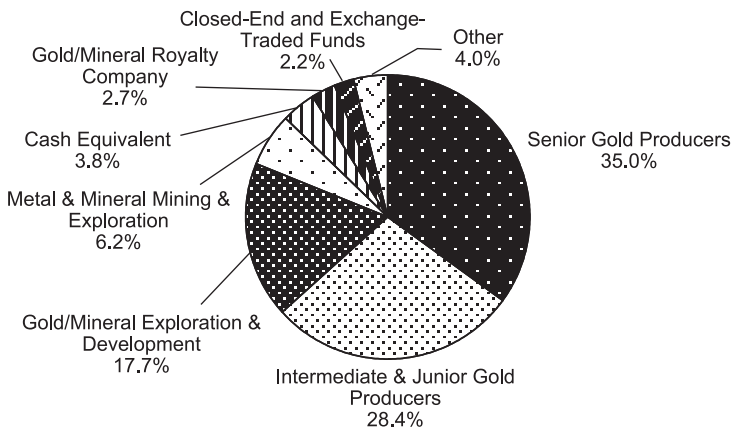
Gold and Precious Metals Fund

Portfolio Profile	December 31, 2008
Country Distribution*	% of Investments
Canada	43.22%
United States	27.23%
South Africa	10.91%
Jersey, Channel Islands	7.95%
Bermuda	2.60%
Australia	1.98%
Other Foreign	6.11%
<i>* Country distribution shown is based on domicile and the locale of company operations may be different.</i>	

Precious Metals and Minerals Funds

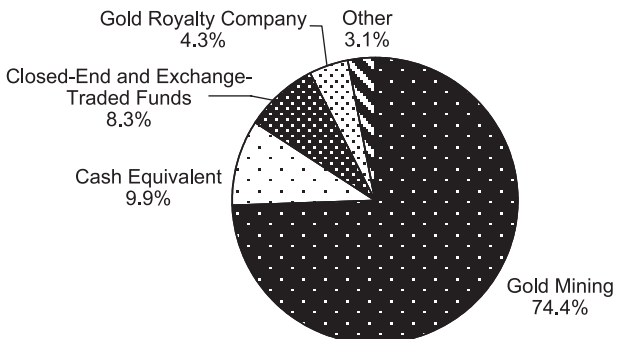
**World Precious Minerals Fund
Portfolio Allocation by Industry
Based on Total Investments**

December 31, 2008



**Gold and Precious Metals Fund
Portfolio Allocation by Industry
Based on Total Investments**

December 31, 2008



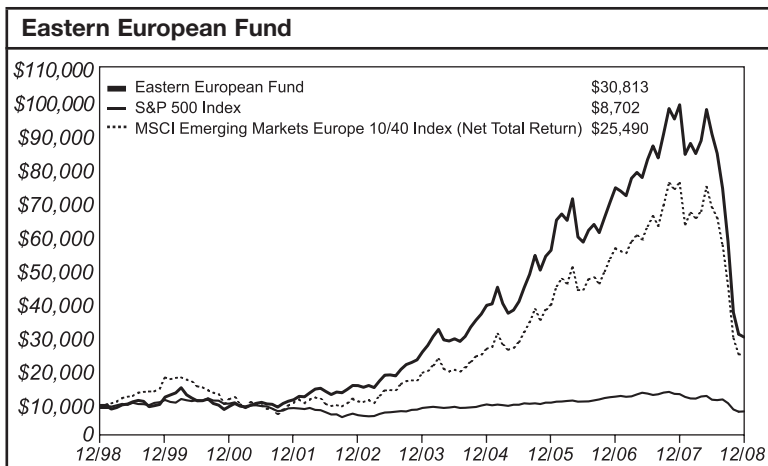
Eastern European Fund

Management Team's Perspective

INTRODUCTION

The investment objective of the Eastern European Fund (EUROX) is to achieve long-term capital growth by investing in a non-diversified portfolio of equity securities of companies located in the emerging markets of Eastern Europe.⁽¹⁾

PERFORMANCE GRAPH



Average Annual Performance

For the Periods Ended
December 31, 2008

	Two Month	One Year	Five Year	Ten Year
Eastern European Fund	(19.37)%	(69.20)%	3.11%	11.90%
S&P 500 Index	(6.19)%	(37.00)%	(2.19)%	(1.38)%
MSCI Emerging Markets Europe 10/40 Index (Net Total Return)	(16.15)%	(66.83)%	4.81%	9.80%

Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Foreign and emerging market investing involves special risks such as currency fluctuation and less public disclosure, as well as economic and political risk.

The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The MSCI Emerging Markets Europe 10/40 Index (Net Total Return) is a free float-adjusted market capitalization index that is designed to measure equity performance in the emerging market countries of Europe (Czech Republic, Hungary, Poland, Russia, and Turkey). The index is calculated on a net return basis (i.e., reflects the minimum possible dividend reinvestment after deduction of the maximum rate withholding tax). The index is periodically rebalanced relative to the constituents' weights in the parent index. The returns for the indexes reflect no deduction for fees, expenses or taxes, except as noted above.

The Adviser has agreed to limit the fund's total operating expenses to 2.25% on an annualized basis through September 30, 2009; however, the limitation may be revised at any time by the funds' Board of Trustees.

**THE TWO-MONTH PERIOD IN REVIEW -
ECONOMIC AND POLITICAL ISSUES THAT
AFFECTED THE FUND**

The situation in Russia began to deteriorate in July 2008 when Prime Minister Putin criticized steel and coal producer Mechel⁽²⁾ for selling coal on the international market at a price lower than in Russia. The subsequent Russian incursion into the Georgian territories of South Ossetia and Abkhazia gave investors an additional excuse to avoid the country. A significant weakening of the ruble gave investors another reason to shy away from the Russian market despite compelling valuations.

The price of crude oil, from which Russia derives a significant portion of its export revenue, declined significantly in the second half of 2008. This caused deterioration of market conditions in the country that spread to other sectors. Turkey, on the other hand, was a beneficiary of lower energy and materials prices, and this was reflected in the positive contribution to the performance of the fund.

INVESTMENT HIGHLIGHTS

As the fund is focused on relatively few securities (typically it holds shares in 30 to 40 companies), the performance of an individual holding can have a significant impact on overall fund performance.

The fund had a negative return of 19.37 percent for the two-month period ending December 31, 2008, compared to a total return of negative 6.19 percent for the S&P 500 Index and negative 16.15 percent for the MSCI Emerging Markets Europe 10/40 (Net Total Return) Index, the fund's benchmark.

The fund's portfolio allocation is driven by country and sector investment themes, combined with bottom-up stock selection criteria that is based on sales growth, return on common equity, free cash flow to equity, and price to book ratio. The fund invests at least 25 percent of its total assets in companies involved in the oil, gas or banking industries.

Russian equities comprised the largest component of the fund and were the main reason for the underperformance compared to the MSCI index for the reasons discussed above. Fund holdings that underperformed tended to be concentrated in the energy and materials sectors, which were negatively impacted by falling demand and prices. Fund holdings that underperformed during the two-month period under review included natural gas producer Gazprom OAO⁽³⁾ and fertilizer maker Uralkali.⁽⁴⁾ Russian telecom companies also underperformed, with Vimple-Communications⁽⁵⁾ leading the decline.

Turkey, the second-largest country exposure in the fund, fared better. Turkish banks led the advance on mild inflation news and a stand-by loan guarantee by the International Monetary Fund. In the November-December period, the best performer for the fund was the leasing company Finans Finansal Kiralama a.s.,⁽⁶⁾ followed by mobile phone operator Turkcell Iletisim Hizmetleri a.s.⁽⁷⁾ We continue to look for quality names in the Turkish market, one of the most attractive in terms of valuations, but we remain vigilant about political risks in that country.

The Czech Republic, with the third-largest weighting in the fund, was down 2.1 percent in the two-month period. We have underweighted Hungary relative to the index base on a view that the country's economy is poised to slip into recession next year. Poland was another country that was relatively underweight in the fund.

The fund reduced its exposure to the real estate sector in anticipation of continued lack of demand for commercial and residential properties. We also trimmed exposure to the financial sector in light of ruble depreciation and its impact on banks. We have added positions in the Russian steel sector in anticipation that it will be one of the early beneficiaries of government stimulus, rebounding export prices and lower-cost raw materials.

U.S. Global Investors restructured its relationship with subadviser Charlemagne Capital (IOM) Limited regarding the management of the Eastern European Fund. U.S. Global assumed day-to-day management of the fund from Charlemagne Capital on November 7, 2008.

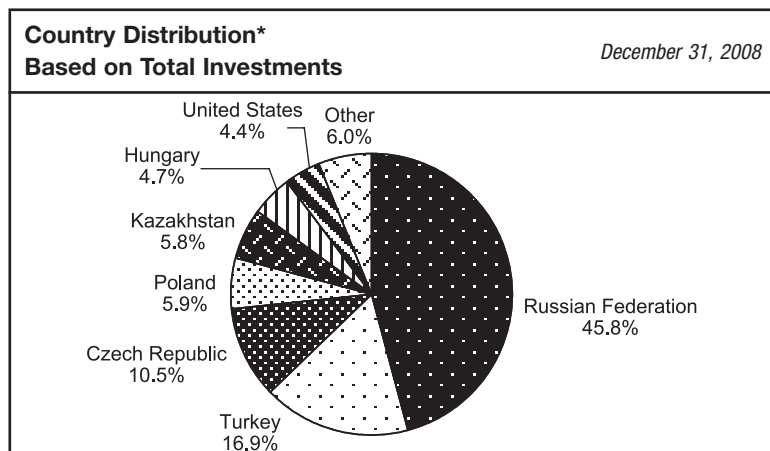
CURRENT OUTLOOK

The short-term outlook for Eastern Europe and other emerging markets is hard to predict with any degree of certainty. The world's financial markets are still in turmoil and economic activity is slowing around the globe. Governments are working to stabilize markets and economies, though the extent to which they will succeed is as yet unknown. The longer term outlook, however, remains encouraging. Russia, the driving force of the region, remains largely underdeveloped and has an enormous need for better housing, transport and other infrastructure. We expect demand for its massive natural resources to recover when global growth resumes. And from Turkey to Kazakhstan, the desire of consumers to catch up with the lifestyles of their western counterparts remains as powerful as ever. These trends give companies operating in the region every chance to grow earnings and thus share price.

Eastern European Fund

In addition, the current depressed state of world stock markets means that valuations, on both an historical and comparative basis, have rarely been more attractive. Most of the region's stock markets are trading at less than 10 times 2008 earnings, with some (notably Russia and Turkey) trading on less than five times 2008 earnings. In the past, such low valuations have proved to be attractive entry points into markets. They more than discount even the most gloomy of economic predictions over the year ahead. There is, therefore, reason to be optimistic over the longer term.

- (1) The following countries are considered to be in the Eastern European region: Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, FYR Macedonia, Georgia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Turkey and Ukraine.
- (2) The fund did not hold this security as of December 31, 2008.
- (3) This security comprised 9.13% of the fund's total net assets as of December 31, 2008.
- (4) This security comprised 1.89% of the fund's total net assets as of December 31, 2008.
- (5) This security comprised 4.69% of the fund's total net assets as of December 31, 2008.
- (6) This security comprised 1.21% of the fund's total net assets as of December 31, 2008.
- (7) This security comprised 4.23% of the fund's total net assets as of December 31, 2008.



* Country distribution shown is based on domicile and the locale of company operations may be different.

Eastern European Fund**Top 10 Holdings Based on Total Investments
(excluding repurchase agreements)***December 31, 2008*

GAZPROM OAO OIL & GAS - INTEGRATED	9.27%
LUKOIL OIL & GAS - INTEGRATED	7.72%
SBERBANK RF DIVERSIFIED BANKS	7.02%
CEZ A.S. ELECTRIC UTILITY	6.79%
TURKIYE GARANTI BANKASI A.S. DIVERSIFIED BANKS	6.13%
KAZMUNAIGAS EXPLORATION PRODUCTION OIL & GAS EXPLORATION & PRODUCTION	5.75%
ROSNEFT OIL CO. OJSC OIL & GAS - INTEGRATED	5.01%
VIMPEL-COMMUNICATIONS COMMUNICATIONS	4.76%
OTP BANK NYRT. DIVERSIFIED BANKS	4.67%
TURKCELL ILETISIM HIZMETLERI A.S. WIRELESS TELECOMMUNICATION SERVICES	4.29%
TOTAL TOP TEN HOLDINGS	61.41%

Top 5 Industries Based on Total Investments*December 31, 2008*

Diversified Banks	26.20%
Oil & Gas - Integrated	22.00%
Oil & Gas Exploration & Production	12.18%
Communications	8.57%
Electric Utility	6.79%

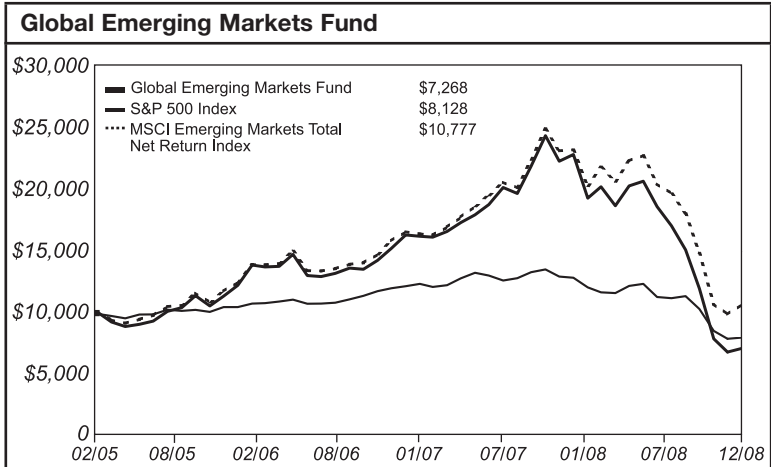
Global Emerging Markets Fund

Management Team's Perspective

INTRODUCTION

The investment objective of the Global Emerging Markets Fund (GEMFX) is to achieve long-term capital growth by investing in a non-diversified portfolio of the equity securities of companies located in or with a significant business presence in emerging countries.⁽¹⁾

PERFORMANCE GRAPH



Average Annual Performance

*For the Periods Ended
December 31, 2008*

	Two Month	One Year	Inception
Global Emerging Markets Fund (Inception 2/24/05)	(9.59)%	(68.02)%	(7.95)%
S&P 500 Index	(6.19)%	(37.00)%	(5.24)%
MSCI Emerging Markets Total Net Return Index	(0.32)%	(53.33)%	1.96%

Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Foreign and emerging market investing involves special risks such as currency fluctuation and less public disclosure, as well as economic and political risk.

The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The MSCI Emerging Markets Total Net Return Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in emerging market countries on a net return basis (i.e., reflects the minimum possible dividend reinvestment after deduction of the maximum rate withholding tax). The returns for the indexes reflect no deduction for fees, expenses or taxes, except as noted above.

The Adviser has agreed to limit the fund's total operating expenses to 2.50% on an annualized basis through September 30, 2009; however, the limitation may be revised at any time by the funds' Board of Trustees.

Please visit our website at usfunds.com for updated performance information for different time periods.

**THE TWO-MONTH PERIOD IN REVIEW -
ECONOMIC AND POLITICAL ISSUES THAT
AFFECTED THE FUND**

When China began reporting its monthly macro economic figures, it became clear that the nation's economy had slowed. Inflation (as measured by the CPI) was the primary focus of the government for most of 2008, but in the final months of the year, inflation concerns cooled off and the government began to focus on growth by cutting interest rates and introducing a massive RMB 4 trillion stimulus package that would focus on infrastructure building.

Hong Kong and South Korea are the largest and third-largest weightings in the fund, and both officially entered recession. Hong Kong's economy is closely tied to that of China. In South Korea, the government proposed a stimulus package to lessen the impact of the recession.

The situation in Russia began to deteriorate in July when Prime Minister Putin criticized Mechel,⁽²⁾ a steel and coal producer, for selling coal on the international market at a price lower than in Russia. The Russian incursion into the Georgian territories of South Ossetia and Abkhazia gave investors an additional excuse to avoid the country, as did the weakening of the ruble by 14 percent between October and December. The price of crude oil, from which Russia derives a significant portion of its export revenue, declined significantly during 2008, which caused deterioration of market conditions in the country and spread to other sectors.

INVESTMENT HIGHLIGHTS

As the fund is focused on a relatively few securities (typically the fund holds shares in 60 to 80 companies), the performance of an individual holding can have a significant impact on the performance of the fund as a whole.

The fund had a negative return of 9.59 percent for the two-month period ending December 31, 2008, compared to a total return of negative 6.19 percent for the S&P 500 Index and negative 0.32 percent for the MSCI Emerging Markets Total Net Return Index, the fund's benchmark. The underperformance stems primarily from underweighting the energy sector in the fund and overweighting the telecom and information technology sector during the period.

The fund's portfolio allocation is driven by country and sector investment themes, combined with bottom up stock selection criteria that is based on sales growth, return on common equity, free cash flow to equity, and price to book ratio.

The bright spots were in China and Hong Kong, which had a combined 26 percent weighting in the fund at December 31, 2008. In this market, Shenzhen International Holdings Ltd.⁽³⁾ and China Grand Forestry Green Resources Group Ltd.⁽⁴⁾ were two of the best performers, returning 31 percent and 25 percent for the two-month period, respectively. China Mobile Ltd.,⁽⁵⁾ which was the fund's largest holding at December 31, 2008, returned 16 percent for the period. The fund also had a positive impact from South Africa, which accounted for 8 percent of the fund. AngloGold Ashanti Ltd.⁽⁶⁾ was one of the best performers from this country.

South Korea was the third largest country weighting at December 31, 2008, at 11 percent. Samsung Electronics Co., Ltd.,⁽⁷⁾ down 11 percent in November-December, was one of the weakest performers. The fund's exposure to India, at 7 percent, was adversely impacted by a 40 percent price decline in the IT provider Satyam Computer Services Ltd.⁽⁸⁾

The biggest price declines in the fund came in Russia, which accounted for 9 percent of the allocation. The coal miner Raspadskaya⁽⁹⁾ and the mobile operator Vimpel-Communications⁽¹⁰⁾ were the weakest performers, losing just over 50 percent of their respective values in the two-month period. The sentiment was particularly bearish in Russia in the fourth quarter of 2008 in light of lower commodities prices, political instability and the weakening ruble.

Brazil, which had an 8 percent weighting, was up 0.8 percent in November-December 2008. Positive momentum came from M&A activity in the banking sector following an acquisition of Unibanco⁽¹¹⁾ by Banco Itau.⁽²⁾ This was followed by an acquisition of Banco Nossa Caixa S.A.,⁽²⁾ whose shares skyrocketed by 111 percent, by Banco do Brasil.⁽²⁾ However, the performance of the Brazilian bourse was uneven, with some commodity-related stocks declining due to lower commodities prices.

We adjusted our portfolio allocations during the period, increasing sector weights in energy, power, and materials, and reducing the exposure to telecom.

U.S. Global Investors restructured its relationship with subadviser Charlemagne Capital (IOM) Limited regarding the management of the Global Emerging Markets Fund. U.S. Global assumed day-to-day management of the fund on November 7, 2008.

CURRENT OUTLOOK

The short-term outlook for emerging markets remains especially difficult and is hard to predict with any degree of certainty. The world's financial markets are still in turmoil and economic activity is slowing around the

globe. Government attempts at stability are in progress, though the extent to which they will succeed is as yet unknown.

The longer term outlook, however, remains encouraging. The BRIC nations — Brazil, Russia, India and China – are all still largely underdeveloped and have enormous pent-up need for better housing, transport and other infrastructure. The demand for natural resources will likely recover over time given the demand that remains in place across the region. Elsewhere, from Mexico to Malaysia, the desire on the part of consumers to catch up with the lifestyles of the West remains as powerful as ever, and it is in the interests of democratic governments to work toward fulfilling such desires. These trends give companies operating in emerging markets a good chance of growing earnings significantly with a consequent impact on their share prices.

In addition, the current depressed state of world stock markets means that valuations, on both an historical and comparative basis, have rarely been more attractive. Many of the region's stock markets are trading at less than 10 times 2008 earnings, while Russia and Turkey are trading at less than five times 2008 earnings. In the past, such low valuations have proved to be attractive entry points into markets. They more than discount even the gloomiest of economic predictions over the year ahead. There is, therefore, reason to be optimistic over the longer term.

⁽¹⁾Emerging market countries are those countries defined as such by the World Bank, the International Finance Corporation, the United Nations or the European Bank for Reconstruction and Development or included in the MSCI Emerging Markets Index.

⁽²⁾The fund did not hold this security as of December 31, 2008.

⁽³⁾This security comprised 1.53% of the fund's total net assets as of December 31, 2008.

⁽⁴⁾This security comprised 1.45% of the fund's total net assets as of December 31, 2008.

⁽⁵⁾This security comprised 6.73% of the fund's total net assets as of December 31, 2008.

⁽⁶⁾This security comprised 1.97% of the fund's total net assets as of December 31, 2008.

⁽⁷⁾This security comprised 5.58% of the fund's total net assets as of December 31, 2008.

⁽⁸⁾This security comprised 0.98% of the fund's total net assets as of December 31, 2008.

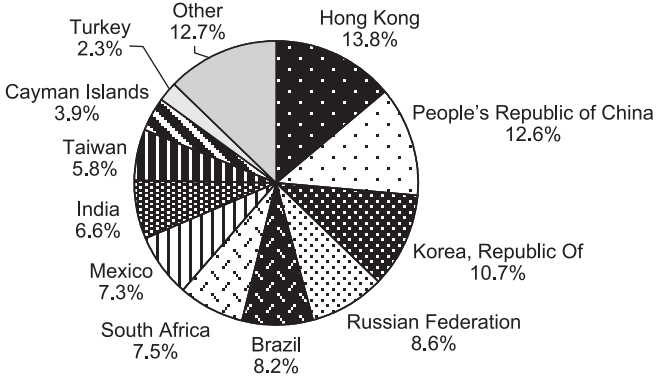
⁽⁹⁾This security comprised 0.48% of the fund's total net assets as of December 31, 2008.

⁽¹⁰⁾This security comprised 0.47% of the fund's total net assets as of December 31, 2008.

⁽¹¹⁾This security comprised 2.01% of the fund's total net assets as of December 31, 2008.

Country Distribution*
Based on Total Investments

December 31, 2008



* Country distribution shown is based on domicile and the locale of company operations may be different.

Global Emerging Markets Fund**Top 10 Holdings Based on Total Investments
(excluding repurchase agreements)***December 31, 2008*

CHINA MOBILE LTD. COMMUNICATIONS	7.08%
SAMSUNG ELECTRONICS CO., LTD. SEMICONDUCTORS	5.88%
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD. DIVERSIFIED BANKS	4.55%
AMERICA MOVIL SAB DE C.V. COMMUNICATIONS	3.91%
METAGE SPECIAL EMERGING MARKETS FUND LTD. CLOSED-END FUND	3.86%
KB FINANCIAL GROUP, INC. DIVERSIFIED BANKS	3.23%
SASOL LTD. OIL & GAS - INTEGRATED	3.12%
SHIMAO PROPERTY HOLDINGS LTD. REAL ESTATE COMPANIES	3.05%
GAZPROM OAO OIL & GAS - INTEGRATED	2.50%
SILICONWARE PRECISION INDUSTRIES CO. SEMICONDUCTORS	2.41%
TOTAL TOP TEN HOLDINGS	39.59%

Top 5 Industries Based on Total Investments*December 31, 2008*

Diversified Banks	18.52%
Communications	14.98%
Semiconductors	8.63%
Oil & Gas - Integrated	8.00%
Gold Mining	3.16%

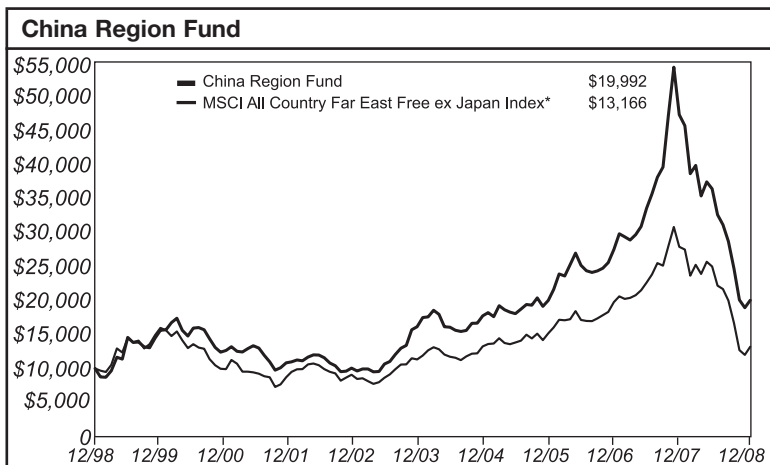
China Region Fund

Management Team's Perspective

INTRODUCTION

The China Region Fund (USCOX) seeks capital appreciation by focusing on the economic growth in the greater China region, including China, Hong Kong, Singapore, Korea, Taiwan and other Asian countries.⁽¹⁾ The fund emphasizes a long-term growth approach over current income.

PERFORMANCE GRAPH



Average Annual Performance

For the Periods Ended
December 31, 2008

	Six Month	One Year	Five Year	Ten Year
China Region Fund	(38.50)%	(56.12)%	2.77%	7.17%
Hang Seng Composite Index	(34.43)%	(47.32)%	7.61%	n/a
MSCI All Country Far East Free ex Japan Index*	(40.48)%	(51.96)%	2.07%	2.79%

* These are not total returns. These returns reflect simple appreciation only and do not reflect dividend reinvestment.

Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The Hang Seng Composite Index is a market-capitalization weighted index that comprises the top 200 companies listed on the Stock Exchange of Hong Kong, based on average market capitalization for the twelve months. The index commenced January 2000; it is not included in the graph as it had less than ten years of data. The MSCI All Country Far East Free ex Japan Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of the Far East, excluding Japan. The index consists of the following developed and emerging market country indices: China, Hong Kong, Indonesia, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand. The returns for the indexes reflect no deduction for fees, expenses or taxes.

The Adviser has agreed to limit the fund's total operating expenses to 2.00% on an annualized basis through September 30, 2009; however, the limitation may be revised at any time by the funds' Board of Trustees.

Please visit our website at usfunds.com for updated performance information for different time periods.

**THE SIX-MONTH PERIOD IN REVIEW -
ECONOMIC AND POLITICAL ISSUES THAT
AFFECTED THE FUND**

China's economy showed signs of significantly slowing down for the six months ended December 31, 2008. Third quarter GDP was 9 percent, which was the first quarter in nearly three years that the growth rate was less than 10 percent. Expectations are for even further weakness for the fourth quarter of 2008.

The Chinese government was quick to try to slow down a runaway economy, and it has moved just as quickly in response to the current weakness. China has reduced interest rates five times to its current level of 5.31 percent. It also reduced the required reserve ratio to 15.5 percent in order to increase liquidity in the banking system.

Fixed asset investment (FAI) averaged 27 percent growth from July through November (December figures not yet released), as the government intended for FAI to make up for export slowdowns. Exports averaged 13.9 percent growth over the six months, but became a drag on GDP growth in the last two months as exports fell in November and December compared to a year earlier. Although a slowdown in exports was expected, the magnitude and speed of the decline was surprising. Another contributor to China's growth is domestic consumption — retail sales were fairly stable at 21.9 percent growth during the time period.

Despite moves to increase the liquidity within the financial markets, money supply as measured by M2⁽²⁾ averaged 15.9 percent growth during the time period, in line with the government target of 16 percent. M1⁽²⁾ money supply growth averaged 9.9 percent, indicating that liquidity was not a major concern of individuals.

The performance of the various sectors in the Hang Seng Composite Index (HSCI), the fund's benchmark, was all negative during the six months. Utilities, telecom and consumer goods declined the least, while materials, energy and services declined the most.

INVESTMENT HIGHLIGHTS

Overview

The fund returned a negative 38.50 percent for the six-month time period, compared to a negative 34.43 percent return for the HSCI.

The fund was defensively positioned with above average cash levels for much of the time period, but upon China's announcement of a massive

stimulus program totaling 4 trillion RMB, interest in China-related stocks rose and the fund's higher cash position contributed to performance below its benchmark.

Strengths

- Companies doing business in China that were winners for the fund included Zijin Mining Group Co., Ltd.,⁽³⁾ China Mobile Ltd.,⁽⁴⁾ China Overseas Land & Investment Ltd.⁽⁵⁾ and China Resources Land Ltd.⁽⁶⁾
- The Chinese B-share markets performed the worst over the six months. The fund had no exposure in these stocks.
- Since South Korea did not perform well overall during the period, the fund benefited from being under-represented in this market compared to the benchmark. The fund's investment in this region, KT&G Corp.,⁽⁷⁾ a seller of tobacco products, performed relatively well.

Weaknesses

- The price volatility in the markets provided a very good trading environment, but a bad one for investing. It is not clear that the environment for investing has improved.
- Financial stocks were another source of weakness over concerns about rising credit losses and a poor environment for lending in general. While the fund was underweight in this sector relative to the benchmark, the exposure that the fund did have to financials was a source of negative return for the period. Stocks that the fund held that underperformed include Industrial & Commercial Bank of China Ltd.⁽⁸⁾ and China Construction Bank Corp.⁽⁹⁾

China Region Fund

**Sector Weightings—China Region Fund
and Hang Seng Composite Index
(% of Investments as of December 31, 2008)**

Sectors	China Region Fund % Weights	Hang Seng Composite Index % Weights	Over (Under) % Weight
Financial	26.8	47.6	(20.8)
Industrials	21.5	11.6	9.9
Oil & Resources	18.9	8.7	10.2
Consumer	14.9	5.3	9.6
Telecommunications	6.1	20.1	(14.0)
Utilities	4.6	4.6	0.0
Technology	4.5	2.1	2.4
Cash Equivalent	2.7	0.0	2.7
Total	<u>100.0</u>	<u>100.0</u>	<u>0.0</u>

**Country Weightings—China Region Fund
(% of Investments as of December 31, 2008)**

Country*	China Region Fund % Weights
People's Republic of China	54.4
Hong Kong	37.0
United States	3.1
Korea, Republic of	1.7
Other Foreign	3.8
Total	<u>100.0</u>

* Country distribution shown is based on domicile and not intended to conform to the China region definition in the prospectus.

At the start of the time period, the fund was properly positioned by taking a defensive stance. Being underweight in energy and materials proved to be the right move for most of the time period, until the announcement of a very large stimulus package by the Chinese government in mid-November, which proved to be beneficial to the materials sector.

Given the sharp sell-off in China stocks, valuations have become very attractive. We are not expecting any more tightening policies and inflation should continue to trend downward in 2009. China has the luxury of a

large current account surplus as well as strong foreign exchange reserves. This will allow the country to invest its way out of the current growth slowdown.

The fund is actively managed, and holding period is not generally a consideration in investment decisions. Its portfolio turnover is, and is expected to continue to be, over 100 percent.

CURRENT OUTLOOK

Opportunities

- The primary focus in 2008 was inflation. Given the global slowdown, inflation should not be a problem in 2009 and the government can focus on resuscitating growth.
- Although China has cut interest rates five times in the fourth quarter of 2008, its benchmark 1-year lending rate is still high relative to other countries. Therefore, it has the opportunity to cut rates further.

Threats

- Anti-China rhetoric may heat up as the Obama administration takes over the White House and in light of larger Democratic majorities in Congress.
- Unemployment appears to be picking up, although this is not evident in the “official” numbers. Social unrest could result from high unemployment.

⁽¹⁾The China region is defined as any country that either shares a border with China or is located in the South China Sea or the East China Sea and includes: the People's Republic of China (PRC or China), Bangladesh, Hong Kong, India, Indonesia, Kazakhstan, Korea, Kyrgyzstan, Laos, Malaysia, Mongolia, Nepal, Pakistan, Philippines, Singapore, Taiwan, Tajikistan, Thailand, and Vietnam.

⁽²⁾M1 and M2 are measures of total money supplies. The M1 money supply includes only checkable demand deposits. M2 includes everything in M1 and also savings and other time deposits.

⁽³⁾This security comprised 3.20% of the fund's total net assets as of December 31, 2008.

⁽⁴⁾This security comprised 5.29% of the fund's total net assets as of December 31, 2008.

⁽⁵⁾This security comprised 4.40% of the fund's total net assets as of December 31, 2008.

⁽⁶⁾This security comprised 4.84% of the fund's total net assets as of December 31, 2008.

⁽⁷⁾This security comprised 1.63% of the fund's total net assets as of December 31, 2008.

⁽⁸⁾This security comprised 3.46% of the fund's total net assets as of December 31, 2008.

⁽⁹⁾The fund did not hold this security as of December 31, 2008.

China Region Fund**Top 10 Holdings Based on Total Investments
(excluding repurchase agreements)***December 31, 2008*

CHINA MOBILE LTD.	5.64%
CELLULAR TELECOMMUNICATIONS	
CHUNG KONG INFRASTRUCTURE HOLDINGS LTD.	5.24%
CONSTRUCTION	
CHINA RESOURCES LAND LTD.	5.16%
REAL ESTATE COMPANIES	
CHINA LIFE INSURANCE CO., LTD.	5.14%
INSURANCE	
CHINA COMMUNICATIONS CONSTRUCTION CO., LTD.	4.86%
CONSTRUCTION	
CHINA OVERSEAS LAND & INVESTMENT LTD.	4.73%
REAL ESTATE COMPANIES	
TENCENT HOLDINGS LTD.	4.52%
INTERNET	
HENGAN INTERNATIONAL GROUP CO., LTD.	4.48%
HEALTH & PERSONAL CARE	
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD.	3.69%
BANKS	
BANK OF COMMUNICATIONS CO., LTD.	3.64%
BANKS	
TOTAL TOP TEN HOLDINGS	47.10%

As a shareholder of the funds, you incur two types of costs: (1) transaction costs, including short-term trading fees and exchange fees; and (2) ongoing costs, including management fees and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period as indicated below.

- **Actual Expenses.** The first line of the following table for each fund provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.
- **Hypothetical Example for Comparison Purposes.** The second line of the following table for each fund provides information about hypothetical account values and hypothetical expenses based on the fund’s actual expense ratio and an assumed rate of return of 5 percent per year before expenses, which is not the fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in these funds and other funds. To do so, compare this 5 percent hypothetical example with the 5 percent hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any direct or transactional costs, such as small account, exchange or short-term trading fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these direct or transactional costs were included, your costs would have been higher.

Expense Example (unaudited)

December 31, 2008

Period Ended December 31, 2008	Beginning Account Value July 1, 2008	Ending Account Value December 31, 2008***	Expenses Paid During Period*/***
U.S. Treasury Securities Cash Fund			
Based on Actual Fund Return	\$1,000.00	\$1,002.30	\$ 3.68
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,021.53	\$ 3.72
U.S. Government Securities Savings Fund			
Based on Actual Fund Return	\$1,000.00	\$1,006.70	\$ 2.38
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,022.84	\$ 2.40
Near-Term Tax Free Fund			
Based on Actual Fund Return	\$1,000.00	\$1,025.50	\$ 2.30
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,022.94	\$ 2.29
Tax Free Fund			
Based on Actual Fund Return	\$1,000.00	\$1,002.20	\$ 3.53
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,021.68	\$ 3.57
All American Equity Fund			
Based on Actual Fund Return	\$1,000.00	\$ 635.80	\$ 7.22
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,016.38	\$ 8.89
Global Resources Fund			
Based on Actual Fund Return	\$1,000.00	\$ 323.00	\$ 3.60
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,019.76	\$ 5.50
World Precious Minerals Fund			
Based on Actual Fund Return	\$1,000.00	\$ 487.70	\$ 4.69
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,018.90	\$ 6.36
Gold and Precious Metals Fund			
Based on Actual Fund Return	\$1,000.00	\$ 684.90	\$ 5.90
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,018.20	\$ 7.07
China Region Fund			
Based on Actual Fund Return	\$1,000.00	\$ 615.00	\$ 8.91
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,014.17	\$11.12

Period Ended December 31, 2008	Beginning Account Value November 1, 2008	Ending Account Value December 31, 2008	Expenses Paid During Period**
Holmes Growth Fund			
Based on Actual Fund Return	\$1,000.00	\$ 904.50	\$2.79
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,005.43	\$2.93
Global MegaTrends Fund			
Based on Actual Fund Return	\$1,000.00	\$ 952.60	\$3.02
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,005.26	\$3.10
Eastern European Fund			
Based on Actual Fund Return	\$1,000.00	\$ 807.60	\$3.17
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,004.85	\$3.52
Global Emerging Markets Fund			
Based on Actual Fund Return	\$1,000.00	\$ 904.10	\$3.98
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,004.18	\$4.19

*These calculations are based on expenses incurred in the most recent fiscal half-year. The funds' annualized expense ratios (after reimbursements and offsets) for the six-month period ended December 31, 2008, were 0.73%, 0.47%, 0.45%, 0.70%, 1.75%, 1.08%, 1.25%, 1.39% and 2.19%, respectively, for the U.S. Treasury Securities Cash, U.S. Government Securities Savings, Near-Term Tax Free, Tax Free, All American Equity, Global Resources, World Precious Minerals and Gold and Precious Metals and China Region Funds. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by 184, the number of days in the most recent fiscal half-year, and then divided by 365 days.

Expense Example (unaudited)

December 31, 2008

**These calculations are based on expenses incurred in the most recent fiscal period. The funds' annualized expense ratios (after reimbursements and offsets) for the two-month period ended December 31, 2008, were 1.75%, 1.85%, 2.10% and 2.50%, respectively, for the Holmes Growth, Global MegaTrends, Eastern European and Global Emerging Markets Funds. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by 61, the number of days in the most recent fiscal period, and then divided by 365 days.

***As detailed in the Notes to Financial Statements, there were several changes in agreements and fees during the six-month period. Had the current fees and expense limitations been in place throughout the entire six-month period, the values in the first table above would be shown as below. The values shown in the second table above would not be affected.

Period Ended December 31, 2008	Beginning Account Value July 1, 2008	Ending Account Value December 31, 2008	Expenses Paid During Period*
U.S. Treasury Securities Cash Fund			
Based on Actual Fund Return	\$1,000.00	\$1,002.30	\$ 3.68
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,021.53	\$ 3.72
U.S. Government Securities Savings Fund			
Based on Actual Fund Return	\$1,000.00	\$1,006.70	\$ 2.38
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,022.84	\$ 2.40
Near-Term Tax Free Fund			
Based on Actual Fund Return	\$1,000.00	\$1,025.50	\$ 2.30
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,022.94	\$ 2.29
Tax Free Fund			
Based on Actual Fund Return	\$1,000.00	\$1,002.20	\$ 3.53
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,021.68	\$ 3.57
All American Equity Fund			
Based on Actual Fund Return	\$1,000.00	\$ 635.80	\$ 7.22
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,016.38	\$ 8.89
Global Resources Fund			
Based on Actual Fund Return	\$1,000.00	\$ 320.88	\$ 5.00
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,017.64	\$ 7.63
World Precious Minerals Fund			
Based on Actual Fund Return	\$1,000.00	\$ 486.44	\$ 5.62
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,017.64	\$ 7.63
Gold and Precious Metals Fund			
Based on Actual Fund Return	\$1,000.00	\$ 684.35	\$ 6.37
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,017.64	\$ 7.63
China Region Fund			
Based on Actual Fund Return	\$1,000.00	\$ 615.96	\$ 8.14
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,015.12	\$10.16

U.S. TREASURY SECURITIES CASH FUND**Portfolio of Investments**

December 31, 2008

UNITED STATES**GOVERNMENT****OBLIGATIONS 53.41%****Coupon
Rate****Maturity
Date****Principal
Amount****Value****United States Treasury Bills 53.41%**

Yield	0.10%	01/02/09	\$ 5,000,000	\$ 4,999,986
Yield	0.41%	04/02/09	35,000,000	34,963,853
Yield	1.03%	06/04/09	10,000,000	9,956,367
Yield	1.28%	07/02/09	10,000,000	9,935,794
Yield	0.29%	09/15/09	5,000,000	4,989,649

Total United States Government Obligations

64,845,649

(cost \$64,845,649)

REPURCHASE AGREEMENTS 46.85%

Joint Tri-Party Repurchase Agreements,
12/31/08, collateralized by U.S. Treasury
securities held in joint tri-party
repurchase accounts:

0.01% Morgan Stanley, repurchase price \$6,000,003	0.01%	01/02/09	6,000,000	6,000,000
0.02% UBS Financial Services, Inc., repurchase price \$20,376,147	0.02%	01/02/09	20,376,124	20,376,124
0.03% Credit Suisse First Boston, repurchase price \$30,500,051	0.03%	01/02/09	30,500,000	30,500,000

Total Repurchase Agreements

56,876,124

(cost \$56,876,124)

Total Investments 100.26%

121,721,773

(cost \$121,721,773)

Other assets and liabilities, net (0.26)%

(311,636)

NET ASSETS 100%**\$121,410,137**

See notes to portfolios of investments and notes to financial statements.

U.S. GOVERNMENT SECURITIES SAVINGS FUND

Portfolio of Investments

December 31, 2008

UNITED STATES GOVERNMENT AND AGENCY OBLIGATIONS 100.02%

	Coupon Rate	Maturity Date	Principal Amount	Value	
Federal Farm Credit Bank 21.02%					
Discount Notes:					
	Yield	0.01%	01/02/09	\$ 29,871,000	\$ 29,870,993
	Yield	2.27%	01/08/09	7,087,000	7,083,899
	Yield	1.41%	06/19/09	3,905,000	3,879,335
	Yield	1.93%	09/14/09	5,000,000	4,932,444
Fixed Rates:					
		3.88%	01/12/09	2,000,000	2,001,018
		5.01%	01/22/09	2,880,000	2,884,305
		4.75%	02/02/09	1,509,000	1,512,390
		5.13%	02/17/09	5,000,000	5,018,728
		5.08%	03/16/09	5,000,000	5,028,503
		2.75%	06/05/09	4,000,000	4,000,000
		4.13%	07/17/09	6,758,000	6,896,471
		5.25%	08/03/09	2,055,000	2,100,831
					<u>75,208,917</u>

Federal Home Loan Bank 79.00%

Discount Notes:					
	Yield	2.34%	01/02/09	24,970,000	24,968,390
	Yield	0.02%	01/05/09	14,378,000	14,377,969
	Yield	2.29%	01/08/09	5,000,000	4,997,793
	Yield	3.34%	01/09/09	6,387,000	6,382,302
	Yield	0.52%	01/12/09	17,593,000	17,590,235
	Yield	0.07%	01/13/09	8,372,000	8,371,805
	Yield	0.34%	01/14/09	38,960,000	38,955,276
	Yield	2.76%	01/16/09	5,000,000	4,994,333
	Yield	0.10%	01/20/09	1,185,000	1,184,937
	Yield	0.12%	01/23/09	10,000,000	9,999,267
	Yield	0.09%	01/27/09	4,764,000	4,763,705
	Yield	2.96%	02/02/09	8,660,000	8,637,470
	Yield	0.15%	02/03/09	4,460,000	4,459,387
	Yield	2.76%	02/11/09	10,000,000	9,969,022
	Yield	0.05%	02/12/09	20,027,000	20,025,832
	Yield	2.27%	03/02/09	2,075,000	2,067,219
	Yield	0.08%	03/11/09	7,496,000	7,494,851
	Yield	2.50%	03/17/09	5,000,000	4,974,271
	Yield	2.91%	05/01/09	8,000,000	7,923,833
	Yield	0.22%	05/11/09	552,000	551,561
	Yield	0.90%	07/01/09	8,039,000	8,002,884
	Yield	0.89%	09/08/09	1,428,000	1,419,273
Fixed Rates:					
		2.15%	01/21/09	5,000,000	4,998,613
		2.16%	01/30/09	5,000,000	4,997,637

See notes to portfolios of investments and notes to financial statements.

U.S. GOVERNMENT SECURITIES SAVINGS FUND**Portfolio of Investments**

December 31, 2008

**UNITED STATES
GOVERNMENT AND
AGENCY OBLIGATIONS**

Coupon Rate	Maturity Date	Principal Amount	Value
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Federal Home Loan Bank (Cont'd)

	3.50%	02/13/09	\$ 1,000,000	\$ 1,001,278
	4.04%	03/09/09	1,000,000	1,002,875
	2.90%	03/24/09	5,000,000	5,018,078
	2.13%	04/01/09	5,680,000	5,677,191
	2.35%	04/21/09	3,000,000	3,000,000
	3.75%	04/27/09	5,000,000	5,012,224
	2.75%	05/07/09	3,000,000	3,000,000
	2.50%	05/28/09	4,000,000	3,997,157
	5.38%	07/17/09	2,900,000	2,953,797
Variable Rates:				
	0.66%	02/18/09	10,000,000	10,000,000
	0.32%	02/19/09	10,000,000	9,994,400
	0.43%	04/08/09	10,000,000	10,000,000
				<u>282,764,865</u>

Total Investments 100.02%

357,973,782

(cost \$357,973,782)

Other assets and liabilities, net (0.02)%

(63,759)**NET ASSETS 100%****\$357,910,023**

See notes to portfolios of investments and notes to financial statements.

NEAR-TERM TAX FREE FUND**Portfolio of Investments**

December 31, 2008

MUNICIPAL BONDS 90.74%	Coupon Rate	Maturity Date	Principal Amount	Value
Alabama 7.18%				
Bessemer, Alabama Water Revenue	4.00%	01/01/16	\$ 300,000	\$ 248,151
DCH Health Care Authority Facilities Revenue	5.00%	06/01/09	250,000	253,273
Mountain Brook City Board of Education Capital Outlay	4.00%	02/15/15	200,000	211,196
University of Alabama at Birmingham, Hospital Revenue, Series A	5.00%	09/01/15	300,000	<u>292,098</u>
				1,004,718
Alaska 2.19%				
Alaska Municipal Bond Bank Authority, Series A	4.00%	02/01/16	300,000	306,108
Arizona 2.17%				
Pima County Unified School District, GO Unlimited, Refunding	3.70%	07/01/12	300,000	304,218
California 1.68%				
San Diego, California Community College District, Capital Appreciation, Election 2002, GO Unlimited (ZCB)	4.34% ⁽¹⁾	05/01/15	300,000	234,735
Connecticut 3.54%				
Connecticut State, Series D, GO Unlimited	5.38%	11/15/18	250,000	281,175
Connecticut State, Series E, GO Unlimited	5.13%	11/15/14	200,000	<u>213,476</u>
				494,651
District of Columbia 1.09%				
District of Columbia, Unrefunded, Series B	5.50%	06/01/09	150,000	152,183
Florida 2.75%				
Florida State Board of Education Capital Outlay, Series B, GO	5.25%	06/01/11	175,000	176,381
Florida State Department of Environmental Protection Preservation Revenue, Florida Forever, Series B	5.00%	07/01/09	205,000	<u>208,241</u>
				384,622
Illinois 7.11%				
Cook County, Illinois Capital Improvement, GO Unlimited, Prerefunded, Series A	5.25%	11/15/14	300,000	314,241
Illinois Finance Authority Revenue, Refunding	5.00%	07/01/16	390,000	424,623

See notes to portfolios of investments and notes to financial statements.

NEAR-TERM TAX FREE FUND**Portfolio of Investments**

December 31, 2008

MUNICIPAL BONDS	Coupon Rate	Maturity Date	Principal Amount	Value
Illinois (Cont'd)				
Illinois State Sales Tax Revenue	6.00%	06/15/09	\$ 250,000	\$ 255,268
				994,132
Indiana 6.40%				
Indiana State Educational Facilities Authority Revenue, University of Indianapolis Project	5.65%	10/01/15	200,000	209,014
Indiana State Finance Authority Revenue, Refunding	4.00%	05/01/12	350,000	367,870
Tippecanoe County, Indiana School Improvements	4.00%	01/15/15	300,000	318,462
				895,346
Iowa 3.59%				
Ames, Iowa Hospital Revenue, Refunding	5.00%	06/15/15	300,000	298,362
Johnston Community School District, GO Unlimited	4.00%	06/01/16	200,000	204,532
				502,894
Kansas 1.52%				
Kansas State Development Finance Authority Revenue	4.00%	10/01/15	200,000	212,862
Michigan 0.34%				
Detroit, Michigan Local Development Finance Authority, Refunding, Series A	5.20%	05/01/10	85,000	47,464
Missouri 1.71%				
Missouri State Health & Educational Facilities Authority Revenue, Series A	6.75%	05/15/13	200,000	239,086
Nevada 1.43%				
North Las Vegas, GO Limited	4.00%	03/01/16	200,000	200,730
New Hampshire 1.24%				
New Hampshire Health & Education Facilities Authority Revenue	5.00%	07/01/14	175,000	173,733
New Jersey 3.81%				
New Jersey State	5.13%	05/01/10	250,000	260,283
New Jersey State Transportation Trust Fund Authority, Series D	4.00%	06/15/14	250,000	273,225
				533,508

See notes to portfolios of investments and notes to financial statements.

NEAR-TERM TAX FREE FUND**Portfolio of Investments**

December 31, 2008

MUNICIPAL BONDS	Coupon Rate	Maturity Date	Principal Amount	Value
New York 4.46%				
New York, New York, Series B	5.25%	08/01/09	\$ 200,000	\$ 203,900
New York, New York, Subseries L-1, GO Unlimited	4.00%	04/01/15	300,000	303,456
Schenectady Metroplex Development Authority Revenue, Series A	5.00%	12/15/12	110,000	116,606
				<u>623,962</u>
Oregon 0.92%				
Oregon State Department of Transportation Highway	5.00%	11/15/09	125,000	129,185
Pennsylvania 2.16%				
Pennsylvania State Turnpike Commission, Bond Anticipation Notes, Series A	4.00%	10/15/09	300,000	301,626
South Carolina 6.64%				
Horry County Hospitality Fee Special Obligation	5.00%	04/01/10	200,000	206,140
Jasper County School District, GO Unlimited	4.00%	03/01/15	195,000	206,439
Piedmont Municipal Power Agency Electric Revenue, Refunding, Series B	5.25%	01/01/09	200,000	200,000
Spartanburg County School District	3.88%	04/01/12	300,000	315,606
				<u>928,185</u>
Tennessee 2.29%				
Tennessee State, GO Unlimited, Refunding, Series A	5.00%	05/01/11	300,000	320,361
Texas 12.42%				
Addison, Texas Certificates of Obligation, GO Unlimited	4.00%	02/15/20	250,000	246,025
Bexar County Hospital District, GO Limited	3.50%	02/15/10	300,000	306,735
Conroe, Texas, GO Limited	2.75%	03/01/10	170,000	164,543
Katy, Texas Independent School District, School Building, Series D, GO Unlimited	4.50%	02/15/19	325,000	332,329
Killeen, Texas Independent School District, GO Unlimited, Unrefunded	5.00%	02/15/09	90,000	90,029
Lewisville, Texas Independent School District, GO Unlimited, Refunding (ZCB)	4.04% ⁽¹⁾	08/15/15	400,000	316,804
San Antonio Water System Revenue	5.00%	05/15/13	100,000	105,194
San Patricio, Texas Municipal Water District, Refunded	4.00%	07/10/18	200,000	175,564
				<u>1,737,223</u>

See notes to portfolios of investments and notes to financial statements.

NEAR-TERM TAX FREE FUND**Portfolio of Investments**

December 31, 2008

MUNICIPAL BONDS	Coupon Rate	Maturity Date	Principal Amount	Value
Utah 2.37%				
Utah State, Refunding, Series B, GO Unlimited	5.38%	07/01/12	\$ 300,000	\$ 331,902
Virginia 4.76%				
Virginia College Building Authority Educational Facilities Revenue, Prerefunded, Series A	5.00%	09/01/15	10,000	11,477
Virginia College Building Authority Educational Facilities Revenue, Unrefunded, Series A	5.00%	09/01/15	290,000	326,035
Virginia State Public Building Authority & Public Facilities Revenue, Refunding, Series A	5.00%	08/01/12	300,000	327,816
				<u>665,328</u>
Washington 4.81%				
Clark County, Washington School District, GO Unlimited	5.13%	12/01/11	100,000	108,209
King County, Washington School District No. 401 Highline Public Schools, GO Unlimited	5.50%	12/01/13	240,000	262,601
Seattle, Washington Municipal Light and Power Revenue, Refunding	5.00%	07/01/17	300,000	302,424
				<u>673,234</u>
Wisconsin 2.16%				
Wisconsin State, Refunding, Series 2, GO Unlimited	4.13%	11/01/16	300,000	301,800
Total Municipal Bonds				12,693,796
(cost \$12,536,792)				
REPURCHASE AGREEMENT 8.36%				
Joint Tri-Party Repurchase Agreement, Morgan Stanley, 12/31/08, 0.01%, due 01/02/09, repurchase price \$1,170,076, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$1,170,075)	0.01%	01/02/09	1,170,075	1,170,075
Total Investments 99.10%				13,863,871
(cost \$13,706,867)				
Other assets and liabilities, net 0.90%				<u>125,267</u>
NET ASSETS 100%			\$13,989,138	

⁽¹⁾Represents Yield

See notes to portfolios of investments and notes to financial statements.

TAX FREE FUND**Portfolio of Investments**

December 31, 2008

MUNICIPAL BONDS 96.75%	Coupon Rate	Maturity Date	Principal Amount	Value
Alabama 7.55%				
Alabama 21st Century Authority, Tobacco Settlement Revenue	5.75%	12/01/19	\$ 275,000	\$ 240,149
Alabama State, GO Unlimited, Series A	4.63%	09/01/22	375,000	375,338
Bessemer, Alabama Water Revenue	4.00%	01/01/16	200,000	165,434
Mountain Brook City Board of Education Capital Outlay	4.00%	02/15/15	195,000	205,916
University of Alabama at Birmingham, Hospital Revenue, Series A	5.00%	09/01/15	300,000	292,098
				<u>1,278,935</u>
California 7.76%				
Anaheim, California City School District, Capital Appreciation, Election 2002, GO Unlimited (ZCB)	4.60%(1)	08/01/28	580,000	154,663
California State, GO Unlimited	4.75%	03/01/34	205,000	169,105
California State, GO Unlimited	5.00%	06/01/37	455,000	387,278
Campbell, California Union High School District, GO Unlimited	4.75%	08/01/34	300,000	252,354
San Diego, California Community College District, Capital Appreciation, Election 2002, GO Unlimited (ZCB)	4.34%(1)	05/01/15	450,000	352,103
				<u>1,315,503</u>
Colorado 0.82%				
Colorado Health Facilities Authority Revenue	5.00%	09/01/16	150,000	138,527
Connecticut 1.89%				
Connecticut State, Series E, GO Unlimited	5.13%	11/15/14	300,000	320,214
Florida 4.23%				
Florida Board of Education, GO Unlimited, Refunding, Series C	4.50%	06/01/28	300,000	257,991
St. Lucie County Florida Sales Tax Revenue	5.25%	10/01/23	465,000	459,327
				<u>717,318</u>
Georgia 2.93%				
Atlanta Development Authority Revenue	5.25%	07/01/22	500,000	496,185
Illinois 7.78%				
Du Page County, Refunding	5.60%	01/01/21	490,000	560,510
Illinois Development Financing Authority Hospital Revenue, Adventist Health System	5.65%	11/15/24	435,000	456,937

See notes to portfolios of investments and notes to financial statements.

TAX FREE FUND**Portfolio of Investments**

December 31, 2008

MUNICIPAL BONDS	Coupon Rate	Maturity Date	Principal Amount	Value
Illinois (Cont'd)				
Illinois Regional Transportation Authority Revenue, Series A	7.20%	11/01/20	\$ 250,000	\$ 301,313
				1,318,760
Indiana 1.60%				
Indianapolis Local Public Improvement Bond Bank, Waterworks Project, Series 2007 L	5.25%	01/01/33	305,000	271,926
Kansas 8.26%				
Kansas State Development Finance Authority Hospital Revenue, Series Z	5.00%	12/15/12	500,000	497,165
Kansas State Development Finance Authority Revenue	4.00%	10/01/15	250,000	266,078
University of Kansas Hospital Authority Health Facilities Revenue	5.63%	09/01/12	570,000	634,956
				1,398,199
Kentucky 1.33%				
Bowling Green, Kentucky, GO Unlimited, Series B	4.00%	09/01/16	215,000	225,840
Maryland 1.92%				
Maryland Health & Higher Educational Facilities Authority Revenue	5.75%	07/01/21	300,000	325,704
Michigan 2.64%				
Detroit, Michigan Local Development Financing Authority, Refunding, Series A	5.38%	05/01/18	300,000	150,348
Macomb County Building Authority, GO Limited	4.50%	11/01/23	300,000	296,784
				447,132
Missouri 2.47%				
St. Louis Airport Development Program, Prerefunded, Series A	5.00%	07/01/11	165,000	178,241
St. Louis Airport Development Program, Unrefunded, Series A	5.00%	07/01/11	235,000	241,124
				419,365
New Hampshire 2.98%				
Manchester, New Hampshire School Facilities Revenue, Refunding	5.50%	06/01/26	300,000	325,683

See notes to portfolios of investments and notes to financial statements.

TAX FREE FUND**Portfolio of Investments**

December 31, 2008

MUNICIPAL BONDS	Coupon Rate	Maturity Date	Principal Amount	Value
New Hampshire (Cont'd)				
New Hampshire Health & Education Facilities Authority Revenue	5.00%	07/01/14	\$ 180,000	\$ 178,697
				504,380
New Jersey 2.66%				
New Jersey Health Care Facilities Financing Authority Revenue	4.38%	07/01/10	460,000	451,232
New York 1.51%				
New York, GO Unlimited, Prerefunded, Series J	5.00%	05/15/12	225,000	230,699
New York, GO Unlimited, Unrefunded Balance, Series J	5.00%	05/15/12	25,000	25,629
				256,328
Ohio 2.79%				
Ohio State Mental Health Facilities Revenue	5.50%	06/01/15	300,000	327,168
South Euclid Special Assessment, GO Limited Tax	6.70%	12/01/14	130,000	145,920
				473,088
Rhode Island 3.41%				
Rhode Island State Health & Educational Building Corporation Revenue	6.50%	08/15/32	500,000	577,749
South Carolina 1.23%				
South Carolina Jobs Economic Development Authority Revenue	5.00%	11/01/23	250,000	208,938
Tennessee 1.28%				
Memphis, Tennessee Sanitary Sewage System Revenue, Refunding	5.00%	05/01/20	200,000	216,726
Texas 22.91%				
Baytown, Texas, GO Limited	4.50%	02/01/27	250,000	224,183
Dallas, Texas Waterworks & Sewer Systems Revenue, Refunding	4.50%	10/01/19	225,000	230,378
Duncanville, Texas Independent School District, GO Unlimited, Prerefunded, Series B	5.25%	02/15/32	495,000	547,025
Duncanville, Texas Independent School District, GO Unlimited, Unrefunded, Series B	5.25%	02/15/32	5,000	5,005
Forney, Texas, GO Limited	5.00%	02/15/27	500,000	498,205

See notes to portfolios of investments and notes to financial statements.

TAX FREE FUND**Portfolio of Investments**

December 31, 2008

MUNICIPAL BONDS	Coupon Rate	Maturity Date	Principal Amount	Value
Texas (Cont'd)				
Goose Creek, Texas Independent School District Schoolhouse, Series A	5.25%	02/15/18	\$ 370,000	\$ 407,392
Greenville, Texas Independent School District, GO Unlimited, Refunding	4.00%	08/15/17	120,000	122,684
Houston Community College System Revenue, Refunding	4.00%	04/15/17	300,000	299,775
North Texas Municipal Water District Regional Solid Waste Disposal System Revenue	4.25%	09/01/17	385,000	394,852
North Texas Tollway Authority Revenue, Series F	5.75%	01/01/38	250,000	208,533
Prosper, Texas Independent School District, Capital Appreciation, School Building, GO Unlimited (ZCB)	6.00% ⁽¹⁾	08/15/33	1,000,000	223,630
San Marcos, Texas Tax & Toll Revenue, GO Limited	5.10%	08/15/27	400,000	401,916
White Settlement, Texas Independent School District, GO Unlimited	4.13%	08/15/15	300,000	319,161
				<u>3,882,739</u>
Utah 3.35%				
Utah State Building Ownership Authority, Lease Revenue, Refunded, Series C	5.50%	05/15/19	500,000	567,719
Washington 3.45%				
King County, Washington School District No. 401 Highline Public Schools, GO Unlimited	5.50%	12/01/13	300,000	328,251
Spokane County School District No. 81 Spokane	5.05%	06/01/22	255,000	255,678
				<u>583,929</u>
Total Municipal Bonds				<u>16,396,436</u>
(cost \$16,616,634)				

See notes to portfolios of investments and notes to financial statements.

TAX FREE FUND**Portfolio of Investments**

December 31, 2008

REPURCHASE AGREEMENT 2.06%	Coupon Rate	Maturity Date	Principal Amount	Value
Joint Tri-Party Repurchase Agreement, Morgan Stanley, 12/31/08, 0.01%, due 01/02/09, repurchase price \$348,497, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$348,497)	0.01%	01/2/2009	\$ 348,497	\$ 348,497
Total Investments 98.81%				16,744,933
(cost \$16,965,131)				
Other assets and liabilities, net 1.19%				201,099
NET ASSETS 100%			<u>\$16,946,032</u>	

⁽¹⁾Represents Yield.

See notes to portfolios of investments and notes to financial statements.

ALL AMERICAN EQUITY FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS 79.40%**Shares****Value****Applications Software 2.06%**

Activision Blizzard, Inc.	25,000	\$ 216,000*
Citrix Systems, Inc.	5,000	117,850*
		<u>333,850</u>

Cellular Telecommunications 1.57%

China Mobile Ltd., Sponsored ADR	5,000	254,250
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Chemicals 0.56%

The Dow Chemical Co.	6,000	90,540
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Computers 2.10%

Apple, Inc.	4,000	341,400*
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Diversified Minerals 1.86%

Compania Vale do Rio Doce, Sponsored ADR	25,000	302,750
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Electric Generation 1.80%

Huaneng Power International, Inc., Sponsored ADR	10,000	291,800
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Electronics & Components 0.99%

NVIDIA Corp.	20,000	161,400*
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Energy 1.27%

First Solar, Inc.	1,500	206,940*
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Financial Services 10.92%

First Financial Bankshares, Inc.	12,500	690,125
Ocwen Financial Corp.	40,000	367,200*
People's United Financial, Inc.	10,000	178,300
U.S. Bancorp	12,000	300,120
Wells Fargo & Co.	8,000	235,840
		<u>1,771,585</u>

Gas - Distribution 3.41%

New Jersey Resources Corp.	6,000	236,100
Piedmont Natural Gas Co.	10,000	316,700
		<u>552,800</u>

Insurance 0.72%

Stewart Information Services Corp.	5,000	117,450
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See notes to portfolios of investments and notes to financial statements.

ALL AMERICAN EQUITY FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Internet 1.80%		
F5 Networks, Inc.	12,500	\$ 285,750*
Stockhouse, Inc.	131,125	<u>7,212*</u>
		292,962
Machinery 1.07%		
The Manitowoc Co., Inc.	20,000	173,200
Medical - Biomedical 4.69%		
Celgene Corp.	4,000	221,120*
Illumina, Inc.	11,000	286,550*
Sequenom, Inc.	8,000	158,720*
United Therapeutics Corp.	1,500	<u>93,825*</u>
		760,215
Medical - Drugs 2.87%		
Novartis AG, ADR	4,000	199,040
Pfizer, Inc.	15,000	<u>265,650</u>
		464,690
Medical - HMO 2.29%		
UnitedHealth Group, Inc.	14,000	372,400
Medical - Products 5.33%		
Johnson & Johnson	8,000	478,640
Quality Systems, Inc.	5,000	218,100
ResMed, Inc.	4,500	<u>168,660*</u>
		865,400
Office Supplies 0.55%		
Office Depot, Inc.	30,000	89,400*
Oil & Gas - Integrated 4.50%		
Chevron Corp.	2,500	184,925
CNOOC Ltd.	2,000	190,480
PetroChina Co. Ltd., ADR	4,000	<u>355,920</u>
		731,325
Oil & Gas Equipment & Services 0.83%		
Weatherford International Ltd.	12,500	135,250*

See notes to portfolios of investments and notes to financial statements.

ALL AMERICAN EQUITY FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Oil & Gas Exploration & Production 4.44%		
Anadarko Petroleum Corp.	9,000	\$ 346,950
Goodrich Petroleum Corp.	5,000	149,750*
Linn Energy LLC	15,000	224,550
		721,250
Oil & Gas Field Services 0.78%		
Schlumberger Ltd.	3,000	126,990*
Oil & Gas Royalty Trust 0.84%		
Permian Basin Royalty Trust	10,000	137,000*
Restaurants 2.30%		
McDonald's Corp.	6,000	373,140
Retail 2.65%		
Lowe's Cos, Inc.	20,000	430,400
Retail - Discount 1.20%		
Family Dollar Stores, Inc.	7,500	195,525
Silver Mining 3.05%		
Pan American Silver Corp.	15,000	256,050*
Silver Standard Resources, Inc.	15,000	239,100*
		495,150
Software Tools 2.92%		
VMware, Inc., Class A	20,000	473,800*
Telecommunications 1.99%		
QUALCOMM, Inc.	9,000	322,470
Therapeutics 2.84%		
Gilead Sciences, Inc.	9,000	460,260*
Tobacco 2.14%		
Philip Morris International, Inc.	8,000	348,080

See notes to portfolios of investments and notes to financial statements.

ALL AMERICAN EQUITY FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Transportation 2.49%		
Atlas Air Worldwide Holdings, Inc.	8,000	\$ 151,200*
Nordic American Tanker Shipping	7,500	253,125
		404,325
Water 0.57%		
California Water Service Group	2,000	92,860
Total Common Stocks		12,890,857
(cost \$13,583,122)		

REAL ESTATE INVESTMENT TRUSTS (REIT) 9.34%

Boston Properties, Inc.	4,500	247,500
Hatteras Financial Corp.	20,000	532,000
SL Green Realty Corp.	7,500	194,250
Vornado Realty Trust	9,000	543,150
Total Real Estate Investment Trusts		1,516,900
(cost \$1,386,531)		

EXCHANGE-TRADED FUNDS (ETF) 2.18%

SPDR Gold Trust	2,000	173,100*
SPDR KBW Insurance ETF	6,500	179,465
Total Exchange-Traded Funds		352,565
(cost \$339,651)		

PURCHASED OPTION 0.00%**Contracts****Internet 0.00%**

Yahoo!, Inc., Strike Price 25, Call, Expiration Jan. 2009 (premium \$16,800)	200	600*
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See notes to portfolios of investments and notes to financial statements.

ALL AMERICAN EQUITY FUND**Portfolio of Investments**

December 31, 2008

MASTER LIMITED PARTNERSHIP 1.28%	Units	Value
Financial Services 1.28%		
AllianceBernstein Holding LP (cost \$218,389)	10,000	\$ 207,900
Total Securities (cost \$15,544,493)		14,968,822
REPURCHASE AGREEMENT 3.53%	Principal Amount	
Joint Tri-Party Repurchase Agreement, UBS Financial Services, Inc., 12/31/08, 0.02%, due 01/02/09, repurchase price \$572,528, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$572,527)	\$ 572,527	572,527
Total Investments 95.73% (cost \$16,117,020)		15,541,349
Other assets and liabilities, net 4.27%		692,997
NET ASSETS 100%		<u>\$16,234,346</u>

See notes to portfolios of investments and notes to financial statements.

HOLMES GROWTH FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS 85.80%	Shares	Value
Apparel 2.16%		
The Buckle, Inc.	15,000	\$ 327,300
True Religion Apparel, Inc.	30,000	373,200*
		700,500
Banks 0.90%		
Bancolumbia S.A., Sponsored ADR	12,500	291,875
Cable & Wire Products 0.95%		
General Cable Corp.	17,500	309,575*
Cellular Telecommunications 0.94%		
China Mobile Ltd., Sponsored ADR	6,000	305,100
Coal 1.05%		
Peabody Energy Corp.	15,000	341,250
Communications 1.75%		
AT&T, Inc.	20,000	570,000
Computer Software & Hardware 2.05%		
Oracle Corp.	37,500	664,875*
Cosmetics/Personal Care 1.48%		
Avon Products, Inc.	20,000	480,600
Diversified Minerals 1.86%		
Compania Vale do Rio Doce, ADR	50,000	605,500
Diversified Operations 1.71%		
Team, Inc.	20,000	554,000*
E-Commerce 0.92%		
CYBERplex, Inc.	1,073,000	299,819*
Electronics & Components 2.45%		
Altera Corp.	20,000	334,200
FLIR Systems, Inc.	15,000	460,200*
		794,400

See notes to portfolios of investments and notes to financial statements.

HOLMES GROWTH FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Energy 2.34%		
First Solar, Inc.	5,500	\$ 758,780*
Engineering & Construction 0.83%		
Fluor Corp.	6,000	269,220
Entertainment 2.13%		
Activision Blizzard, Inc.	80,000	691,200*
Financial Services 9.37%		
Charles Schwab Corp.	20,000	323,400
Citigroup, Inc.	25,000	167,750
GMP Capital Trust	63,800	265,833
Jovian Capital Corp.	685,000	140,738*
JPMorgan Chase & Co.	8,000	252,240
Northern Trust Corp.	3,000	156,420
Stifel Financial Corp.	20,000	917,000*
The Goldman Sachs Group, Inc.	4,500	379,755
U.S. Bancorp	7,000	175,070
Wells Fargo & Co.	9,000	265,320
		3,043,526
Food Products 1.13%		
CoolBrands International, Inc.	995,200	368,048*
Gold & Copper Exploration and Development 0.02%		
New Gold, Inc.	4,338	6,310*
Healthcare Services 4.43%		
Almost Family, Inc.	16,000	719,680*
LHC Group, Inc.	20,000	720,000*
		1,439,680
Medical - Biomedical 8.01%		
Celgene Corp.	6,000	331,680*
Cubist Pharmaceuticals, Inc.	40,000	966,400*
Emergent Biosolutions, Inc.	20,000	522,200*
Illumina, Inc.	30,000	781,500*
		2,601,780
Medical - HMO 2.30%		
Humana, Inc.	20,000	745,600*

See notes to portfolios of investments and notes to financial statements.

HOLMES GROWTH FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Medical - Products 10.03%		
Alcon, Inc.	5,000	\$ 445,950
Baxter International, Inc.	21,000	1,125,390
Bristol-Myers Squibb Co.	42,500	988,125
Varian Medical Systems, Inc.	20,000	700,800*
		<u>3,260,265</u>
Metal & Mineral Mining 0.09%		
Eastern Platinum Ltd.	108,800	29,954*
Oil & Gas - Integrated 2.21%		
Exxon Mobil Corp.	9,000	718,470
Oil & Gas Drilling 1.68%		
Helmerich & Payne, Inc.	24,000	546,000
Oil & Gas Exploration & Production 0.91%		
Noble Energy, Inc.	6,000	295,320
Oil & Gas Field Machinery 2.13%		
Cameron International Corp.	20,000	410,000*
Weatherford International Ltd.	26,000	281,320*
		<u>691,320</u>
Oil & Gas Royalty Trusts 1.79%		
Canadian Oil Sands Trust	5,000	86,703
San Juan Basin Royalty Trust	16,000	495,520
		<u>582,223</u>
Pharmaceuticals 3.72%		
Pfizer, Inc.	40,000	708,400
United Therapeutics Corp.	8,000	500,400*
		<u>1,208,800</u>
Restaurants 0.95%		
Chipotle Mexican Grill, Inc., Class A	5,000	309,900*
Retail 5.79%		
EZCORP, Inc., Class A	60,000	912,600*
PetMed Express, Inc.	55,000	969,650*
		<u>1,882,250</u>

See notes to portfolios of investments and notes to financial statements.

HOLMES GROWTH FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Schools 6.80%		
ITT Educational Services, Inc.	12,000	\$ 1,139,760*
Strayer Education, Inc.	5,000	1,072,050
		2,211,810
Steel 0.92%		
United States Steel	8,000	297,600
Total Common Stocks		27,875,550
(cost \$34,198,564)		
REAL ESTATE INVESTMENT TRUST (REIT) 1.49%		
Vornado Realty Trust (cost \$622,446)	8,000	482,800
EXCHANGE-TRADED FUNDS (ETF) 2.80%		
SPDR Gold Trust	4,000	346,200*
SPDR KBW Insurance ETF	12,500	345,125
SPDR KBW Regional Banking ETF	7,500	218,700
Total Exchange-Traded Funds		910,025
(cost \$944,832)		
WARRANTS 0.30%		
Gold & Copper Exploration and Development 0.00%		
New Gold, Inc., Warrants (April 2012)	23,500	386*
Metal & Mineral Mining 0.30%		
Eastern Platinum Ltd., Warrants (March 2009)	2,543	21*
Silver Wheaton Corp., Warrants (December 2010)	32,500	96,154*
		96,175
Total Warrants		96,561
(cost \$36,766)		
Total Securities		29,364,936
(cost \$35,802,608)		

See notes to portfolios of investments and notes to financial statements.

HOLMES GROWTH FUND**Portfolio of Investments**

December 31, 2008

	Principal Amount	Value
REPURCHASE AGREEMENT 4.14%		
Joint Tri-Party Repurchase Agreement, Morgan Stanley, 12/31/08, 0.01%, due 01/02/09, repurchase price \$1,347,193, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$1,347,192)	\$ 1,347,192	\$ 1,347,192
Total Investments 94.53%		<u>30,712,128</u>
(cost \$37,149,800)		
Other assets and liabilities, net 5.47%		<u>1,775,556</u>
NET ASSETS 100%		<u>\$32,487,684</u>

See notes to portfolios of investments and notes to financial statements.

GLOBAL MEGATRENDS FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS 88.99%	Shares	Value
Airports 3.73%		
Grupo Aeroportuario del Sureste S.A.B. de C.V., ADR	22,000	\$ 822,360
Cable & Wire Products 1.00%		
General Cable Corp.	12,500	221,125*
Coal 1.03%		
Peabody Energy Corp.	10,000	227,500
Commercial Services 2.80%		
Stantec, Inc.	25,000	617,500*
Construction 3.70%		
Aecon Group, Inc.	30,000	271,203
China Communications Construction Co., Ltd., H shares	260,000	324,954
Granite Construction, Inc.	5,000	219,650
		815,807
Consulting Services 1.60%		
Hill International, Inc.	50,000	352,000*
Diversified Operations 1.38%		
Team, Inc.	11,000	304,700*
Electric Generation 11.18%		
China Resources Power Holdings Co., Ltd.	100,000	194,351
Compania Energetica de Minas Gerais, Sponsored ADR	32,161	441,892
CPFL Energia S.A., ADR	12,500	488,375
FirstEnergy Corp.	13,000	631,540
Huaneng Power International, Inc., Sponsored ADR	14,000	408,520
Vestas Wind Systems A/S	5,000	298,639*
		2,463,317
Electric Utilities 9.49%		
CEZ a.s.	5,000	205,278
Exelon Corp.	14,000	778,540
FPL Group, Inc.	22,000	1,107,260
		2,091,078
Electronics & Components 0.83%		
China High Speed Transmission Equipment Group Co., Ltd.	150,000	183,053

See notes to portfolios of investments and notes to financial statements.

GLOBAL MEGATRENDS FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Energy 4.73%		
Energy Conversion Devices, Inc.	14,000	\$ 352,940*
First Solar, Inc.	5,000	689,800*
		<u>1,042,740</u>
Engineering/Research & Development 6.27%		
ABB Ltd., Sponsored ADR	15,000	225,150
Aecom Technology Corp.	8,000	245,840*
Fluor Corp.	13,000	583,310
SNC-Lavalin Group, Inc.	10,000	326,183
		<u>1,380,483</u>
Environmental Control 1.55%		
Energy Recovery, Inc.	45,000	341,100*
Holding Company 2.48%		
Berkshire Hathaway, Inc., Class B	170	546,380*
Machinery 1.40%		
Lonking Holdings Ltd.	600,000	309,537
Manufacturing 2.33%		
ITT Corp.	5,500	252,945
The Manitowoc Co., Inc.	30,000	259,800
		<u>512,745</u>
Metal & Mineral Mining 2.56%		
Compania Vale do Rio Doce, ADR	35,000	423,850
Eastern Platinum Ltd.	19,400	5,341*
Novolipetsk Steel, GDR	13,000	134,412
		<u>563,603</u>
Oil & Gas Exploration & Production 0.05%		
Pacific Rubiales Energy Corp.	6,233	11,218*
Oil & Gas Extraction & Services 0.58%		
Schlumberger Ltd.	3,000	126,990
Public Thoroughfares 1.87%		
Compania de Concessoes Rodoviaras	40,000	412,596

See notes to portfolios of investments and notes to financial statements.

GLOBAL MEGATRENDS FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Steel Manufacturing 5.62%		
Compania Siderurgica Nacional S.A., Sponsored ADR	17,500	\$ 224,175
Evrax Group S.A.	7,000	60,200
Gerdau S.A., Sponsored ADR	60,000	396,000
United States Steel	15,000	558,000
		1,238,375
Telecommunications 6.33%		
AT&T, Inc.	25,000	712,500
NTT DoCoMo, Inc., Sponsored ADR	12,500	245,250
Turkcell Iletisim Hizmetleri A.S., ADR	30,000	437,400
		1,395,150
Transport & Storage 1.61%		
Westshore Terminals Income Fund	45,000	355,030
Transportation 6.06%		
Burlington Northern Santa Fe Corp.	13,000	984,230
China Railway Group Ltd., H shares	500,000	350,897*
		1,335,127
Water Treatment Systems 1.72%		
Hyflux Ltd.	300,000	378,005
Wireless Telecommunications 7.09%		
America Movil SAB de C.V., ADR, Series L	16,000	495,840
China Mobile Ltd.	75,000	760,396
China Mobile Ltd., Sponsored ADR	6,000	305,100
		1,561,336
Total Common Stocks		19,608,855
(cost \$24,405,002)		
EXCHANGE-TRADED FUNDS (ETF) 3.55%		
SPDR Gold Trust	3,000	259,650*
Utilities Select Sector SPDR Fund	18,000	522,540
Total Exchange-Traded Funds		782,190
(cost \$764,202)		

See notes to portfolios of investments and notes to financial statements.

GLOBAL MEGATRENDS FUND**Portfolio of Investments**

December 31, 2008

WARRANTS 0.00%	Shares	Values
Oil & Gas Exploration & Production 0.00%		
Pacific Rubiales Energy Corp., Warrants (July 2012) (cost \$326)	58	\$ 16*
MASTER LIMITED PARTNERSHIP 0.93%		
Oil & Gas Transportation 0.93%		
NuStar Energy L.P. (cost \$216,248)	5,000	205,300
UNITS 1.12%		
Construction 1.12%		
Polaris Minerals Corp. (RS) (cost \$262,543)	200,000	246,549* [@]
Total Securities		20,842,910
(cost \$25,648,321)		
REPURCHASE AGREEMENT 5.37%		
Principal Amount		
Joint Tri-Party Repurchase Agreement, Morgan Stanley, 12/31/08, 0.01%, due 01/02/09, repurchase price \$1,182,811, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$1,182,810)	\$ 1,182,810	1,182,810
Total Investments 99.96%		22,025,720
(cost \$26,831,131)		
Other assets and liabilities, net 0.04%		9,421
NET ASSETS 100%		\$22,035,141

See notes to portfolios of investments and notes to financial statements.

GLOBAL RESOURCES FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS 76.02%	Shares	Value
Agricultural Chemicals & Fertilizers 4.35%		
Archer-Daniels-Midland Co.	300,000	\$ 8,649,000*
Monsanto Co.	77,500	5,452,125
Potash Corporation of Saskatchewan, Inc.	82,500	6,040,650
Spur Ventures, Inc.	274,867	49,697*
		<u>20,191,472</u>
Chemicals 0.49%		
The Dow Chemical Co.	150,000	2,263,500*
Coal 7.10%		
Bounty Mining Ltd.	22,000,000	704,236*+
Caledon Resources plc	4,000,000	503,511*
China Shenhua Energy Co. Ltd.	7,500,000	16,083,150
Coalcorp Mining, Inc.	5,782,661	926,709*
CONSOL Energy, Inc.	265,000	7,573,700
Peabody Energy Corp.	285,000	6,483,750
Western Canadian Coal Corp., 144A	1,200,000	700,197*
		<u>32,975,253</u>
Diamond Mining & Exploration 0.02%		
Diamond Fields International Ltd.	22,400	644*
Diamond Fields International Ltd., 144A	1,800,000	51,775*
Rockwell Diamonds, Inc., 144A	950,000	50,748*
Vaaldiam Resources Ltd.	1,044,001	12,870*
		<u>116,037</u>
Financial Services 0.35%		
GMP Capital Trust	341,600	1,423,333
Jovian Capital Corp.	1,038,100	213,285*
		<u>1,636,618</u>
Food & Beverages 0.22%		
CoolBrands International, Inc.	2,714,200	1,003,772*
Forestry 0.95%		
Weyerhaeuser Co.	145,000	4,438,450
General Metal & Mineral Mining 4.01%		
Atacama Minerals Corp.	1,025,000	204,276*
Baja Mining Corp.	1,381,050	249,697*
BHP Billiton Ltd., Sponsored ADR	250,000	10,725,000
Calibre Mining Corp.	811,400	10,002*

See notes to portfolios of investments and notes to financial statements.

GLOBAL RESOURCES FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS**Shares****Value****General Metal & Mineral Mining (Cont'd)**

Canada Zinc Metals Corp.	1,000,000	\$	123,274*
Century Mining Corp.	225,911		4,642*
Crowflight Minerals, Inc.	1,129,000		171,651*
Jiangxi Copper Co. Ltd., H shares	7,000,000		5,203,784
Natasa Mining Ltd.	1,099,160		838,031*+
Red Dragon Resources Corp.	3,720,000		305,720*+
Revett Minerals, Inc.	5,048,000		248,915*+
Savant Explorations Ltd.	54,191		2,227*
Selwyn Resources Ltd.	500,000		34,928*
Starfield Resources, Inc.	1,000,000		119,165*
Sterling Group Ventures, Inc.	500,000		10,000*
Terrane Metals Corp.	2,337,000		259,283*
Titanium Resources Group Ltd.	1,000,000		67,857*@
Toledo Mining Corp. plc	426,200		65,440*
			<u>18,643,892</u>

Gold & Copper Mining 2.17%

Continental Minerals Corp.	1,026,227		278,057*
Fortress Minerals Corp.	431,425		74,457*
Freeport-McMoRan Copper & Gold, Inc.	100,000		2,444,000
Los Andes Copper Ltd.	754,000		34,081*
Lumina Copper Corp.	168,600		56,810*
New Gold, Inc.	1,276,522		1,856,874*
Northern Dynasty Minerals Ltd.	1,150,000		4,252,959*
Northern Dynasty Minerals Ltd., 144A	200,000		739,645*
Orsu Metals Corp.	1,476,050		121,306*
Suramina Resources, Inc.	1,184,200		214,106*
			<u>10,072,295</u>

Gold & Silver Mining 2.50%

Canadian Gold Hunter Corp.	1,061,000		226,709*
Chesapeake Gold Corp.	716,350		1,872,118*
Corona Gold Ltd.	50,000		2,223*@
Dundee Precious Metals, Inc.	1,250,000		1,530,654*
Kinross Gold Corp.	1		18
MAG Silver Corp.	150,600		677,007*
Medoro Resources Ltd.	3,255,514		107,019*
Olympus Pacific Minerals, Inc.	375,000		23,114*
Planet Exploration, Inc.	160,000		26,298*
Red Back Mining, Inc.	310,844		2,194,403*
Red Back Mining, Inc., 144A	385,000		2,717,908*
Rusoro Mining Ltd.	3,567,500		1,905,716*
Rusoro Mining Ltd., 144A	433,333		231,481*
Silk Road Resources Ltd.	240,000		13,807*

See notes to portfolios of investments and notes to financial statements.

GLOBAL RESOURCES FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Gold & Silver Mining (Cont'd)		
TVI Pacific, Inc.	6,037,428	\$ 74,426*
		11,602,901
Gold/Mineral Royalty Company 0.02%		
Aberdeen International, Inc.	1,274,750	110,001*
Iron and Steel 3.97%		
Angang Steel Co. Ltd., H shares	4,000,000	4,526,399
Consolidated Thompson Iron Mines Ltd.	1,060,000	818,869*
Schnitzer Steel Industries, Inc., Class A	200,000	7,530,000
United States Steel	150,000	5,580,000
		18,455,268
Oil & Gas - Integrated 16.72%		
BP plc, Sponsored ADR	160,000	7,478,400
ConocoPhillips	210,000	10,878,000
Exxon Mobil Corp.	250,000	19,957,500
Murphy Oil Corp.	150,000	6,652,500
Occidental Petroleum Corp.	185,000	11,098,150
PetroChina Co. Ltd., ADR	160,000	14,236,800
Petroleo Brasileiro S.A., ADR	300,000	7,347,000
		77,648,350
Oil & Gas Drilling 3.63%		
Helmerich & Payne, Inc.	200,000	4,550,000
Transocean Ltd.	198,500	9,379,125*
Vantage Drilling Co.	2,674,000	2,941,400*
		16,870,525
Oil & Gas Equipment & Services 1.72%		
Oil States International, Inc.	200,000	3,738,000*
Schlumberger Ltd.	100,000	4,233,000
		7,971,000
Oil & Gas Exploration & Production - Junior 9.90%		
Abraxas Petroleum Corp.	589,294	424,292*
Americas Petrogas, Inc.	4,325,000	710,881*
Arena Resources, Inc.	250,000	7,022,500*
Bankers Petroleum Ltd.	1,016,667	618,289*
Birchcliff Energy Ltd.	500,000	2,075,115*
BNK Petroleum, Inc.	140,000	13,807*
Cano Petroleum, Inc.	2,725,000	1,199,000*+

See notes to portfolios of investments and notes to financial statements.

GLOBAL RESOURCES FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Oil & Gas Exploration & Production - Junior (Cont'd)		
CARBO Ceramics, Inc.	185,000	\$ 6,573,050
Coastal Energy Co.	1,322,000	1,618,820*
Foothills Resources, Inc.	1,278,667	19,180*
Gran Tierra Energy, Inc.	2,763,000	7,736,400*
Green Dragon Gas Ltd.	828,831	3,522,532*
Ivanhoe Energy, Inc.	1,830,000	872,288*
Ivory Energy, Inc.	4,138,166	255,064*+
Legacy Energy LLC, 144A (RS)	2,631,580	5,157,897*@
North Peace Energy Corp.	3,233,400	704,184*+
Pacific Rubiales Energy Corp.	3,794,500	6,829,352*
Royalite Petroleum Co., Inc.	2,266,333	90,653*
Verona Development Corp.	708,800	21,844*@
White Nile Ltd.	13,247,308	506,358*
		45,971,506
Oil & Gas Exploration & Production - Senior 12.59%		
Devon Energy Corp.	135,000	8,870,850
Petrohawk Energy Corp.	600,000	9,378,000*
Range Resources Corp.	365,000	12,552,350
Southwestern Energy Co.	280,000	8,111,600*
Ultra Petroleum Corp.	235,000	8,109,850*
XTO Energy, Inc.	325,000	11,462,750
		58,485,400
Oil & Gas Refining and Marketing 3.36%		
Sunoco, Inc.	130,000	5,649,800
Tesoro Corp.	400,000	5,268,000
Valero Energy Corp.	190,000	4,111,600
Value Creation, Inc. (RS)	282,137	579,670*@
		15,609,070
Platinum Group Metals 0.81%		
Anooraq Resources Corp.	725,000	226,413*
Beartooth Platinum Corp.	2,657,500	52,416*@
Eastern Platinum Ltd.	9,936,186	2,735,554*
Ivanhoe Nickel and Platinum Ltd. (RS)	15,000	9,418*@
Osmium Holdings S.A. (RS)	104	0*@
Platinum Group Metals Ltd.	492,700	753,141*
		3,776,942

See notes to portfolios of investments and notes to financial statements.

GLOBAL RESOURCES FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS**Shares****Value****Sugar/Ethanol 0.21%**

Bioenergy Africa Ltd. (RS)	8,750,000	\$ 867,007*+@
Infinity Bio-Energy Ltd.	682,400	85,300*
		<u>952,307</u>

Transportation 0.76%

Diana Shipping, Inc.	275,000	3,509,000*
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Uranium 0.17%

Govi Uranium, Inc. (RS)	750,000	735,000*@
GoviEx IP Holdings, Inc. (RS)	750,000	15,000*@
UMC Energy plc	1,000,000	54,724*
Uranium North Resources Corp.	12,500	925*
		<u>805,649</u>

Total Common Stocks

353,109,208

(cost \$614,279,170)

PREFERRED STOCK 0.22%**Oil & Gas Exploration & Production - Junior 0.22%**

Trident Resources Corp., Series B, Preferred Stock (RS) (cost \$5,000,000)	80,000	1,012,400*@
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EXCHANGE-TRADED FUNDS (ETF) 6.10%

Market Vectors Gold Miners ETF	300,000	10,164,000*
SPDR Gold Trust	210,000	18,175,500*

Total Exchange-Traded Funds

28,339,500

(cost \$27,063,619)

WARRANTS 5.48%**Coal 0.07%**

Bounty Mining Ltd., Warrants (December 2011)	5,500,000	58,686*
Coalcorp Mining, Inc., Warrants (February 2011)	1,228,071	5,046*
Coalcorp Mining, Inc., Warrants (August 2011)	885,500	3,639*
Coalcorp Mining, Inc., Warrants (June 2013)	3,803,000	125,017*

See notes to portfolios of investments and notes to financial statements.

GLOBAL RESOURCES FUND**Portfolio of Investments**

December 31, 2008

WARRANTS	Shares	Value
Coal (Cont'd)		
Western Canadian Coal Corp., Warrants (June 2012)	425,000	\$ 99,544*
		291,932
Diamond Mining & Exploration 0.00%		
Rockwell Diamonds, Inc., Warrants (November 2009)	950,000	0*@
General Metal & Mineral Mining 0.05%		
Baja Mining Corp., Warrants (April 2009)	55,070	226*
Baja Mining Corp., Warrants (April 2011)	1,055,500	0*@
Stingray Copper, Inc., Warrants (April 2009)	1,000,000	4,109*
Terrane Metals Corp., Warrants (June 2012)	562,500	23,114*
Thompson Creek Metals Co. Inc., Warrants (October 2011)	240,291	217,225*
		244,674
Gold & Copper Mining 0.15%		
New Gold, Inc., Warrants (April 2012)	1,478,000	24,294*
New Gold, Inc., Warrants (November 2012)	5,394,000	443,294*
New Gold, Inc., Warrants (June 2017)	822,570	202,803*
Orsu Metals Corp., Warrants (April 2010)	950,000	11,711*
Orsu Metals Corp., Warrants (March 2011)	660,000	18,984*
		701,086
Gold & Silver Mining 4.44%		
Chesapeake Gold Corp., Warrants (February 2012)	91,023	75,927*
Dundee Precious Metals, Inc., Warrants (November 2015)	625,000	308,185*
Goldcorp, Inc., Warrants (June 2011)	1,463,766	14,674,329*
Medoro Resources Ltd., Warrants (March 2010)	1,125,000	0*@
Rusoro Mining Ltd., Warrants (November 2011)	216,667	0*@
Rusoro Mining Ltd., Warrants (November 2012)	3,150,000	297,707*
Silver Wheaton Corp., Warrants (December 2010)	1,385,840	4,100,118*
Silver Wheaton Corp., Warrants (September 2013)	239,044	382,494*
Yamana Gold, Inc., Warrants (February 2010)	712,643	784,798*
		20,623,558
Gold/Mineral Royalty Companies 0.00%		
Aberdeen International, Inc., Warrants (July 2012)	500,000	14,382*
Oil & Gas Drilling 0.05%		
Vantage Drilling Co., Warrants (May 2011)	2,461,400	246,140*

See notes to portfolios of investments and notes to financial statements.

GLOBAL RESOURCES FUND**Portfolio of Investments**

December 31, 2008

WARRANTS	Shares	Value
Oil & Gas Exploration & Production - Junior 0.70%		
Americas Petrogas, Inc., Warrants (June 2009)	2,162,500	\$ 0* [@]
Bankers Petroleum Ltd., Warrants (November 2009) 144A	994,866	120,597*
Coastal Energy Co., Warrants (July 2010)	250,000	0* [@]
Energy XXI Bermuda Ltd., Warrants (October 2009)	790,000	335,750*
Foothills Resources, Inc., Warrants (September 2011)	633,334	0* [@]
Gran Tierra Energy, Inc., Warrants (June 2012)	1,550,000	2,712,500* [@]
North Peace Energy Corp., Warrants (February 2010)	1,616,700	0* [@]
Pacific Rubiales Energy Corp., Warrants (July 2012)	347,749	94,311*
Trident Resources Corp., Warrants (March 2013) (RS)	80,000	0* [@]
		3,263,158
Platinum Group Metals 0.00%		
Eastern Platinum Ltd., Warrants (March 2009)	1,175,258	9,658*
Uranium 0.02%		
Denison Mines Corp., Warrants (March 2011)	231,050	94,942*
Total Warrants		25,489,530
(cost \$37,750,162)		
PURCHASED OPTIONS 0.03%		
Contracts		
Agricultural Chemicals & Fertilizers 0.00%		
The Mosaic Co., Strike Price 60, Call, Expiration Jan. 2009 (premium \$2,935,130)	1,100	5,500
Aluminum 0.00%		
Alcoa, Inc., Strike Price 45, Call, Expiration Jan. 2009 (premium \$252)	21	21
Coal 0.00%		
Alpha Natural Resources, Inc., Strike Price 100, Call, Expiration Jan. 2009 (premium \$3,082,901)	2,050	10,250
Engineering & Construction 0.00%		
Fluor Corp., Strike Price 100, Call, Expiration Jan. 2009 (premium \$1,067,912)	1,020	5,100
General Metal & Mineral Mining 0.00%		
BHP Billiton Ltd., Strike Price 80, Call, Expiration Jan. 2009 (premium \$1,517,996)	1,100	5,500

See notes to portfolios of investments and notes to financial statements.

GLOBAL RESOURCES FUND**Portfolio of Investments**

December 31, 2008

PURCHASED OPTIONS	Contracts	Value
Gold & Silver Mining 0.01%		
Goldcorp, Inc., Strike Price 15, Put, Expiration Apr. 2009 (premium \$413,467)	1,703	\$ 66,417
Oil & Gas Drilling 0.01%		
Helmerich & Payne, Inc., Strike Price 70, Call, Expiration Jan. 2009 (premium \$1,792,954)	1,975	19,750
Oil & Gas Exploration & Production - Senior 0.01%		
Range Resources Corp., Strike Price 45, Call, Expiration Jan. 2010 (premium \$4,012)	6	4,200
Southwestern Energy Co., Strike Price 50, Call, Expiration Jan. 2009 (premium \$912,925)	1,325	39,750
		43,950
Total Purchased Options (cost \$11,727,549)		156,488
MASTER LIMITED PARTNERSHIP 0.97%		
	Units	
Oil & Gas Transportation 0.97%		
NuStar Energy L.P. (cost \$4,666,046)	110,000	4,516,600
CONVERTIBLE DEBENTURE 0.51%		
	Principal Amount	
Coal 0.51%		
Western Canadian Coal Corp., 7.50%, maturity 3/24/11 (cost \$3,073,403)	\$ 4,000,000	2,350,427
NOTES 1.19%		
Coal 0.39%		
Coalcorp Mining, Inc., 12.00%, maturity 8/31/11	2,999,000	1,814,395

See notes to portfolios of investments and notes to financial statements.

GLOBAL RESOURCES FUND**Portfolio of Investments**

December 31, 2008

NOTES	Principal Amount	Value
Gold & Copper Mining 0.80%		
New Gold, Inc., 10.00%, maturity 6/28/17	\$ 7,000,000	\$ 3,710,552
Total Notes		5,524,947
(cost \$9,538,611)		
Total Securities		420,499,100
(cost \$713,098,560)		
REPURCHASE AGREEMENT 5.18%		
Joint Tri-Party Repurchase Agreement, UBS Financial Services, Inc., 12/30/08, 0.02%, due 01/02/09, repurchase price \$24,069,244, collateralized by U.S. Treasury securities held in a join tri-party account (cost \$24,069,217)	24,069,217	24,069,217
Total Investments 95.70%		444,568,317
(cost \$737,167,777)		
Other assets and liabilities, net 4.30%		19,955,671
NET ASSETS 100%		\$464,523,988

See notes to portfolios of investments and notes to financial statements.

WORLD PRECIOUS MINERALS FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS 74.75%**Shares Value****Diamond Mining & Exploration 0.40%**

Diagem, Inc.	406,350	\$ 14,694* [@]
Diamond Fields International Ltd.	448,600	12,904*
Diamonds North Resources Ltd.	2,804,200	691,371*
Metalex Ventures Ltd.	204,000	10,897*
Olivut Resources Ltd.	664,000	133,695*
Rockwell Diamonds, Inc.	123,800	6,613*
Rockwell Diamonds, Inc., 144A	2,575,000	137,553*
Shore Gold, Inc.	1,126,500	416,605*
Vaaldiam Resources Ltd.	1,513,999	18,664*
		<hr/> 1,442,996

Financial Services 0.66%

GMP Capital Trust	474,800	1,978,333
Jovian Capital Corp.	1,975,100	405,798*
		<hr/> 2,384,131

Gold/Mineral Exploration & Development 17.60%

African Gold Group, Inc.	1,084,400	75,751*
Amarc Resources Ltd.	695,545	70,023*
Amerix Precious Metals Corp.	792,175	13,021*
Andean Resources Ltd.	5,302,356	4,160,667*
Andina Minerals, Inc.	1,241,700	1,102,101*
Atikwa Minerals Corp.	3,062,333	75,501* ⁺
AuEx Ventures, Inc.	746,600	1,135,117*
Bendigo Mining NL	1,500,000	155,240*
Brazauro Resources Corp.	1,475,000	315,171*
Canadian Gold Hunter Corp.	1,980,400	423,162*
Candente Resource Corp.	328,100	43,143*
Carnavale Resources Ltd.	3,348,857	220,354* ⁺
Carpathian Gold, Inc.	1,187,800	136,663*
Centerra Gold, Inc.	233,000	850,197*
Chesapeake Gold Corp.	1,974,219	5,159,448* ⁺
Continental Minerals Corp.	758,946	205,829*
Continental Precious Minerals, Inc.	267,000	102,034*
Corona Gold Ltd.	812,500	36,123* [@]
Corriente Resources, Inc., Class A	500,000	1,598,455*
Crystallex International Corp.	312,000	48,718*
Eastmain Resources, Inc.	620,000	550,296*
ECU Silver Mining, Inc.	1,090,000	806,213*
Entree Gold, Inc.	1,020,000	888,560*
Erdene Resource Development Corp.	731,500	114,222*
EXMIN Resources, Inc.	1,424,000	35,108*
EXMIN Resources, Inc., 144A	1,000,000	24,655*
Farallon Resources Ltd.	850,000	104,783*
First Point Minerals Corp.	2,423,000	79,652*

See notes to portfolios of investments and notes to financial statements.

WORLD PRECIOUS MINERALS FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Gold/Mineral Exploration & Development (Cont'd)		
Fortress Minerals Corp.	870,525	\$ 150,239*
Fortress Minerals Corp. (RS)	1,400,000	229,536* [@]
Gold Summit Corp.	273,000	3,365*
Golden Odyssey Mining, Inc.	1,646,500	54,126*
Grandview Gold, Inc.	1,513,000	62,172*
Grayd Resource Corp.	1,133,200	447,022*
Great Basin Gold Ltd.	2,208,500	2,849,560*
Greystar Resources Ltd.	557,900	875,731*
Guyana Goldfields, Inc.	1,389,000	2,168,886*
Hainan Mining Corp. (RS)	2,018,700	294,589* [@]
Helio Resource Corp.	234,100	55,793*
Inca Pacific Resources, Inc.	337,000	38,774*
Inter-Citic Minerals, Inc.	120,000	43,393*
Ivanhoe Mines Ltd.	631,100	1,696,003*
Ivanhoe Nickel and Platinum Ltd. (RS)	135,000	84,763* [@]
Kings Minerals NL	15,275,000	1,253,346*
Lake Shore Gold Corp.	1,020,000	1,190,335*
Leyshon Resources Ltd.	2,220,000	105,616*
Linear Gold Corp.	1,225,000	765,122*
MAG Silver Corp.	366,800	1,648,912*
Marengo Mining Ltd.	1,300,000	74,388*
Medoro Resources Ltd.	3,732,942	122,714*
Metallic Ventures Gold, Inc.	1,426,800	644,921*
Metorex Ltd.	450,000	104,371*
Mindoro Resources Ltd.	1,484,000	195,135*
Mindoro Resources Ltd., 144A	1,500,000	197,239*
Mirasol Resources Ltd.	649,500	74,729*
Moss Lake Gold Mines Ltd.	3,162,000	493,738* ⁺
Moto Goldmines Ltd.	2,002,500	3,044,564*
Moydow Mines International, Inc.	495,000	34,578*
Nautilus Minerals, Inc.	252,000	207,101*
New Pacific Metals Corp.	610,700	245,926*
Northern Dynasty Minerals Ltd.	748,750	2,769,046*
Northern Dynasty Minerals Ltd., 144A	250,000	924,556*
Olympus Pacific Minerals, Inc.	1,539,000	94,859*
Osisko Mining Corp.	800,000	2,393,162*
Oxus Gold plc	200,000	16,236*
Pacific North West Capital Corp.	1,727,466	113,574*
Pacific Rim Mining Corp.	5,674,500	803,988*
Paragon Minerals Corp.	174,000	6,435*
Paramount Gold and Silver Corp.	857,500	415,627*
PDX Resources, Inc.	1,595,000	2,162,845
Pelangio Mines, Inc.	1,560,000	83,333*
Planet Exploration, Inc.	1,020,500	167,735*
Platte River Gold U.S., Inc. (RS)	1,098,900	1,340,236* [@]
Premier Gold Mines Ltd.	393,900	524,423*

See notes to portfolios of investments and notes to financial statements.

WORLD PRECIOUS MINERALS FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS**Shares****Value****Gold/Mineral Exploration & Development (Cont'd)**

Q2 Gold Resources, Inc. (RS)	201,333	\$ 0* [@]
Radius Gold, Inc.	1,698,200	139,563*
Reunion Gold Corp.	2,129,500	175,008*
Romarco Minerals, Inc.	22,301,706	3,115,787*+
Rubicon Minerals Corp., 144A	1,179,600	1,376,588*
San Anton Resource Corp.	1,298,200	320,069*
San Gold Corp.	682,100	672,682*
SEMAFO, Inc.	1,102,400	1,087,179*
Simberi Mining Corp.	1,262,000	7,779*
Solitario Exploration & Royalty Corp.	934,100	1,397,158*
Southwestern Resources Corp.	20,000	3,123*
St Andrew Goldfields Ltd.	927,549	175,326*
Staccato Gold Resources Ltd.	3,091,500	190,551*
Strongbow Exploration, Inc.	880,500	32,563*
Terrane Metals Corp.	9,010,400	999,674*+
Verena Minerals Corp.	1,741,000	200,313*
Verona Development Corp.	48,500	1,495* [@]
VG Gold Corp.	5,936,510	317,121*+
Victoria Gold Corp.	1,590,000	300,542*
Virginia Mines, Inc.	589,700	1,938,527*
Wesdome Gold Mines Ltd.	418,200	395,242*
West Timmins Mining, Inc.	1,135,000	541,009*
		63,190,248

Gold/Mineral Royalty Companies 2.64%

Aberdeen International, Inc.	2,371,500	204,641*
Gold Wheaton Gold Corp.	3,750,000	611,234*
International Royalty Corp.	655,550	905,099
Royal Gold, Inc.	157,800	7,765,338
		9,486,312

Intermediate & Junior Gold Producers 26.74%

Aurizon Mines Ltd.	630,000	2,054,882*
Central Sun Mining, Inc.	1,335,098	318,194*
Century Mining Corp.	2,940,559	60,416*
DRDGOLD Ltd., Sponsored ADR	2,500	13,925*
Dundee Precious Metals, Inc.	2,492,000	3,051,513*
Eldorado Gold Corp.	210,000	1,669,500*
Golden Star Resources Ltd.	1,462,900	1,462,900*
IAMGOLD Corp.	1,207,901	7,464,242
Jaguar Mining, Inc.	2,354,197	12,072,805*
Kingsgate Consolidated Ltd.	347,776	906,261*
New Gold, Inc.	2,193,466	3,190,569*
OceanaGold Corp.	950,000	117,110*
Orsu Metals Corp.	3,008,000	247,206*

See notes to portfolios of investments and notes to financial statements.

WORLD PRECIOUS MINERALS FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Intermediate & Junior Gold Producers (Cont'd)		
Randgold Resources Ltd., ADR	880,000	\$ 38,649,600
Red Back Mining, Inc.	582,906	4,115,025*
Red Back Mining, Inc., 144A	770,000	5,435,815*
Resolute Mining Ltd.	1,350,000	230,477* [@]
Rusoro Mining Ltd.	7,811,600	4,172,863*
Rusoro Mining Ltd., 144A	1,120,000	598,291*
Sino Gold Mining Ltd.	1,585,610	5,668,905*
St Barbara Ltd.	5,405,344	1,222,028*
TVI Pacific, Inc.	15,255,856	188,065*
Zhaojin Mining Industry Co., Ltd., H shares	3,678,450	2,867,544
Zijin Mining Group Co., Ltd., H shares	379,400	232,625
		96,010,761
Internet 0.02%		
Stockhouse, Inc.	1,027,000	79,466*
Metal & Mineral Mining & Exploration 3.57%		
AMT International Mining	1,000,000	10,700* [@]
Avion Resources Corp.	3,900,000	272,436* ⁺
Baja Mining Corp.	685,450	123,931*
Breakwater Resources Ltd.	450,000	42,530*
Brilliant Mining Corp.	317,800	52,235*
Calibre Mining Corp.	2,378,400	29,320*
Coalcorp Mining, Inc.	32,071	5,140*
Dia Bras Exploration, Inc.	1,375,800	62,187*
Freewest Resources Canada, Inc.	1,090,000	152,285*
Independence Group NL	363,950	564,075
JNR Resources, Inc.	456,800	108,869*
Linear Metals Corp.	1,004,410	57,782*
Lundin Mining Corp.	1,386,000	1,355,473*
Mineral Deposits Ltd.	1,000,000	499,636*
Mines Management, Inc.	887,830	1,110,763*
Natasa Mining Ltd.	503,045	359,404*
North American Tungsten Corp.	1,289,000	158,900*
North Arrow Minerals, Inc.	261,500	15,044*
Odyssey Resources Ltd.	414,900	43,474*
Red Hill Energy, Inc.	145,000	36,941*
Revet Minerals, Inc.	3,194,500	157,520*
Ridge Mining plc	1,653,000	796,846*
Silvercorp Metals, Inc.	2,813,020	6,033,845
Stingray Copper, Inc.	300,000	54,241*
Suramina Resources, Inc.	1,337,700	241,859*
Taseko Mines Ltd.	359,000	209,476*
Toledo Mining Corp. plc	432,900	66,469*
Uranium North Resources Corp.	517,035	38,242*

See notes to portfolios of investments and notes to financial statements.

WORLD PRECIOUS MINERALS FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS**Shares****Value****Metal & Mineral Mining & Exploration (Cont'd)**

Wallbridge Mining Co. Ltd.	1,541,000	\$ 63,322*
Western Copper Corp.	499,400	98,501*
		<u>12,821,446</u>

Oil & Gas Exploration & Production 0.58%

Big Sky Energy Corp.	2,000,000	2,000*
Pacific Rubiales Energy Corp.	1,158,232	2,084,589*
		<u>2,086,589</u>

Platinum Group Metals 2.00%

Anoroaq Resources Corp.	3,472,400	1,084,411*
Beartooth Platinum Corp.	5,478,500	108,057*@
Eastern Platinum Ltd.	16,280,475	4,482,215*
Osmium Holdings S.A. (RS)	891	0*@
Platinum Group Metals Ltd.	985,900	1,507,046*
		<u>7,181,729</u>

Senior Gold Producers 20.32%

Agnico-Eagle Mines Ltd.	181,520	9,363,914
Agnico-Eagle Mines Ltd. (RS)	220,000	11,292,600@
AngloGold Ashanti Ltd., Sponsored ADR	186,000	5,154,060
Barrick Gold Corp.	133,574	4,911,516^
Gold Fields Ltd.	548,600	5,434,364
Harmony Gold Mining Co., Ltd., Sponsored ADR	317,000	3,477,490*^
Kinross Gold Corp.	757,754	13,957,829^
Lihir Gold Ltd., Sponsored ADR	255,300	5,598,729*
Newcrest Mining Ltd.	87,000	2,105,264
Newmont Mining Corp.	192,900	7,851,030
Polyus Gold Co., Sponsored ADR	89,600	1,068,032
Yamana Gold, Inc.	356,293	2,767,068
		<u>72,981,896</u>

Sugar/Ethanol 0.16%

Bioenergy Africa Ltd. (RS)	5,750,000	569,747*+@
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Wireless Equipment 0.06%

Active Control Technology, Inc.	4,575,000	206,792*
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Total Common Stocks268,442,113

(cost \$481,260,765)

See notes to portfolios of investments and notes to financial statements.

WORLD PRECIOUS MINERALS FUND**Portfolio of Investments**

December 31, 2008

EXCHANGE-TRADED FUNDS (ETF) 1.70%	Shares	Value
ETFS Physical Platinum	20,900	\$ 1,898,418*
SPDR Gold Trust	48,600	4,206,330*
Total Exchange-Traded Funds		6,104,748
(cost \$5,734,468)		

CLOSED-END FUND 0.45%

ASA Ltd. (cost \$1,320,375)	32,000	1,632,000
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WARRANTS 17.82%**Diamond Mining & Exploration 0.00%**

Rockwell Diamonds, Inc., Warrants (November 2009)	2,575,000	0* @
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Gold/Mineral Exploration & Development 0.11%

Avnel Gold Mining Ltd., Warrants (June 2010)	14,000	2,013*
Carnavale Resources Ltd., Warrants (June 2009)	3,348,857	17,867*
Chesapeake Gold Corp., Warrants (February 2012)	319,874	266,825*
Crystallex International Corp., Warrants (August 2009) (RS)	162,500	0* @
Fortress Minerals Corp., Warrants (December 2010) (RS)	1,400,000	0* @
Grandview Gold, Inc., Warrants (March 2009)	350,000	0* @
Great Basin Gold Ltd., Warrants (April 2009)	457,000	7,512*
Hainan Mining Corp., Warrants (May 2009) (RS)	313,700	0* @
Hainan Mining Corp., Warrants (August 2011) (RS)	1,705,000	0* @
Medoro Resources Ltd., Warrants (March 2010)	1,250,000	0* @
Metallic Ventures Gold, Inc., Warrants (March 2009)	691,500	2,841*
Mindoro Resources Ltd., Warrants (May 2009)	1,500,000	6,164* @
Osisko Mining Corp., Warrants (November 2009)	547,000	89,908*
Platte River Gold U.S., Inc., Warrants (March 2009) (RS)	195,000	0* @
Platte River Gold U.S., Inc., Warrants (February 2010) (RS)	75,200	0* @
Romarco Minerals, Inc., Warrants (July 2009)	2,430,000	0* @
Romarco Minerals, Inc., Warrants (April 2010)	2,650,000	0* @
Staccato Gold Resources Ltd., Warrants (August 2009)	3,000,000	0* @
Terrane Metals Corp., Warrants (June 2012)	219,000	8,999*
US Gold Corp., Warrants (February 2011)	39,000	2,564*
		<u>404,693</u>

Gold/Mineral Royalty Companies 0.08%

Franco-Nevada Corp., Warrants (March 2012)	86,500	279,021*
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See notes to portfolios of investments and notes to financial statements.

WORLD PRECIOUS MINERALS FUND**Portfolio of Investments**

December 31, 2008

WARRANTS	Shares	Value
Intermediate & Junior Gold Producers 0.59%		
Dundee Precious Metals, Inc., Warrants (November 2015)	1,125,000	\$ 554,734*
GBS Gold International, Inc., Warrants (May 2010)	630,000	0* [@]
New Gold, Inc., Warrants (April 2012)	6,531,600	107,357*
New Gold, Inc., Warrants (June 2017)	1,452,430	358,095*
New Gold, Inc., Warrants (November 2012)	4,470,000	367,357*
Orsu Metals Corp., Warrants (April 2010)	2,476,000	30,523*
Orsu Metals Corp., Warrants (March 2011)	4,082,000	117,414*
Rusoro Mining Ltd., Warrants (November 2011)	600,000	0* [@]
Rusoro Mining Ltd., Warrants (November 2012)	6,302,750	595,674*
		2,131,154
Metal & Mineral Mining & Exploration 2.67%		
Avion Resources Corp., Warrants (May 2010)	1,950,000	0* [@]
Baja Mining Corp., Warrants (April 2009)	1,007,090	4,138*
Baja Mining Corp., Warrants (April 2011)	527,750	0* [@]
Breakwater Resources Ltd., Warrants (January 2009)	604,650	2,485*
Coalcorp Mining, Inc., Warrants (February 2011)	113,214	465*
Denison Mines Corp., Warrants (March 2011)	188,295	77,373*
Denison Mines Corp., Warrants (November 2009)	97,600	32,084*
Mines Management, Inc., Warrants (April 2012)	691,300	207,390*
Silver Wheaton Corp., Warrants (December 2010)	2,809,520	8,312,189*
Silver Wheaton Corp., Warrants (September 2013)	429,695	687,554*
Thompson Creek Metals Co. Inc., Warrants (October 2011)	274,900	248,512*
		9,572,190
Oil & Gas Exploration & Production 0.07%		
Pacific Rubiales Energy Corp., Warrants (July 2012)	973,275	263,955*
Platinum Group Metals 0.00%		
Eastern Platinum Ltd., Warrants (March 2009)	1,637,664	13,459*
Senior Gold Producers 14.30%		
Agnico-Eagle Mines Ltd., Warrants (December 2013) (RS)	110,000	448,800* [@]
Goldcorp, Inc., Warrants (June 2011)	3,991,933	39,978,935*
Kinross Gold Corp., Warrants (September 2011)	1,531,720	4,544,304*
Kinross Gold Corp., Warrants (September 2013)	446,371	2,197,372*
Yamana Gold, Inc., Warrants (February 2010)	3,782,263	4,165,214*
		51,334,625
Total Warrants		63,999,097
(cost \$89,388,301)		

See notes to portfolios of investments and notes to financial statements.

WORLD PRECIOUS MINERALS FUND**Portfolio of Investments**

December 31, 2008

SPECIAL WARRANTS 0.00%**Shares****Value****Gold/Mineral Exploration & Development 0.00%**

Western Exploration & Development Ltd., 144A, Special Warrants (RS) (cost \$300,000)	600,000	\$ 0* [@]
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RIGHTS 0.00%**Gold/Mineral Exploration & Development 0.00%**

Metorex Ltd. (cost \$0)	157,230	3,847
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PURCHASED OPTIONS 0.60%**Contracts****Exchange-Traded Fund 0.07%**

Market Vectors Gold Miners ETF, Strike Price 28, Put, Expiration Jan. 2009 (premium \$947,731)	6,950	243,250
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Intermediate & Junior Gold Producers 0.11%

Hecla Mining Co., Strike Price 10, Call, Expiration Jan. 2010 (premium \$889,136)	1,600	32,000
Randgold Resources Ltd., Strike Price 50, Call, Expiration Jan. 2010 (premium \$377,409)	350	357,000
		<u>389,000</u>

Senior Gold Producers 0.42%

Goldcorp, Inc., Strike Price 15, Put, Expiration Apr. 2009 (premium \$1,138,196)	4,697	183,183
Harmony Gold Mining Co., Ltd., Strike Price 12.50, Call, Expiration Jan. 2009 (premium \$331,129)	1,875	56,250
Harmony Gold Mining Co., Ltd., Strike Price 12.50, Expiration Jan. 2010 (premium \$379,451)	1,300	357,500
Newmont Mining Corp., Strike Price 45, Call, Expiration Jan. 2010 (premium \$904,200)	1,100	913,000
		<u>1,509,933</u>

Total Purchased Options**2,142,183**

(cost \$4,967,252)

See notes to portfolios of investments and notes to financial statements.

WORLD PRECIOUS MINERALS FUND**Portfolio of Investments**

December 31, 2008

NOTES 1.02%	Principal Amount	Value
Intermediate & Junior Gold Producers 1.02%		
GBS Gold International, Inc., 12.00%, maturity 5/27/11 (RS)	\$ 3,600,000	\$ 2,071,006* [@]
New Gold, Inc., 10.00%, maturity 6/28/17	3,000,000	1,590,237*
Total Notes		3,661,243
(cost \$6,387,277)		
Total Securities		345,985,231
(cost \$589,358,438)		
REPURCHASE AGREEMENT 3.80%		
Joint Tri-Party Repurchase Agreement, Morgan Stanley, 12/31/08, 0.01%, due 01/02/09, repurchase price \$13,631,487, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$13,631,479)	13,631,479	13,631,479
Total Investments 100.14%		359,616,710
(cost \$602,989,917)		
Other assets and liabilities, net (0.14)%		(496,926)
NET ASSETS 100%		<u>\$359,119,784</u>

CALL OPTIONS WRITTEN	Shares Subject To Call	Value
Barrick Gold Corp., Strike Price 35, Call, Expiration Jan. 2009	150	\$ 45,000
Harmony Gold Mining Co., Ltd., Strike Price 10, Call, Expiration Jan. 2009	265	37,100
Kinross Gold Corp., Strike Price 20, Call, Expiration Jan. 2009	2,142	107,100
Total Call Options Written		\$ 189,200
(premiums received \$180,422) (Note 1 E)		

See notes to portfolios of investments and notes to financial statements.

GOLD & PRECIOUS METALS FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS 70.68%**Shares****Value****Diamond Mining & Exploration 0.00%**

Diamond Fields International Ltd.	21,600	\$ 621*
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Financial Services 0.20%

GMP Capital Trust	92,900	387,084
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Gold Mining 63.71%

Agnico-Eagle Mines Ltd.	105,980	5,454,849
Agnico-Eagle Mines Ltd. (RS)	140,000	7,186,200@
AngloGold Ashanti Ltd., Sponsored ADR	233,237	6,462,997
Aurizon Mines Ltd.	123,365	399,703
Barrick Gold Corp.	276,647	10,172,310^
Centerra Gold, Inc.	341,000	1,244,280*
Century Mining Corp.	509,512	10,468*
Compania de Minas Buenaventura S.A., ADR	160,770	3,202,538
Crystallex International Corp.	120,000	18,738*
DRD GOLD Ltd., Sponsored ADR	60,000	334,200*
Dundee Precious Metals, Inc.	2,005,000	2,455,169*
Eldorado Gold Corp.	552,859	4,394,455*
Gold Fields Ltd.	651,357	6,461,105
Goldcorp, Inc.	6,023	189,905*
Golden Star Resources Ltd.	1,445,364	1,445,364*
Harmony Gold Mining Co., Ltd., Sponsored ADR	527,566	5,787,399^
IAMGOLD Corp.	906,722	5,586,274
Jaguar Mining, Inc.	976,059	5,005,430*
Kingsgate Consolidated Ltd.	199,625	520,198*
Kinross Gold Corp.	602,749	11,102,637^
Lihir Gold Ltd., Sponsored ADR	170,488	3,738,802*
New Gold, Inc.	1,043,237	1,517,411*
Newcrest Mining Ltd.	45,400	1,098,609
Newmont Mining Corp.	204,281	8,314,237
OceanaGold Corp.	130,000	16,026*
Polyus Gold Co., Sponsored ADR	127,900	1,524,568
Randgold Resources Ltd., ADR	300,000	13,176,000
Red Back Mining, Inc.	525,750	3,711,532*
Red Back Mining, Inc., 144A	245,000	1,729,578*
Rusoro Mining Ltd.	1,579,200	843,590*
SEMAFO, Inc.	816,300	805,030*
Sino Gold Mining Ltd.	400,000	1,430,088*
St Barbara Ltd.	1,234,467	279,085*
Troy Resources NL	411,300	296,486
Western Goldfields, Inc.	1,055,000	1,699,375*
Yamana Gold, Inc.	169,785	1,318,597
Zhaojin Mining Industry Co., Ltd., H shares	4,387,550	3,420,324
Zijin Mining Group Co., Ltd., H shares	154,600	94,792
		<u>122,448,349</u>

See notes to portfolios of investments and notes to financial statements.

GOLD & PRECIOUS METALS FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Gold Royalty Companies 4.62%		
Aberdeen International, Inc.	52,250	\$ 4,509*
Gold Wheaton Gold Corp.	3,750,000	611,234*
Royal Gold, Inc.	167,971	8,265,853
		8,881,596
Metal & Mineral Mining 0.46%		
Independence Group NL	155,000	240,230
Ivanhoe Mines Ltd.	109,400	293,999*
Lundin Mining Corp.	356,330	348,482*
		882,711
Platinum Group Metals 0.72%		
Eastern Platinum Ltd.	5,059,450	1,392,929*
Silver Mining 0.97%		
Coeur d'Alene Mines Corp.	400,549	361,559*
Silvercorp Metals, Inc.	698,000	1,497,189
		1,858,748
Total Common Stocks		135,852,038
(cost \$151,534,620)		
EXCHANGE-TRADED FUNDS (ETF) 5.75%		
ETFS Physical Platinum	16,275	1,478,313*
iShares Silver Trust	160,000	1,800,000*
SPDR Gold Trust	89,700	7,763,535*
Total Exchange-Traded Funds		11,041,848
(cost \$10,855,686)		
CLOSED-END FUND 2.65%		
ASA Ltd.	100,000	5,100,000
(cost \$4,399,606)		

See notes to portfolios of investments and notes to financial statements.

GOLD & PRECIOUS METALS FUND**Portfolio of Investments**

December 31, 2008

WARRANTS 10.25%	Shares	Value
Gold Mining 9.35%		
Agnico-Eagle Mines Ltd., Warrants (December 2013) (RS)	70,000	\$ 285,600* @
Crystallex International Corp., Warrants (August 2009)	62,500	0* @
Dundee Precious Metals, Inc., Warrants (November 2015)	770,500	379,931*
GBS Gold International, Inc., Warrants (May 2010)	175,000	0* @
Goldcorp, Inc., Warrants (June 2011)	1,080,574	10,834,158*
Kinross Gold Corp., Warrants (September 2011)	831,080	2,465,647*
Kinross Gold Corp., Warrants (September 2013)	489,534	2,409,853*
New Gold, Inc., Warrants (April 2012)	3,775,400	62,054*
New Gold, Inc., Warrants (November 2012)	1,222,000	100,427*
New Gold, Inc., Warrants (June 2017)	231,800	57,150*
Rusoro Mining Ltd., Warrants (November 2012)	1,439,250	136,023*
Yamana Gold, Inc., Warrants (February 2010)	1,118,831	1,232,112*
		17,962,955
Gold Royalty Company 0.07%		
Franco-Nevada Corp., Warrants (March 2012)	43,600	140,639*
Platinum Group Metals 0.00%		
Eastern Platinum Ltd., Warrants (March 2009)	440,235	3,618*
Silver Mining 0.83%		
Silver Wheaton Corp., Warrants (December 2010)	437,640	1,294,793*
Silver Wheaton Corp., Warrants (September 2013)	188,106	300,988*
		1,595,781
Total Warrants		19,702,993
(cost \$20,434,759)		

PURCHASED OPTIONS 2.28%	Contracts	
Exchange-Traded Fund 0.07%		
Market Vectors Gold Miners ETF, Strike Price 28, Put, Expiration Jan. 2009 (premium \$518,182)	3,800	133,000
Gold Mining 2.21%		
AngloGold Ashanti Ltd., Strike Price 50, Call, Expiration Jan. 2010 (premium \$175,980)	200	40,500
Gold Fields Ltd., Strike Price 15, Call, Expiration Jan. 2010 (premium \$2,059,040)	9,780	1,760,400
Goldcorp, Inc., Strike Price 15, Put, Expiration Apr. 2009 (premium \$310,226)	1,278	49,842

See notes to portfolios of investments and notes to financial statements.

GOLD & PRECIOUS METALS FUND**Portfolio of Investments**

December 31, 2008

PURCHASED OPTIONS	Contracts	Value
Gold Mining (Cont'd)		
Harmony Gold Mining Co., Ltd., Strike Price 12.50, Call, Expiration Jan. 2009 (premium \$110,376)	625	\$ 18,750
Harmony Gold Mining Co., Ltd., Strike Price 12.50, Expiration Jan. 2010 (premium \$554,579)	1,900	522,500
Hecla Mining Co., Strike Price 10, Call, Expiration Jan. 2010 (premium \$227,124)	420	8,400
Newmont Mining Corp., Strike Price 45, Call, Expiration Jan. 2010 (premium \$904,200)	1,100	913,000
Randgold Resources Ltd., Strike Price 50, Call, Expiration Jan. 2010 (premium \$925,204)	910	928,200
		<u>4,241,592</u>
Total Purchased Options		<u>4,374,592</u>

(cost \$5,784,911)

	Principal Amount	
NOTE 0.30%		
Gold Mining 0.30%		
GBS Gold International, Inc., 12.00%, maturity 5/27/11 (RS) (cost \$995,718)	\$ 1,000,000	575,279@
Total Securities		<u>176,646,750</u>

(cost \$194,005,300)

REPURCHASE AGREEMENTS 10.06%

Joint Tri-Party Repurchase Agreement, Credit Suisse First Boston, 12/31/08, 0.03%, due 01/02/09, repurchase price \$4,500,008, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$4,500,000)	4,500,000	4,500,000
Joint Tri-Party Repurchase Agreement, Morgan Stanley, 12/31/08, 0.01%, due 01/02/09, repurchase price \$10,000,006, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$10,000,000)	10,000,000	10,000,000

See notes to portfolios of investments and notes to financial statements.

GOLD & PRECIOUS METALS FUND**Portfolio of Investments**

December 31, 2008

REPURCHASE AGREEMENTS	Principal Amount	Value
Joint Tri-Party Repurchase Agreement, UBS Financial Services, Inc., 12/31/08, 0.02%, due 01/02/09, repurchase price \$4,844,311, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$4,844,306)	\$ 4,844,306	\$ 4,844,306
Total Repurchase Agreements (cost \$19,344,306)		19,344,306
Total Investments 101.97% (cost \$213,349,606)		195,991,056
Other assets and liabilities, net (1.97%)		(3,785,492)
NET ASSETS 100%		<u>\$192,205,564</u>

CALL OPTIONS WRITTEN	Shares Subject To Call	Value
Barrick Gold Corp., Strike Price 35, Call, Expiration Jan. 2009	250	\$ 75,000
Harmony Gold Mining Co., Ltd., Strike Price 10, Call, Expiration Jan. 2009	235	32,900
Kinross Gold Corp., Strike Price 20, Call, Expiration Jan. 2009	1,708	85,400
Total Call Options Written (premiums received \$163,402) (Note 1E)		\$ 193,300

See notes to portfolios of investments and notes to financial statements.

EASTERN EUROPEAN FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS 92.90%**Shares****Value****Broadcasting & Cable TV 5.08%**

Cyfrowy Polsat S.A.	1,518,595	\$ 6,915,643
TVN S.A.	2,023,135	9,201,567
		<u>16,117,210</u>

Commodity Chemicals 1.89%

Uralkali, Sponsored	671,015	6,010,365
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Communications 8.43%

Mobile TeleSystems	888,391	3,446,798
Telefonica O2 Czech Republic a.s.	379,953	8,434,952
Vimpel-Communications, Sponsored ADR	2,078,157	14,879,604
		<u>26,761,354</u>

Diversified Banks 25.79%

Erste Group Bank AG	251,508	5,925,022
Komerčni Banka a.s.	20,000	3,124,087
OTP Bank Nyrt.	633,934	9,689,065*
OTP Bank Nyrt., GDR	646,903	4,891,234@
Powszechna Kasa Oszczedności Bank Polski S.A.	190,491	2,276,929
Raiffeisen International Bank Holding AG	162,747	4,577,143
Sberbank RF	29,127,095	21,928,391
Türkiye Garanti Bankası a.s.	11,200,082	19,161,403
Türkiye Halk Bankası a.s.	2,599,036	7,818,560
VTB Bank OJSC, Sponsored GDR, 144A	1,120,780	2,454,672
		<u>81,846,506</u>

Diversified Metals & Mining 0.86%

Belon OJSC	7,004,000	2,167,038@
Orsu Metals Corp.	6,947,400	570,957*
		<u>2,737,995</u>

Electric Utility 6.68%

CEZ a.s.	516,471	21,204,063
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Financial Services 1.21%

Finans Finansal Kiralama a.s.	4,692,448	3,840,256
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Gold Mining 1.26%

Dundee Precious Metals, Inc.	1,000,000	1,224,523*
KazakhGold Group Ltd., GDR	700,174	2,769,346*
		<u>3,993,869</u>

See notes to portfolios of investments and notes to financial statements.

EASTERN EUROPEAN FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Insurance 2.71%		
Aksigorta a.s.	4,595,732	\$ 8,590,716
Oil & Gas - Integrated 21.66%		
Gazprom OAO, Sponsored ADR	2,032,777	28,967,071
LUKOIL, Sponsored ADR	752,810	24,127,560
Rosneft Oil Co. OJSC, GDR	4,117,309	15,643,917
		68,738,548
Oil & Gas Exploration & Production 10.84%		
KazMunaiGas Exploration Production, GDR	1,414,544	17,970,456
NovaTek OAO, Sponsored GDR	381,477	7,378,644@
Surgutneftegaz	15,599,642	9,044,033
		34,393,133
Real Estate Investment Trusts 0.00%		
MirLand Development Corp. plc	12,790	6,579*
Real Estate Management & Development 0.70%		
Plaza Centers N.V.	1,881,175	1,551,850
RGI International Ltd.	1,357,449	664,728*
		2,216,578
Steel - Producers 1.56%		
Evrax Group S.A., GDR	190,000	1,634,000
Novolipetsk Steel, GDR	320,000	3,308,606
		4,942,606
Wireless Telecommunication Services 4.23%		
Turkcell Iletisim Hizmetleri a.s.	2,324,975	13,408,361
Total Common Stocks		294,808,139
(cost \$669,297,007)		
PREFERRED STOCKS 1.16%		
Oil & Gas Exploration & Production 1.16%		
Surgutneftegaz, Preferred Stock	13,529,631	2,693,750@
Surgutneftegaz, Preferred Stock, Sponsored ADR	490,333	976,253@
Total Preferred Stocks		3,670,003
(cost \$14,159,388)		

See notes to portfolios of investments and notes to financial statements.

EASTERN EUROPEAN FUND**Portfolio of Investments**

December 31, 2008

WARRANTS 0.08%	Shares	Value
Gold Mining 0.08%		
Dundee Precious Metals, Inc., Warrants (November 2015) (cost \$0)	500,000	\$ 246,548*
Total Securities (cost \$683,456,395)		298,724,690
REPURCHASE AGREEMENT 4.33%		
Joint Tri-Party Repurchase Agreement, Morgan Stanley, 12/31/08, 0.01%, due 01/02/09, repurchase price \$13,724,247, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$13,724,239)	13,724,239	13,724,239
Total Investments 98.46% (cost \$697,180,634)		312,448,929
Other assets and liabilities, net 1.54%		4,871,226
NET ASSETS 100%		<u>\$317,320,155</u>

See notes to portfolios of investments and notes to financial statements.

GLOBAL EMERGING MARKETS**Portfolio of Investments**

December 31, 2008

COMMON STOCKS 83.04%	Shares	Value
Air Freight & Logistics 1.53%		
Shenzhen International Holdings Ltd.	3,392,000	\$ 148,081
Alternative Carriers 1.58%		
GVT Holding SA	13,700	152,766*
Aluminum 0.07%		
Vimetco NV, GDR	41,428	7,075*
Apparel 1.04%		
China Dongxiang Group Co.	412,000	100,620
Beverages 2.06%		
Fomento Economico Mexicano, S.A.B. de C.V., Sponsored ADR	6,600	198,858
Commodity Chemicals 1.27%		
Israel Chemicals Ltd.	13,346	93,234
Uralkali, Sponsored GDR	3,328	29,809
		123,043
Communications 14.24%		
America Movil SAB de C.V., ADR, Series L	11,600	359,484
China Mobile Ltd.	48,000	486,654
China Mobile Ltd., Sponsored ADR	3,223	163,890
Chunghwa Telecom Co., Ltd.	78,650	125,661
Empresa Nacional de Telecomunicaciones S.A.	6,050	66,013
Telecom Egypt	44,072	128,713
Vimpel-Communications, Sponsored ADR	6,333	45,344
		1,375,759
Computer Hardware 1.62%		
Wistron Corp.	203,378	156,542
Construction & Engineering 0.52%		
Era Infra Engineering Ltd.	34,152	50,301
Department Stores 1.16%		
Lojas Renner S.A.	16,269	111,752
Diversified Banks 15.59%		
China Construction Bank, Class H	258,000	142,771
Commercial Bank of Qatar, GDR	40,249	191,183*

See notes to portfolios of investments and notes to financial statements.

GLOBAL EMERGING MARKETS**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Diversified Banks (Cont'd)		
Industrial and Commercial Bank of China Ltd., H shares	787,000	\$ 418,258
KB Financial Group, Inc., ADR	11,331	296,872
OTP Bank Nyrt.	6,068	92,743*
Sberbank RF	196,497	147,933
Turkiye Garanti Bankasi a.s.	80,969	138,524
Turkiye Vakiflar Bankasi T.A.O., Class D	101,100	77,676
		<u>1,505,960</u>
Diversified Metals & Mining 1.51%		
Belon OJSC	206,900	64,015* [@]
Orsu Metals Corp.	430,836	35,407*
Raspadskaya	46,785	46,551
		<u>145,973</u>
Electric Generation 1.36%		
Huaneng Power International, Inc., Sponsored ADR	4,500	131,310
Electronics & Components 1.26%		
China High Speed Transmission Equipment Group Co., Ltd.	100,000	122,035
Forest Products 1.45%		
China Grand Forestry Green Resources Group Ltd.	3,314,000	140,094*
Gold Mining 3.00%		
AngloGold Ashanti Ltd.	6,978	190,584
KazakhGold Group Ltd., GDR	25,082	99,205*
		<u>289,789</u>
Healthcare Equipment & Services 1.36%		
Opto Circuits India Ltd.	71,048	131,215
Insurance 1.88%		
China Life Insurance Co., Ltd., H shares	59,000	181,810
Machinery 0.53%		
Lonking Holdings Ltd.	100,000	51,590
Metal & Mineral Mining 2.85%		
Compania Vale do Rio Doce, Sponsored ADR	16,000	193,760
Eastern Platinum Ltd.	295,021	81,223*
		<u>274,983</u>

See notes to portfolios of investments and notes to financial statements.

GLOBAL EMERGING MARKETS**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Oil & Gas - Integrated 7.60%		
Gazprom OAO, Sponsored ADR	16,124	\$ 229,767
LUKOIL, Sponsored ADR	5,000	160,250
PetroChina Co., Ltd., H shares	66,000	58,479
Sasol Ltd.	9,528	286,247
		734,743
Oil & Gas Exploration & Production 1.40%		
KazMunaiGas Exploration Production, GDR	10,682	135,705
Real Estate Companies 2.90%		
Shimao Property Holdings Ltd.	400,000	280,277
Real Estate Management & Development 0.25%		
RGI International Ltd.	48,574	23,786*
Retail 1.17%		
Wal-Mart de Mexico SAB de CV, Series V	41,900	112,954
Semiconductors 8.20%		
Samsung Electronics Co., Ltd.	1,158	419,343
Samsung Electronics Co., Ltd., GDR, 144A	687	120,225
Siliconware Precision Industries Co.	252,686	221,124
Taiwan Semiconductor Manufacturing Co., Ltd., Sponsored ADR	23,115	31,680
		792,372
Steel - Producers 1.93%		
Evrax Group S.A., GDR	3,000	25,800
Gerdau S.A., Sponsored ADR	15,000	99,000
Novolipetsk Steel, GDR	6,000	62,036
		186,836
Tobacco 1.55%		
KT&G Corp.	2,400	149,659
Wireless Telecommunication Services 2.16%		
MTN Group Ltd.	17,954	208,926
Total Common Stocks		8,024,814
(cost \$15,381,899)		

See notes to portfolios of investments and notes to financial statements.

GLOBAL EMERGING MARKETS**Portfolio of Investments**

December 31, 2008

EXCHANGE-TRADED FUND (ETF) 1.34%

	Shares	Value
SPDR Gold Trust (cost \$123,628)	1,500	\$ 129,825*

CLOSED-END FUND 3.67%

Metage Special Emerging Markets Fund Ltd. (cost \$918,299)	7,191	354,229* [@]
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EQUITY-LINKED SECURITIES 4.38%**Applications Software 1.18%**

Tanla Solutions Ltd. (January 2010)	80,110	113,676 [@]
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Construction & Engineering 1.04%

Arabtec Holding Co. (March 2017)	81,827	100,729 [@]
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IT Consulting & Other Services 2.16%

Mastek Ltd., 144A (October 2009)	34,445	114,358* [@]
Satyam Computer Services Ltd. (January 2017)	26,966	94,381 [@]
		208,739

Total Equity-Linked Securities

423,144

(cost \$1,177,703)

WARRANTS 0.01%**Diversified Metals & Mining 0.01%**

Orsu Metals Corp., Warrants (March 2011) (cost \$0)	25,813	742*
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UNITS 2.01%**Units****Diversified Banks 2.01%**

Unibanco, Units (cost \$391,895)	30,100	194,346
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Total Securities

9,127,100

(cost \$17,993,424)

See notes to portfolios of investments and notes to financial statements.

GLOBAL EMERGING MARKETS**Portfolio of Investments**

December 31, 2008

	Principal Amount	Value
REPURCHASE AGREEMENT 0.58%		
Joint Tri-Party Repurchase Agreement, Morgan Stanley, 12/31/08, 0.01%, due 01/02/09, repurchase price \$55,641, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$55,641)	\$ 55,641	\$ 55,641
Total Investments 95.03%		<u>9,182,741</u>
(cost \$18,049,065)		
Other assets and liabilities, net 4.97%		<u>480,014</u>
NET ASSETS 100%		<u>\$9,662,755</u>

See notes to portfolios of investments and notes to financial statements.

CHINA REGION FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS 90.94%	Shares	Value
Agriculture 1.31%		
China Agri-Industries Holdings Ltd.	1,000,000	\$ 500,576*
Auto Manufacturers 1.77%		
Sinotruk Hong Kong Ltd.	1,000,000	678,852
Banks 6.88%		
Bank of Communications Co., Ltd., H shares	1,800,000	1,311,048
Industrial & Commercial Bank of China Ltd., H shares	2,500,000	1,328,645
		2,639,693
Cellular Telecommunications 5.30%		
China Mobile Ltd.	150,000	1,520,791
China Mobile Ltd., Sponsored ADR	10,000	508,500
		2,029,291
Chemicals - Agricultural 0.00%		
Danhua Chemical Technology Co., Ltd., B shares	1	1*
Coal 1.05%		
China Coal Energy Co., H shares	500,000	404,045
Construction 14.73%		
Cheung Kong Infrastructure Holdings Ltd.	500,000	1,886,520
China Communications Construction Co., Ltd., H shares	1,400,000	1,749,754
China Railway Construction Corp., H shares	500,000	750,353*
China Railway Group Ltd., H shares	1,800,000	1,263,231*
		5,649,858
Diversified Minerals 0.04%		
Erdene Resource Development Corp.	100,000	15,615*
Education 0.53%		
CIBT Education Group, Inc.	533,632	202,831*
Electric Generation 4.31%		
China Resources Power Holdings Co., Ltd.	400,000	777,403
Huaneng Power International, Inc., Sponsored ADR	30,000	875,400
		1,652,803

See notes to portfolios of investments and notes to financial statements.

CHINA REGION FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Electronics & Components 0.95%		
China High Speed Transmission Equipment Group Co., Ltd.	300,000	\$ 366,106
Yageo Corp., Sponsored GDR	1	1* [@]
		<u>366,107</u>
Food & Beverages 4.97%		
China Green (Holdings) Ltd.	602,000	481,189
China Yurun Food Group Ltd.	500,000	591,553
Want Want China Holdings Ltd.	2,000,000	833,337
		<u>1,906,079</u>
Gold Mining 5.08%		
Kingsgate Consolidated Ltd.	2,599	6,773*
Lihir Gold Ltd., Sponsored ADR	20,000	438,600*
Olympus Pacific Minerals, Inc.	340,500	20,987*
Silk Road Resources Ltd.	210,000	12,081*
Sino Gold Mining Ltd.	67,721	242,117*
Zijin Mining Group Co., Ltd., H shares	2,000,000	1,226,281
		<u>1,946,839</u>
Health & Personal Care 4.20%		
Hengan International Group Co., Ltd.	500,000	1,612,149
Insurance 6.10%		
China Life Insurance Co., Ltd., H shares	600,000	1,848,914
Ping An Insurance Group Co. of China Ltd., H shares	100,000	488,675
		<u>2,337,589</u>
Internet 4.24%		
Asia Broadband, Inc.	500,000	0* [@]
Tencent Holdings Ltd.	250,000	1,627,528
		<u>1,627,528</u>
Machinery 1.61%		
Lonking Holdings Ltd.	1,200,000	619,074
Metal - Copper 2.37%		
Continental Minerals Corp.	56,920	15,237*
Jiangxi Copper Co. Ltd., H shares	1,200,000	892,077
		<u>907,314</u>

See notes to portfolios of investments and notes to financial statements.

CHINA REGION FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Non-Ferrous Metals 0.03%		
Sterling Group Ventures, Inc.	510,000	\$ 10,200*
Oil & Gas - Integrated 2.32%		
PetroChina Co. Ltd., ADR	10,000	889,800
Oil & Gas Exploration & Production 1.94%		
CNOOC Ltd.	5,000	476,200
Green Dragon Gas Ltd.	62,949	267,533*
		743,733
Precious Metals 0.03%		
TVI Pacific, Inc.	1,000,000	12,327*
Publishing 0.06%		
Lingo Media Corp.	22,642	22,143*
Real Estate Companies 12.17%		
China Overseas Land & Investment Ltd.	1,200,000	1,686,890
China Resources Land Ltd.	1,500,000	1,857,059
Shimao Property Holdings Ltd.	1,600,000	1,121,108
		4,665,057
Retail 1.27%		
China Dongxiang Group Co.	2,000,000	488,447
China First Pencil Co., Ltd., B shares	1	0
		488,447
Silver Mining 0.50%		
Silvercorp Metals, Inc.	90,000	193,047
Steel 4.02%		
Angang Steel Co. Ltd., H shares	400,000	452,640
Maanshan Iron and Steel Co., Ltd., H shares	3,000,000	1,087,179
		1,539,819
Telecommunications 0.43%		
Chunghwa Telecom Co., Ltd., ADR	10,480	163,488
Tobacco 1.63%		
KT&G Corp.	10,000	623,579

See notes to portfolios of investments and notes to financial statements.

CHINA REGION FUND**Portfolio of Investments**

December 31, 2008

COMMON STOCKS	Shares	Value
Transportation 1.10%		
China COSCO Holdings Co. Ltd., H shares	600,000	\$ 422,783
Total Common Stocks		34,870,667
(cost \$36,320,967)		
EXCHANGE-TRADED FUND (ETF) 0.33%		
SPDR Gold Trust (cost \$95,749)	1,500	128,117*
WARRANTS 0.00%		
Construction 0.00%		
China State Construction International Holdings Ltd., Warrants (February 2009) (cost \$0)	85,714	111*
RIGHTS 0.04%		
Real Estate Companies 0.04%		
China Overseas Land & Investment Ltd. (cost \$0)	48,000	17,217* [@]
Total Securities		35,016,112
(cost \$36,416,716)		
REPURCHASE AGREEMENT 2.55%	Principal Amount	
Joint Tri-Party Repurchase Agreement, Morgan Stanley, 12/31/08, 0.01%, due 01/02/09, repurchase price \$977,464, collateralized by U.S. Treasury securities held in a joint tri-party account (cost \$977,463)	\$ 977,463	977,463
Total Investments 93.86%		35,993,575
(cost \$37,394,179)		
Other assets and liabilities, net 6.14%		<u>2,354,295</u>
NET ASSETS 100%		<u>\$38,347,870</u>

See notes to portfolios of investments and notes to financial statements.

Legend

* Non-income producing security	GO General Obligation Bond
+ Affiliated company (see following)	RS Restricted Security (see following)
ADR American Depositary Receipt	ZCB Zero Coupon Bond
GDR Global Depositary Receipt	^ Security or portion of security segregated as collateral for written options

© Security was fair valued at December 31, 2008, by the Adviser in accordance with valuation procedures approved by the Board of Trustees. Fair valued securities as a percentage of net assets at December 31, 2008, were 1.12% of Global MegaTrends, 2.42% of Global Resources, 4.66% of World Precious Minerals, 4.19% of Gold and Precious Metals, 5.71% of Eastern European, 8.71% of Global Emerging Markets and 0.04% of China Region. See also Note 1B in the Notes to Financial Statements and the Fair Valuation of Securities section of these Notes to Portfolios of Investments for further discussion of fair valued securities. See further information and detail on restricted securities in the Restricted Securities section of these Notes to Portfolios of Investments.

General

The yields reflect the effective yield from the date of purchase.

Variable Rate Notes have periodic reset features, which effectively shorten the maturity dates and reset the interest rates as tied to various interest-bearing instruments. Rates shown are current rates at December 31, 2008.

Securities with a 144A designation are exempt from registration under Rule 144A of the Securities Act of 1933.

Joint Tri-Party Repurchase Agreements

The terms of the joint tri-party repurchase agreements and the securities held as collateral at December 31, 2008 were:

Credit Suisse First Boston repurchase agreement, 12/31/08, 0.03%, due 01/02/09:

Total principal amount: \$35,000,000; Total repurchase price: \$35,000,058

Collateral:

\$25,805,000 U.S. Treasury Bond, 4.375%, 02/15/38

(total collateral market value, including accrued interest, of \$35,703,699)

Morgan Stanley repurchase agreement, 12/31/08, 0.01%, due 01/02/09:

Total principal amount: \$48,437,396; Total repurchase price: \$48,437,423

Collateral:

\$33,368,000 U.S. Treasury Bond, 6.000%, 02/15/26

\$600,000 U.S. Treasury Bond, 6.875%, 08/15/25

(total collateral market value, including accrued interest, of \$49,406,273)

UBS Financial Services, Inc. repurchase agreement, 12/31/08, 0.02%, due 01/02/09:

Total principal amount: \$49,862,174; Total repurchase price: \$49,862,229

Collateral:

\$26,120,000 U.S. Treasury Note, 2.000%, 11/30/13

\$23,396,000 U.S. Treasury Note, 4.500%, 04/30/09

(total collateral market value, including accrued interest, of \$50,863,312)

Other mutual funds managed by U.S. Global Investors, Inc. participate in the joint tri-party repurchase agreements. Each owns an undivided interest in the accounts.

Fair Valuation of Securities

For the Funds' policies regarding the valuation of investments and other significant accounting policies, please refer to the Notes to Financial Statements.

The Funds adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157 or the Statement), effective July 1, 2008. SFAS 157 governs the application of generally accepted accounting principles that require fair value measurements of a Fund's assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three levels defined by the SFAS 157 hierarchy are as follows:

Level 1 – quoted prices in active markets for identical securities.

Level 2 – significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

In some instances, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest input level that is significant to the fair value measurement in its entirety. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

Notes to Portfolios of Investments

December 31, 2008

The following table summarizes the valuation of each fund's securities using the fair value hierarchy:

At December 31, 2008	Total	Level 1	Level 2	Level 3
U.S. Treasury Securities Cash Fund				
Investments in Securities	\$121,721,773	\$ 56,876,124	\$ 64,845,649	\$ 0
U.S. Government Securities Savings Fund				
Investments in Securities	\$357,973,782	\$ 0	\$357,973,782	\$ 0
Near-Term Tax Free Fund				
Investments in Securities	\$ 13,863,871	\$ 1,170,075	\$ 12,693,796	\$ 0
Tax Free Fund				
Investments in Securities	\$ 16,744,933	\$ 348,497	\$ 16,396,436	\$ 0
All American Equity Fund				
Investments in Securities	\$ 15,541,349	\$ 15,541,349	\$ 0	\$ 0
Holmes Growth Fund				
Investments in Securities	\$ 30,712,128	\$ 30,712,128	\$ 0	\$ 0
Global MegaTrends Fund				
Investments in Securities	\$ 22,025,720	\$ 18,227,053	\$ 3,798,667	\$ 0
Global Resources Fund				
Investments in Securities	\$444,568,317	\$393,366,244	\$ 43,690,465	\$7,511,608
World Precious Minerals Fund				
Investments in Securities	\$359,616,710	\$317,291,039	\$ 38,488,254	\$3,837,417
Other Financial Instruments*	\$ (8,778)	\$ (8,778)	\$ 0	\$ 0
Gold and Precious Metals Fund				
Investments in Securities	\$195,991,056	\$178,149,372	\$ 17,266,405	\$ 575,279
Other Financial Instruments*	\$ (29,898)	\$ (29,898)	\$ 0	\$ 0
Eastern European Fund				
Investments in Securities	\$312,448,929	\$ 85,374,504	\$227,074,425	\$ 0
Other Financial Instruments*	\$ 6	\$ 6		
Global Emerging Markets Fund				
Investments in Securities	\$ 9,182,741	\$ 2,327,398	\$ 6,855,343	\$ 0
China Region Fund				
Investments in Securities	\$ 35,993,575	\$ 4,834,031	\$ 31,159,543	\$ 1

*Other financial instruments include currency contracts and written options. Currency contracts and written options are reported at their unrealized appreciation/depreciation at measurement date, which represents the change in the contract's value from trade date.

Notes to Portfolios of Investments

December 31, 2008

The following is a reconciliation of assets for which significant unobservable inputs (Level 3) were used in determining fair value during the period July 1, 2008, through December 31, 2008:

Global Resources Fund

Balance as of June 30, 2008	\$ 28,337,151
Total realized gain (loss)	—
Change in unrealized appreciation (depreciation)	(13,769,058)
Net purchases (sales)	—
Transfers in and/or out of Level 3	(7,056,485)
Balance as of December 31, 2008	<u>\$ 7,511,608</u>

Investments in Securities

World Precious Minerals Fund

Balance as of June 30, 2008	\$ 9,532,126
Total realized gain (loss)	—
Change in unrealized appreciation (depreciation)	(4,263,067)
Net purchases (sales)	—
Transfers in and/or out of Level 3	(1,431,642)
Balance as of December 31, 2008	<u>\$ 3,837,417</u>

Investments in Securities

Gold and Precious Metals Fund

Balance as of June 30, 2008	\$ 980,729
Total realized gain (loss)	—
Change in unrealized appreciation (depreciation)	(405,450)
Net purchases (sales)	—
Transfers in and/or out of Level 3	—
Balance as of December 31, 2008	<u>\$ 575,279</u>

Investments in Securities

China Region Fund

Balance as of June 30, 2008	\$ —
Total realized gain (loss)	—
Change in unrealized appreciation (depreciation)	—
Net purchases (sales)	—
Transfers in and/or out of Level 3	1
Balance as of December 31, 2008	<u>\$ 1</u>

Investments in Securities

Affiliated Companies - Indicated in Portfolio of Investments as “+”

The Investment Company Act of 1940 defines affiliates as companies in which the Fund owns at least 5% of the outstanding voting securities. The following is a summary of transactions with each affiliated company during the period ended December 31, 2008.

Shares of Affiliated Companies

Global Resources Fund	June 30, 2008	Additions	Reductions	December 31, 2008
Bioenergy Africa, Ltd. (formerly Southern African Energy)	—	8,750,000	—	8,750,000
Bounty Mining Ltd.	22,000,000	—	—	22,000,000
Cano Petroleum, Inc.	2,570,000	514,100	(359,100)	2,725,000
Ivory Energy, Inc.	4,603,166	—	(465,000)	4,138,166
Natasa Mining Ltd.	1,099,160	—	—	1,099,160
New Gold, Inc.	1,853,421	1	(576,900)	1,276,522(a)
North Peace Energy Corp.	—	3,233,400	—	3,233,400
Red Dragon Resources Corp.	3,720,000	—	—	3,720,000
Revett Minerals, Inc.	5,048,000	—	—	5,048,000
Royalite Petroleum Co., Inc.	2,266,333	—	—	2,266,333(a)
Vantage Drilling Co.	2,405,000	358,400	(89,400)	2,674,000(a)

At December 31, 2008, the value of investments in affiliated companies was \$5,122,157, representing 1.10% of net assets, and the total cost was \$38,130,261. Net realized losses on transactions were \$2,542,726 and there was no income earned for the period.

Shares of Affiliated Companies

World Precious Minerals Fund	June 30, 2008	Additions	Reductions	December 31, 2008
Atikwa Minerals Corp.	3,062,333	—	—	3,062,333
Avion Resources Corp.	—	3,900,000	—	3,900,000
Bioenergy Africa, Ltd. (formerly Southern African Energy)	—	5,750,000	—	5,750,000
Carnavale Resources Ltd.	3,348,857	—	—	3,348,857
Chesapeake Gold Corp.	1,897,639	76,580	—	1,974,219
Golden Odyssey Mining plc	2,070,500	—	(424,000)	1,646,500(a)
Moss Lake Gold Mines Ltd.	3,162,000	—	—	3,162,000
Romarco Minerals, Inc.	17,081,706	5,286,000	(66,000)	22,301,706
Terrane Metals Corp.	4,223,000	4,787,400	—	9,010,400
VG Gold Corp.	5,856,510	80,000	—	5,936,510

At December 31, 2008, the value of investments in affiliated companies was \$11,223,806, representing 3.13% of net assets, and the total cost was \$23,687,473. Net realized losses on transactions were \$63,975, and there was no income earned for the period.

(a) At December 31, 2008, the company is no longer defined as an affiliate, although it was an affiliated company during the period.

Restricted Securities - Indicated in Portfolio of Investments as “RS”

The following securities are subject to contractual and regulatory restrictions on resale or transfer. These investments may involve a high degree of business and financial risk. Because of the thinly traded markets for these investments, a Fund may be unable to liquidate its securities in a timely manner, especially if there is negative news regarding the specific securities or the markets overall. These securities could decline significantly in value before the Fund could liquidate these securities. The issuer bears the cost of registration, if any, involved in the disposition of these securities.

	Acquisition Date	Cost per Share/Unit
Global MegaTrends Fund		
Polaris Minerals Corp., Units	12/22/08	\$1.31

As of December 31, 2008, the total cost of restricted securities was \$262,543, and the total value was \$246,549, representing 1.12% of net assets.

	Acquisition Date	Cost per Share/Unit
Global Resources Fund		
Bioenergy Africa Ltd. (formerly Southern African Energy)	02/04/08	\$0.25
Govi Uranium, Inc. (formerly Govi HighPower Exploration)	10/04/07	\$1.96
GoviEx IP Holdings, Inc.	10/04/07	\$0.04
Ivanhoe Nickel and Platinum Ltd.	07/09/03	\$5.00
Legacy Energy LLC, 144A	02/27/06	\$1.90
Osmium Holdings S.A.	10/22/96-01/29/98	\$987.07
Trident Resources Corp., Series B, Preferred Stock	06/08/06	\$62.50
Trident Resources Corp., Warrants (March 2013)	06/08/06	\$0.00
Value Creation, Inc.	08/11/06	\$12.66

At December 31, 2008, the total cost of restricted securities was \$17,408,065, and the total value was \$8,376,392, representing 1.80% of net assets.

Notes to Portfolios of Investments

December 31, 2008

	Acquisition Date	Cost per Share/Unit
World Precious Minerals Fund		
Agnico-Eagle Mines Ltd.	11/24/08	\$31.50
Agnico-Eagle Mines Ltd., Warrants (December 2013)	11/24/08	\$0.00
Bioenergy Africa Ltd.	02/04/08	\$0.25
Fortress Minerals Corp.	11/25/08	\$0.16
Fortress Minerals Corp., Warrants (December 2010)	11/25/08	\$0.00
GBS Gold International, Inc., 12% Note, maturity 5/27/11	05/12/08	\$995.72
Hainan Mining Corp.	08/31/06-05/16/07	\$0.85
Hainan Mining Corp., Warrants (May 2009)	05/16/07	\$0.00
Hainan Mining Corp., Warrants (August 2011)	08/31/06	\$0.00
Ivanhoe Nickel and Platinum Ltd.	07/09/03	\$5.00
Osmium Holdings S.A.	10/22/96-01/29/98	\$1,280.75
Platte River Gold U.S., Inc.	03/01/04-01/25/08	\$1.70
Platte River Gold U.S., Inc., Warrants (March 2009)	03/01/04	\$0.00
Platte River Gold U.S., Inc., Warrants (February 2010)	01/25/08	\$0.00
Q2 Gold Resources, Inc.	06/18/07	\$0.00
Western Exploration & Development Ltd., 144A, Special Warrants	08/14/97	\$0.50

At December 31, 2008, the total cost of restricted securities was \$17,863,918 and the total value was \$16,331,277, representing 4.55% of net assets.

	Acquisition Date	Cost per Share/Unit
Gold and Precious Metals Fund		
Agnico-Eagle Mines Ltd.	11/24/08	\$31.50
Agnico-Eagle Mines Ltd., Warrants (December 2013)	11/24/08	\$0.00
GBS Gold International, Inc., 12% Note, maturity 5/27/11	05/12/08	\$995.72

At December 31, 2008, the total cost of restricted securities was \$5,405,718 and the total value was \$8,047,079, representing 4.19% of net assets.

Statements of Assets and Liabilities

**U.S. Treasury
Securities
Cash Fund**

Investments, at identified cost \$ 121,721,773

ASSETS

Investments, at value:	
Securities	\$ 64,845,649
Repurchase agreements	56,876,124
Cash	—
Receivables:	
Interest	38
Capital shares sold	1,337,930
From adviser	13,556
Other assets	24,528
Total Assets	<u>123,097,825</u>

LIABILITIES

Payables:	
Investments purchased	—
Capital shares redeemed	1,629,851
Adviser and affiliates	—
Dividends and distributions	—
Accounts payable and accrued expenses	57,837
Total Liabilities	<u>1,687,688</u>

Net Assets **\$121,410,137**

NET ASSETS CONSIST OF:

Paid-in capital	\$ 121,410,422
Accumulated undistributed net investment income	—
Accumulated net realized loss on investments	(285)
Net unrealized appreciation (depreciation) of investments	—
Net assets applicable to capital shares outstanding	<u>\$ 121,410,137</u>

Capital shares outstanding, an unlimited number of no par shares authorized 121,486,219

**Net Asset Value, Public Offering Price, Redemption Price,
per share** **\$ 1.00**

See accompanying notes to financial statements.

U.S. Government Securities Savings Fund	Near-Term Tax Free Fund	Tax Free Fund
<u>\$ 357,973,782</u>	<u>\$ 13,706,867</u>	<u>\$ 16,965,131</u>
\$ 357,973,782	\$ 12,693,796	\$ 16,396,436
—	1,170,075	348,497
241	—	—
898,986	152,632	236,586
793,827	61	2,596
—	8,389	5,082
58,888	3,320	4,879
<u>359,725,724</u>	<u>14,028,273</u>	<u>16,994,076</u>
—	—	—
1,637,798	48	1,496
92,708	—	—
—	8,451	13,261
85,195	30,636	33,287
<u>1,815,701</u>	<u>39,135</u>	<u>48,044</u>
<u>\$357,910,023</u>	<u>\$13,989,138</u>	<u>\$16,946,032</u>
\$ 357,448,714	\$ 14,098,891	\$ 17,654,206
461,309	21,225	34,524
—	(287,983)	(522,500)
—	157,005	(220,198)
<u>\$ 357,910,023</u>	<u>\$ 13,989,138</u>	<u>\$ 16,946,032</u>
<u>358,077,690</u>	<u>6,486,313</u>	<u>1,446,152</u>
<u>\$ 1.00</u>	<u>\$ 2.16</u>	<u>\$ 11.72</u>

Statements of Assets and Liabilities

	All American Equity Fund	Holmes Growth Fund
<i>Investments, at identified cost</i>	<u>\$ 16,117,020</u>	<u>\$ 37,149,800</u>
ASSETS		
Investments, at value:		
Securities of unaffiliated issuers	\$ 14,968,822	\$ 29,364,936
Securities of affiliated issuers	—	—
Repurchase agreements	572,527	1,347,192
Cash	2	—
Foreign currencies (Cost \$0, \$0, \$261,930, \$112,329 and \$0)	—	—
Receivables:		
Investments sold	1,030,400	1,818,818
Dividends	58,280	64,754
Interest	—	—
Capital shares sold	8,360	2,825
Other assets	17,405	20,708
Total Assets	<u>16,655,796</u>	<u>32,619,233</u>
LIABILITIES		
Payables:		
Investments purchased	358,778	—
Capital shares redeemed	19,443	55,773
Adviser and affiliates	5,856	23,088
Accounts payable and accrued expenses	37,373	52,688
Written options at value (Premiums \$0, \$0, \$0, \$0 and \$180,422)	—	—
Total Liabilities	<u>421,450</u>	<u>131,549</u>
Net Assets	<u>\$16,234,346</u>	<u>\$32,487,684</u>
NET ASSETS CONSIST OF:		
Paid-in capital	\$ 21,977,926	\$ 45,277,468
Accumulated undistributed net investment income (distributions in excess of net investment income)	29,875	—
Accumulated net realized loss on investments and foreign currencies	(5,197,784)	(6,352,112)
Net unrealized depreciation of investments and other assets and liabilities denominated in foreign currencies	<u>(575,671)</u>	<u>(6,437,672)</u>
Net assets applicable to capital shares outstanding	<u>\$ 16,234,346</u>	<u>\$ 32,487,684</u>
Capital shares outstanding, an unlimited number of no par shares authorized	<u>936,998</u>	<u>2,540,793</u>
Net Asset Value, Public Offering Price, Redemption Price, per share	<u>\$ 17.33</u>	<u>\$ 12.79</u>

See accompanying notes to financial statements.

Global MegaTrends Fund	Global Resources Fund	World Precious Minerals Fund
<u>\$ 26,831,131</u>	<u>\$ 737,167,777</u>	<u>\$ 602,989,917</u>
\$ 20,842,910	\$ 415,376,943	\$ 334,761,425
—	5,122,157	11,223,806
1,182,810	24,069,217	13,631,479
1	830	18,778
262,985	113,022	—
632,745	25,692,801	2,261,550
57,686	533,734	132,943
—	361,847	126,021
80,852	1,212,262	762,611
19,113	149,563	114,678
<u>23,079,102</u>	<u>472,632,376</u>	<u>363,033,291</u>
262,985	5,770,218	2,212,192
726,303	1,553,034	916,352
8,454	511,922	384,347
46,219	273,214	211,416
—	—	189,200
<u>1,043,961</u>	<u>8,108,388</u>	<u>3,913,507</u>
<u>\$ 22,035,141</u>	<u>\$464,523,988</u>	<u>\$359,119,784</u>
\$ 41,439,799	\$ 1,211,154,938	\$ 742,677,191
—	(7,742,455)	(25,221,445)
(14,599,869)	(446,258,029)	(114,943,551)
(4,804,789)	(292,630,466)	(243,392,411)
<u>\$ 22,035,141</u>	<u>\$ 464,523,988</u>	<u>\$ 359,119,784</u>
<u>3,510,149</u>	<u>88,292,337</u>	<u>37,548,210</u>
<u>\$ 6.28</u>	<u>\$ 5.26</u>	<u>\$ 9.56</u>

Statements of Assets and Liabilities

Gold and Precious Metals Fund

Investments, at identified cost

\$ 213,349,606

ASSETS

Investments, at value:

Securities of unaffiliated issuers	\$ 176,646,750
Repurchase agreements	19,344,306

Cash	6,520
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Foreign currencies (Cost \$54,361, \$89, \$0 and \$1,452,136)	54,580
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Receivables:

Investments sold	3,192,501
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Dividends	72,685
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Interest	68
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Capital shares sold	370,621
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Unrealized appreciation on foreign currency exchange contracts - Note 1 G	—
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From adviser	—
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Other assets	66,912
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Total Assets	199,754,943
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LIABILITIES

Payables:

Investments purchased	6,831,508
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Capital shares redeemed	252,580
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Adviser and affiliates	159,449
------------------------	---------

Accounts payable and accrued expenses	112,542
---------------------------------------	---------

Written options at value (Premiums \$163,402, \$0, \$0 and \$0)	193,300
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Total Liabilities	7,549,379
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Net Assets

\$192,205,564

NET ASSETS CONSIST OF:

Paid-in capital	\$ 256,963,799
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Distributions in excess of net investment income	(1,197,725)
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Accumulated net realized loss on investments and foreign currencies	(46,148,163)
---	--------------

Net unrealized depreciation of investments and other assets and liabilities denominated in foreign currencies	(17,412,347)
--	--------------

Net assets applicable to capital shares outstanding	<u>\$ 192,205,564</u>
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Capital shares outstanding, an unlimited number of no par shares authorized	17,754,288
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Net Asset Value, Public Offering Price, Redemption Price, per share

\$ 10.83

See accompanying notes to financial statements.

Eastern European Fund	Global Emerging Markets Fund	China Region Fund
<u>\$ 697,180,634</u>	<u>\$ 18,049,065</u>	<u>\$ 37,394,179</u>
\$ 298,724,690	\$ 9,127,100	\$ 35,016,112
13,724,239	55,641	977,463
1,593,760	—	—
98	—	1,345,784
5,003,643	503,196	1,101,104
1,775,723	28,063	20,580
4	—	—
142,220	14,250	99,710
6	—	—
—	18,113	—
107,066	26,898	32,123
<u>321,071,449</u>	<u>9,773,261</u>	<u>38,592,876</u>
1,593,795	—	—
1,272,477	34,076	129,172
483,744	—	48,853
401,278	76,430	66,981
—	—	—
<u>3,751,294</u>	<u>110,506</u>	<u>245,006</u>
<u>\$317,320,155</u>	<u>\$ 9,662,755</u>	<u>\$38,347,870</u>
\$ 828,764,184	\$ 26,836,498	\$ 73,004,500
(6)	—	(722,297)
(126,719,834)	(8,307,140)	(32,427,380)
(384,724,189)	(8,866,603)	(1,506,953)
<u>\$ 317,320,155</u>	<u>\$ 9,662,755</u>	<u>\$ 38,347,870</u>
62,036,159	1,825,734	6,859,152
<u>\$ 5.12</u>	<u>\$ 5.29</u>	<u>\$ 5.59</u>

Statements of Operations

U.S. Treasury Securities Cash Fund

For the Period Ended December 31, 2008(a)	For the Year Ended June 30, 2008
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NET INVESTMENT INCOME

Income:

Interest and other	\$ 692,041	\$ 4,097,237
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Expenses:

Management fee	297,009	598,885
Administrative services fee	24,867	—
Transfer agent fees and expenses	176,258	414,961
Accounting service fees and expenses	12,930	25,828
Professional fees	30,682	53,494
Custodian fees	36,681	50,278
Shareholder reporting expenses	23,896	74,585
Registration fees	24,361	29,696
Trustee fees and expenses	8,478	28,546
Miscellaneous expenses	22,460	24,241
Total expenses before reductions	657,622	1,300,514
Expenses offset - Note 1 J	(93)	(566)
Expenses reimbursed - Note 2	(225,023)	(109,402)
Net Expenses	432,506	1,190,546

Net Investment Income	259,535	2,906,691
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NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS

Realized gain from securities	—	—
Net change in unrealized appreciation of investments	—	—

Net Realized and Unrealized Gain on Investments	—	—
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Net Increase In Net Assets Resulting From Operations

	\$ 259,535	\$2,906,691
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(a) for the six-month fiscal period ended December 31, 2008

See accompanying notes to financial statements.

**U.S. Government
Securities Savings
Fund**

**Near-Term
Tax Free Fund**

For the Period Ended December 31, 2008(a)	For the Year Ended June 30, 2008	For the Period Ended December 31, 2008(a)	For the Year Ended June 30, 2008
\$ 3,773,680	\$ 18,091,509	\$ 255,441	\$ 523,496
935,315	2,066,736	35,621	67,941
77,022	—	2,829	—
239,126	525,735	20,586	40,635
34,670	78,666	18,026	36,276
45,202	82,074	26,759	50,716
37,414	69,077	6,575	13,393
49,728	113,956	1,655	2,555
18,636	39,464	5,456	13,408
8,478	28,546	8,978	28,046
<u>67,305</u>	<u>48,773</u>	<u>2,625</u>	<u>6,627</u>
1,512,896	3,053,027	129,110	259,597
—	—	(105)	(391)
<u>(541,087)</u>	<u>(951,257)</u>	<u>(97,071)</u>	<u>(198,121)</u>
971,809	2,101,770	31,934	61,085
<u>2,801,871</u>	<u>15,989,739</u>	<u>223,507</u>	<u>462,411</u>
3,459	64,190	—	277
—	—	84,257	110,288
<u>3,459</u>	<u>64,190</u>	<u>84,257</u>	<u>110,565</u>
<u>\$2,805,330</u>	<u>\$16,053,929</u>	<u>\$ 307,764</u>	<u>\$ 572,976</u>

Statements of Operations

	Tax Free Fund	
	For the Period Ended December 31, 2008(a)	For the Year Ended June 30, 2008
NET INVESTMENT INCOME		
Income:		
Dividends	\$ —	\$ —
Foreign tax withheld on dividends	—	—
Net dividends	—	—
Interest and other	418,482	790,951
Total Income	418,482	790,951
Expenses:		
Management fee	68,256	128,802
Administrative services fee	3,414	—
Transfer agent fees and expenses	24,649	45,051
Accounting service fees and expenses	19,673	37,189
Professional fees	27,020	49,633
Distribution plan expenses	—	—
Custodian fees	7,025	13,592
Shareholder reporting expenses	2,259	4,452
Registration fees	8,830	17,447
Trustee fees and expenses	8,477	28,546
Miscellaneous expenses	3,362	7,656
Total expenses before reductions	172,965	332,368
Expenses offset - Note 1J	(7)	(62)
Expenses reimbursed - Note 2	(109,507)	(212,246)
Net Expenses	63,451	120,060
Net Investment Income (Loss)	355,031	670,891
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized gain (loss) from:		
Securities	33,947	(42,271)
Written options	—	—
Foreign currency transactions	—	—
Net realized gain (loss)	33,947	(42,271)
Net change in unrealized appreciation (depreciation) of:		
Investments	(457,262)	(74,214)
Other assets and liabilities denominated in foreign currencies	—	—
Net unrealized appreciation (depreciation)	(457,262)	(74,214)
Net Realized and Unrealized Gain (Loss) on Investments	(423,315)	(116,485)
Net Increase (Decrease) In Net Assets Resulting From Operations	\$ (68,284)	\$ 554,406

(a) for the six-month fiscal period ended December 31, 2008

(b) for the two-month fiscal period ended December 31, 2008

See accompanying notes to financial statements.

**All American Equity Fund****Holmes Growth Fund**

For the
Period Ended
December 31, 2008(a)

For the
Year Ended
June 30, 2008

For the
Period Ended
December 31, 2008(b)

For the
Year Ended
October 31, 2008

\$ 197,961	\$ 230,648	\$ 79,085	\$ 488,034
(670)	(4,440)	(1,238)	(36,828)
197,291	226,208	77,847	451,206
20,378	84,755	2,433	176,489
217,669	310,963	80,280	627,695
80,068	195,312	54,369	572,815
3,408	—	4,350	2,558
55,746	114,632	19,828	127,672
14,077	31,004	5,108	46,915
28,988	56,687	22,555	58,268
10,650	—	13,592	51,808
13,205	24,493	4,778	57,884
7,856	22,477	4,628	18,890
10,583	18,457	1,180	18,922
8,478	28,546	3,995	19,868
12,207	22,668	2,086	26,628
245,266	514,276	136,469	1,002,228
(199)	(726)	(38)	(1,085)
(63,867)	(58,304)	(41,285)	—
181,200	455,246	95,146	1,001,143
36,469	(144,283)	(14,866)	(373,448)
(4,477,749)	403,484	(2,833,261)	(2,549,531)
(28,488)	—	(10,331)	74,386
—	(373)	(875)	(10,384)
(4,506,237)	403,111	(2,844,467)	(2,485,529)
(5,129,815)	1,022,225	(650,462)	(25,643,178)
—	—	(41)	(63)
(5,129,815)	1,022,225	(650,503)	(25,643,241)
(9,636,052)	1,425,336	(3,494,970)	(28,128,770)
<u>\$(9,599,583)</u>	<u>\$ 1,281,053</u>	<u>\$(3,509,836)</u>	<u>\$(28,502,218)</u>

Statements of Operations

Global MegaTrends Fund

	For the Period Ended December 31, 2008(b)	For the Year Ended October 31, 2008
NET INVESTMENT INCOME		
Income:		
Dividends from unaffiliated issuers	\$ 64,496	\$ 490,421
Foreign tax withheld on dividends	(2,439)	(25,558)
Net dividends	62,057	464,863
Interest and other	1,652	138,782
Total Income	63,709	603,645
Expenses:		
Management fee	38,532	310,564
Administration services expenses	3,083	1,879
Transfer agent fees and expenses	20,403	100,003
Accounting service fees and expenses	5,873	40,103
Professional fees	20,337	47,972
Distribution plan expenses	9,633	77,844
Custodian fees	6,209	36,847
Shareholder reporting expenses	2,402	11,271
Registration fees	1,913	25,397
Trustee fees and expenses	4,303	19,868
Miscellaneous expenses	1,594	16,279
Total expenses before reductions	114,282	688,027
Expenses offset - Note 1J	(36)	(443)
Expenses reimbursed - Note 2	(42,962)	(66,157)
Net Expenses	71,284	621,427
Net Investment Income (Loss)	(7,575)	(17,782)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized gain (loss) from:		
Securities from unaffiliated issuers	(5,664,448)	(8,932,568)
Securities from affiliated issuers	—	—
Written options	(49,647)	41,101
Foreign currency transactions	167	2,551
Net realized gain (loss)	(5,713,928)	(8,888,916)
Net change in unrealized appreciation (depreciation) of:		
Investments	4,516,372	(13,841,299)
Written options	(37,330)	37,330
Other assets and liabilities denominated in foreign currencies	621	3,030
Net unrealized appreciation (depreciation)	4,479,663	(13,800,939)
Net Realized and Unrealized Gain (Loss) on Investments	(1,234,265)	(22,689,855)
Net Increase (Decrease) In Net Assets Resulting From Operations	\$(1,241,840)	\$(22,707,637)

(a) for the six-month fiscal period ended December 31, 2008

(b) for the two-month fiscal period ended December 31, 2008

See accompanying notes to financial statements.

Global Resources Fund

World Precious Minerals Fund

For the Period Ended December 31, 2008(a)	For the Year Ended June 30, 2008	For the Period Ended December 31, 2008(a)	For the Year Ended June 30, 2008
\$ 2,631,342	\$ 14,738,471	\$ 830,781	\$ 2,538,158
<u>(63,671)</u>	<u>(968,416)</u>	<u>(94,952)</u>	<u>(247,097)</u>
2,567,671	13,770,055	735,829	2,291,061
<u>1,102,163</u>	<u>4,675,306</u>	<u>431,022</u>	<u>3,033,521</u>
3,669,834	18,445,361	1,166,851	5,324,582
3,443,348	9,303,615	1,998,128	6,254,087
112,737	—	62,904	—
1,322,017	2,687,220	662,987	1,612,020
232,518	696,173	143,959	501,330
76,369	198,035	69,388	160,412
352,303	—	196,575	—
157,566	582,845	170,435	708,402
170,897	353,827	99,923	214,782
38,652	83,842	18,978	61,106
8,478	28,546	8,477	28,546
<u>79,108</u>	<u>148,265</u>	<u>65,172</u>	<u>129,969</u>
5,993,993	14,082,368	3,496,926	9,670,654
(8,308)	(91,173)	(1,290)	(20,741)
<u>(599,300)</u>	<u>—</u>	<u>(278,182)</u>	<u>—</u>
5,386,385	13,991,195	3,217,454	9,649,913
<u>(1,716,551)</u>	<u>4,454,166</u>	<u>(2,050,603)</u>	<u>(4,325,331)</u>
(437,572,205)	277,972,030	(106,846,593)	173,859,833
(2,542,726)	(728,926)	(63,975)	147,227
10,574,475	679,136	1,693,380	4,168,881
<u>(541,384)</u>	<u>(573,378)</u>	<u>(533,573)</u>	<u>13,589</u>
(430,081,840)	277,348,862	(105,750,761)	178,189,530
(823,886,071)	231,527,557	(373,223,392)	(57,059,936)
—	(8,349)	4,510,024	(5,145,161)
<u>(11,455)</u>	<u>51,294</u>	<u>(5,770)</u>	<u>2,891</u>
(823,897,526)	231,570,502	(368,719,138)	(62,202,206)
<u>(1,253,979,366)</u>	<u>508,919,364</u>	<u>(474,469,899)</u>	<u>115,987,324</u>
<u>\$(1,255,695,917)</u>	<u>\$513,373,530</u>	<u>\$(476,520,502)</u>	<u>\$111,661,993</u>

Statements of Operations

Gold and Precious Metals Fund

	For the Period Ended December 31, 2008(a)	For the Year Ended June 30, 2008
NET INVESTMENT INCOME		
Income:		
Dividends (dividend adjustments)	\$ 430,909	\$ 608,620
Foreign taxes withheld on dividends	(35,238)	(35,534)
Net dividends	395,671	573,086
Interest and other	284,052	1,310,565
Total Income	679,723	1,883,651
Expenses:		
Management fee	755,361	1,629,448
Administrative services fee	30,259	—
Transfer agent fees and expenses	227,436	455,397
Accounting service fees and expenses	74,215	164,466
Professional fees	39,841	74,268
Distribution plan expenses	94,560	—
Custodian fees	101,140	232,807
Shareholder reporting expenses	46,054	96,239
Registration fees	17,021	29,954
Trustee fees and expenses	8,576	28,546
Miscellaneous expenses	34,694	70,107
Total expenses before reductions	1,429,157	2,781,232
Expenses offset - Note 1J	(2,320)	(4,634)
Expenses reimbursed - Note 2	(135,057)	—
Net Expenses	1,291,780	2,776,598
Net Investment Loss	(612,057)	(892,947)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized gain (loss) from:		
Securities	(47,202,746)	43,522,592
Written options	1,776,178	2,062,044
Foreign currency transactions	(231,516)	(28,528)
Net realized gain (loss)	(45,658,084)	45,556,108
Net change in unrealized appreciation (depreciation) of:		
Investments	(38,919,535)	4,493,644
Written options	1,282,148	(1,512,042)
Other assets and liabilities denominated in foreign currencies	5,914	(4,751)
Net unrealized appreciation (depreciation)	(37,631,473)	2,976,851
Net Realized and Unrealized Gain (Loss) on Investments	(83,289,557)	48,532,959
Net Increase (Decrease) In Net Assets Resulting From Operations	<u>\$ (83,901,614)</u>	<u>\$47,640,012</u>

(a) for the six-month fiscal period ended December 31, 2008

(b) for the two-month fiscal period ended December 31, 2008

See accompanying notes to financial statements.

Eastern European Fund

For the Period Ended December 31, 2008(b)	For the Year Ended October 31, 2008
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\$ (579,958)	\$ 25,189,193
34,427	(3,975,271)
(545,531)	21,213,922
9,019	1,228,721
(536,512)	22,442,643
727,005	15,406,046
46,528	31,241
165,304	2,057,712
40,056	563,828
32,497	130,738
145,401	2,689,610
111,066	3,088,719
91,595	259,366
4,991	47,886
3,995	19,868
12,332	139,673
1,380,770	24,434,687
(287)	(77,398)
(160,802)	(56,835)
1,219,681	24,300,454
(1,756,193)	(1,857,811)
(81,979,492)	12,228,474
—	—
(79,634)	(1,348,009)
(82,059,126)	10,880,465
(2,609,582)	(828,006,568)
—	—
542,912	(845,940)
(2,066,670)	(828,852,508)
(84,125,796)	(817,972,043)
<u>\$(85,881,989)</u>	<u>\$(819,829,854)</u>

Statements of Operations

Global Emerging Markets Fund

	For the Period Ended December 31, 2008(b)	For the Year Ended October 31, 2008
NET INVESTMENT INCOME		
Income:		
Dividends	\$ 26,792	\$ 643,235
Foreign taxes withheld on dividends	(4,452)	(76,699)
Net dividends	22,340	566,536
Interest and other	391	24,481
Total Income	22,731	591,017
Expenses:		
Management fee	23,297	539,299
Administrative services fee	1,355	925
Transfer agent fees and expenses	14,572	125,581
Accounting service fees and expenses	5,499	56,802
Professional fees	26,828	62,876
Distribution plan expenses	4,236	99,017
Custodian fees	15,106	156,646
Shareholder reporting expenses	4,369	19,154
Registration fees	15,598	19,740
Trustee fees and expenses	3,995	19,868
Miscellaneous expenses	860	10,416
Total expenses before reductions	115,715	1,110,324
Expenses offset - Note 1J	(12)	(871)
Expenses reimbursed - Note 2	(73,347)	(119,279)
Net Expenses	42,356	990,174
Net Investment Loss	(19,625)	(399,157)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized gain (loss) from:		
Securities	(2,930,885)	(4,842,013)
Foreign currency transactions	(3,053)	(114,101)
Net realized gain (loss)	(2,933,938)	(4,956,114)
Net change in unrealized appreciation (depreciation) of:		
Investments	1,795,083	(27,074,905)
Other assets and liabilities denominated in foreign currencies	14,469	21,041
Net unrealized appreciation (depreciation)	1,809,552	(27,053,864)
Net Realized and Unrealized Loss on Investments	(1,124,386)	(32,009,978)
Net Decrease In Net Assets Resulting From Operations	<u>\$(1,144,011)</u>	<u>\$(32,409,135)</u>

(a) for the six-month fiscal period ended December 31, 2008

(b) for the two-month fiscal period ended December 31, 2008

See accompanying notes to financial statements.

China Region Fund

For the Period Ended December 31, 2008(a)	For the Year Ended June 30, 2008
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<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 40%; text-align: right;">470,067</td> <td style="width: 50%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">(38,428)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">431,639</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">37,635</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">469,274</td> <td></td> </tr> </table>	\$	470,067			(38,428)			431,639			37,635			469,274		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 40%; text-align: right;">1,745,454</td> <td style="width: 50%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">(106,449)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">1,639,005</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">288,073</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">1,927,078</td> <td></td> </tr> </table>	\$	1,745,454			(106,449)			1,639,005			288,073			1,927,078																												
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Statements of Changes in Net Assets

U.S. Treasury Securities Cash Fund

	Period Ended December 31, 2008(a)	Year Ended June 30, 2008	Year Ended June 30, 2007
INCREASE (DECREASE) IN NET ASSETS			
From operations:			
Net investment income	\$ 259,535	\$ 2,906,691	\$ 5,084,492
Net realized gain (loss)	—	—	—
Net unrealized appreciation	—	—	—
Net increase in net assets from operations	259,535	2,906,691	5,084,492
Distributions to shareholders:			
From net investment income	(259,483)	(2,910,606)	(5,084,891)
Total distributions to shareholders	(259,483)	(2,910,606)	(5,084,891)
From capital share transactions:			
Proceeds from shares sold	130,413,946	255,882,468	383,660,609
Distributions reinvested	251,689	2,823,671	4,907,563
Cost of shares redeemed	(121,210,250)	(262,759,089)	(391,584,524)
Net increase (decrease) in net assets from capital share transactions	9,455,385	(4,052,950)	(3,016,352)
NET INCREASE (DECREASE) IN NET ASSETS	9,455,437	(4,056,865)	(3,016,751)
NET ASSETS			
Beginning of year	111,954,700	116,011,565	119,028,316
End of year	\$121,410,137	\$111,954,700	\$116,011,565
Accumulated undistributed net investment income, (distributions in excess of net income), end of year	\$ —	\$ (682)	\$ 1,043
Capital Share Activity			
Shares sold	130,413,946	255,882,468	383,660,609
Shares reinvested	251,689	2,823,671	4,907,563
Shares redeemed	(121,210,250)	(262,759,089)	(391,584,524)
Net share activity	9,455,385	(4,052,950)	(3,016,352)

(a) for the six-month fiscal period ended December 31, 2008

See accompanying notes to financial statements.

**U.S. Government Securities
Savings Fund**

Near-Term Tax Free Fund

Period Ended December 31, 2008(a)	Year Ended June 30, 2008	Year Ended June 30, 2007	Period Ended December 31, 2008(a)	Year Ended June 30, 2008	Year Ended June 30, 2007
\$ 2,801,871	\$ 15,989,739	\$ 21,124,115	\$ 223,507	\$ 462,411	\$ 501,566
3,459	64,190	2,458	—	277	(9,533)
—	—	—	84,257	110,288	67,546
2,805,330	16,053,929	21,126,573	307,764	572,976	559,579
(2,801,889)	(15,993,388)	(21,124,058)	(223,006)	(459,010)	(501,654)
(2,801,889)	(15,993,388)	(21,124,058)	(223,006)	(459,010)	(501,654)
134,091,962	369,995,971	368,491,428	1,808,188	3,217,467	2,312,722
2,737,639	15,556,039	20,689,962	175,005	356,102	384,910
136,829,601	385,552,010	389,181,390	1,983,193	3,573,569	2,697,632
(225,130,630)	(408,499,445)	(355,506,639)	(1,681,960)	(3,467,805)	(5,202,546)
(88,301,029)	(22,947,435)	33,674,751	301,233	105,764	(2,504,914)
(88,297,588)	(22,886,894)	33,677,266	385,991	219,730	(2,446,989)
446,207,611	469,094,505	435,417,239	13,603,147	13,383,417	15,830,406
\$357,910,023	\$446,207,611	\$469,094,505	\$13,989,138	\$13,603,147	\$13,383,417
\$ 461,309	\$ 403,299	\$ 406,948	\$ 21,225	\$ 20,724	\$ 17,323
134,091,962	369,995,971	368,491,428	841,748	1,487,510	1,078,441
2,737,639	15,556,039	20,689,962	81,677	165,330	179,915
(225,130,630)	(408,499,445)	(355,506,639)	(787,328)	(1,603,148)	(2,428,359)
(88,301,029)	(22,947,435)	33,674,751	136,097	49,692	(1,170,003)

Statements of Changes in Net Assets

	Tax Free Fund		
	Period Ended December 31, 2008(a)	Year Ended June 30, 2008	Year Ended June 30, 2007
INCREASE (DECREASE) IN NET ASSETS			
From operations:			
Net investment income (loss)	\$ 355,031	\$ 670,891	\$ 619,096
Net realized gain (loss)	33,947	(42,271)	15,231
Net unrealized appreciation (depreciation)	(457,262)	(74,214)	(41,981)
Net increase (decrease) in net assets from operations	(68,284)	554,406	592,346
Distributions to shareholders:			
From net investment income	(355,381)	(668,191)	(615,389)
From net capital gains	—	—	—
Tax return of capital	—	—	—
Total distributions to shareholders	(355,381)	(668,191)	(615,389)
From capital share transactions:			
Proceeds from shares sold	2,556,729	6,825,328	4,168,323
Distributions reinvested	287,716	544,322	509,442
Proceeds from short-term trading fees	—	—	—
Cost of shares redeemed	2,844,445	7,369,650	4,677,765
Net increase (decrease) in net assets from capital share transactions	(3,854,351)	(4,816,254)	(3,706,262)
NET INCREASE (DECREASE) IN NET ASSETS	(1,433,571)	2,439,611	948,460
NET ASSETS			
Beginning of period	18,379,603	15,939,992	14,991,532
End of period	\$16,946,032	\$18,379,603	\$15,939,992
Accumulated undistributed net investment income, (distributions in excess of net income), end of period	\$ 34,524	\$ 34,874	\$ 32,174
Capital Share Activity			
Shares sold	215,622	563,924	341,911
Shares reinvested	24,537	45,182	41,891
Shares redeemed	(334,996)	(398,760)	(304,399)
Net share activity	(94,837)	210,346	79,403

(a) for the six-month fiscal period ended December 31, 2008

(b) for the two-month fiscal period ended December 31, 2008

See accompanying notes to financial statements.

All American Equity Fund

Period Ended December 31, 2008(a)	Year Ended June 30, 2008	Year Ended June 30, 2007
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Holmes Growth Fund

Period Ended December 31, 2008(b)	Year Ended October 31, 2008	Year Ended October 31, 2007
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\$ 36,469	\$ (144,283)	\$ (62,274)	\$ (14,866)	\$ (373,448)	\$ (389,550)
(4,506,237)	403,111	2,102,393	(2,844,467)	(2,485,529)	5,122,087
(5,129,815)	1,022,225	1,982,026	(650,503)	(25,643,241)	14,431,854
(9,599,583)	1,281,053	4,022,145	(3,509,836)	(28,502,218)	19,164,391
(6,594)	—	—	—	—	—
—	(2,702,440)	(2,948,106)	—	—	—
—	(110,537)	—	—	—	—
(6,594)	(2,812,977)	(2,948,106)	—	—	—
2,272,974	11,702,468	3,497,874	481,499	4,868,436	5,258,754
6,496	2,717,435	2,897,452	—	—	—
285	755	603	52	517	250
2,279,755	14,420,658	6,395,929	481,551	4,868,953	5,259,004
(2,952,671)	(9,854,499)	(5,538,258)	(714,741)	(9,017,148)	(17,352,136)
(672,916)	4,566,159	857,671	(233,190)	(4,148,195)	(12,093,132)
(10,279,093)	3,034,235	1,931,710	(3,743,026)	(32,650,413)	7,071,259
26,513,439	23,479,204	21,547,494	36,230,710	68,881,123	61,809,864
\$16,234,346	\$26,513,439	\$23,479,204	\$32,487,684	\$36,230,710	\$68,881,123
\$ 29,875	\$ —	\$ —	\$ —	\$ —	\$ (40,296)
103,969	422,589	128,990	35,294	228,630	261,279
391	96,056	115,759	—	—	—
(139,580)	(367,851)	(204,356)	(57,386)	(445,988)	(851,885)
(35,220)	150,794	40,393	(22,092)	(217,358)	(590,606)

Statements of Changes in Net Assets

Global MegaTrends Fund

	Period Ended December 31, 2008(b)	Year Ended October 31, 2008	Year Ended October 31, 2007
INCREASE (DECREASE) IN NET ASSETS			
From operations:			
Net investment income (loss)	\$ (7,575)	\$ (17,782)	\$ (151,391)
Net realized gain (loss)	(5,713,928)	(8,888,916)	1,314,908
Net unrealized appreciation (depreciation)	4,479,663	(13,800,939)	2,392,655
Net increase (decrease) in net assets from operations	(1,241,840)	(22,707,637)	3,556,172
Distributions to shareholders:			
From net investment income	—	—	—
From net capital gains	—	(1,317,151)	(1,261,684)
Tax return of capital	(25,988)	—	—
Total distributions to shareholders	(25,988)	(1,317,151)	(1,261,684)
From capital share transactions:			
Proceeds from shares sold	1,746,194	46,895,942	3,021,763
Distributions reinvested	24,701	1,265,576	1,206,946
Proceeds from short-term trading fees	61	5,176	566
	1,770,956	48,166,694	4,229,275
Cost of shares redeemed	(3,855,326)	(16,477,891)	(5,877,311)
Net increase (decrease) in net assets from capital share transactions	(2,084,370)	31,688,803	(1,648,036)
NET INCREASE (DECREASE) IN NET ASSETS	(3,352,198)	7,664,015	646,452
NET ASSETS			
Beginning of year	25,387,339	17,723,324	17,076,872
End of year	\$22,035,141	\$25,387,339	\$17,723,324
Accumulated undistributed net investment income, (distributions in excess of net income), end of year	\$ —	\$ —	\$ —
Capital Share Activity			
Shares sold	285,800	4,151,097	259,412
Shares reinvested	4,043	107,984	116,164
Shares redeemed	(627,748)	(1,801,601)	(527,010)
Net share activity	(337,905)	2,457,480	(151,434)

(a) for the six-month fiscal period ended December 31, 2008

(b) for the two-month fiscal period ended December 31, 2008

See accompanying notes to financial statements.

Global Resources Fund

World Precious Minerals Fund

Period Ended December 31, 2008(a)	Year Ended June 30, 2008	Year Ended June 30, 2007	Period Ended December 31, 2008(a)	Year Ended June 30, 2008	Year Ended June 30, 2007
\$ (1,716,551)	\$ 4,454,166	\$ 9,042,961	\$ (2,050,603)	\$ (4,325,331)	\$ 564,918
(430,081,840)	277,348,862	92,470,318	(105,750,761)	178,189,530	106,003,267
(823,897,526)	231,570,502	109,964,218	(368,719,138)	(62,202,206)	(11,580,180)
(1,255,695,917)	513,373,530	211,477,497	(476,520,502)	111,661,993	94,988,005
—	(78,221,305)	(61,878,978)	—	(99,747,352)	(51,570,418)
(96,308,578)	(176,347,594)	(120,720,087)	(61,845,712)	(103,097,880)	(69,178,178)
—	—	—	—	—	—
(96,308,578)	(254,568,899)	(182,599,065)	(61,845,712)	(202,845,232)	(120,748,596)
178,643,865	817,774,032	645,950,934	82,524,302	418,681,230	697,217,101
93,000,270	246,775,705	175,690,973	59,587,050	192,776,672	114,711,593
47,596	91,286	65,595	48,834	206,975	815,105
271,691,731	1,064,641,023	821,707,502	142,160,186	611,664,877	812,743,799
(465,744,284)	(696,115,025)	(749,000,008)	(193,687,785)	(495,247,072)	(783,452,968)
(194,052,553)	368,525,998	72,707,494	(51,527,599)	116,417,805	29,290,831
(1,546,057,048)	627,330,629	101,585,926	(589,893,813)	25,234,566	3,530,240
2,010,581,036	1,383,250,407	1,281,664,481	949,013,597	923,779,031	920,248,791
\$ 464,523,988	\$2,010,581,036	\$1,383,250,407	\$359,119,784	\$949,013,597	\$923,779,031
\$ (7,742,455)	\$ (47,434,621)	\$ (12,989,617)	\$ (25,221,445)	\$ (64,048,128)	\$ (15,710,691)
15,106,616	44,109,226	39,780,025	5,873,543	14,550,574	24,505,326
18,379,336	14,892,921	12,000,749	8,473,439	8,106,672	4,350,079
(43,177,704)	(39,167,676)	(48,049,221)	(14,285,921)	(17,762,117)	(28,153,172)
(9,691,752)	19,834,471	3,731,553	61,061	4,895,129	702,233

Statements of Changes in Net Assets

Gold and Precious Metals Fund

	Period Ended December 31, 2008(a)	Year Ended June 30, 2008	Year Ended June 30, 2007
INCREASE (DECREASE) IN NET ASSETS			
From operations:			
Net investment income (loss)	\$ (612,057)	\$ (892,947)	\$ 689,923
Net realized gain (loss)	(45,658,084)	45,556,108	27,431,014
Net unrealized appreciation (depreciation)	<u>(37,631,473)</u>	<u>2,976,851</u>	<u>(36,875,467)</u>
Net increase (decrease) in net assets resulting from operations	(83,901,614)	47,640,012	(8,754,530)
Distributions to shareholders:			
From net investment income	—	—	—
From net capital gains	(11,619,090)	(25,521,881)	—
Tax return of capital	<u>—</u>	<u>—</u>	<u>—</u>
Total distributions to shareholders	(11,619,090)	(25,521,881)	—
From capital share transactions:			
Proceeds from shares sold	83,548,879	182,890,757	187,856,134
Distributions reinvested	10,904,039	24,120,907	—
Proceeds from short-term trading fees	65,548	127,619	278,592
	<u>94,518,466</u>	<u>207,139,283</u>	<u>188,134,726</u>
Cost of shares redeemed	<u>(65,814,015)</u>	<u>(148,997,522)</u>	<u>(208,645,621)</u>
Net increase (decrease) in net assets from capital share transactions	28,704,451	58,141,761	(20,510,895)
NET INCREASE (DECREASE) IN NET ASSETS	<u>(66,816,253)</u>	<u>80,259,892</u>	<u>(29,265,425)</u>
NET ASSETS			
Beginning of period	259,021,817	178,761,925	208,027,350
End of period	<u>\$192,205,564</u>	<u>\$259,021,817</u>	<u>\$178,761,925</u>
Accumulated undistributed net investment income, (distributions in excess of net income), end of period	<u>\$ (1,197,725)</u>	<u>\$ (796,871)</u>	<u>\$ 926,160</u>
Capital Share Activity			
Shares sold	7,260,223	10,241,147	12,003,311
Shares reinvested	1,295,781	1,635,316	—
Shares redeemed	<u>(5,876,426)</u>	<u>(8,730,139)</u>	<u>(13,510,813)</u>
Net share activity	<u>2,679,578</u>	<u>3,146,324</u>	<u>(1,507,502)</u>

(a) for the six-month fiscal period ended December 31, 2008

(b) for the two-month fiscal period ended December 31, 2008

See accompanying notes to financial statements.

Eastern European Fund

Global Emerging Markets Fund

Period Ended December 31, 2008(b)	Year Ended October 31, 2008	Year Ended October 31, 2007	Period Ended December 31, 2008(b)	Year Ended October 31, 2008	Year Ended October 31, 2007
\$ (1,756,193)	\$ (1,857,811)	\$ (8,564,082)	\$ (19,625)	\$ (399,157)	\$ (364,142)
(82,059,126)	10,880,465	282,693,981	(2,933,938)	(4,956,114)	8,311,640
(2,066,670)	(828,852,508)	285,436,753	1,809,552	(27,053,864)	13,963,701
(85,881,989)	(819,829,854)	559,566,652	(1,144,011)	(32,409,135)	21,911,199
—	—	(25,188,053)	—	(1,235,838)	—
—	(273,627,367)	(170,169,454)	—	(8,418,305)	(2,463,937)
—	—	—	(147,530)	—	—
—	(273,627,367)	(195,357,507)	(147,530)	(9,654,143)	(2,463,937)
24,488,731	269,122,580	330,290,055	176,198	11,160,939	27,400,995
—	266,926,394	190,987,756	137,693	9,156,240	2,307,884
108,582	1,599,093	1,180,568	1,230	116,466	62,030
24,597,313	537,648,067	522,458,379	315,121	20,433,645	29,770,909
(36,889,330)	(611,403,256)	(651,110,037)	(1,068,774)	(26,283,342)	(18,626,085)
(12,292,017)	(73,755,189)	(128,651,658)	(753,653)	(5,849,697)	11,144,824
(98,174,006)	(1,167,212,410)	235,557,487	(2,045,194)	(47,912,975)	30,592,086
415,494,161	1,582,706,571	1,347,149,084	11,707,949	59,620,924	29,028,838
\$317,320,155	\$ 415,494,161	\$1,582,706,571	\$ 9,662,755	\$11,707,949	\$59,620,924
\$ (6)	\$ (1,796)	\$ (186,878)	\$ —	\$ (300)	\$ (314,610)
3,727,676	17,749,450	20,278,182	32,218	739,179	1,643,572
—	16,352,444	12,852,474	26,789	570,838	161,843
(7,172,967)	(48,093,690)	(40,900,278)	(203,613)	(2,064,625)	(1,165,080)
(3,445,291)	(13,991,796)	(7,769,622)	(144,606)	(754,608)	640,335

Statements of Changes in Net Assets

China Region Fund

	Period Ended December 31, 2008(a)	Year Ended June 30, 2008	Year Ended June 30, 2007
INCREASE (DECREASE) IN NET ASSETS			
From operations:			
Net investment income (loss)	\$ (128,137)	\$ (301,827)	\$ 14,318
Net realized gain (loss)	(25,290,168)	8,268,285	13,318,745
Net unrealized appreciation (depreciation)	<u>(3,141,768)</u>	<u>(21,280,538)</u>	<u>17,987,184</u>
Net increase (decrease) in net assets from operations	(28,560,073)	(13,314,080)	31,320,247
Distributions to shareholders:			
From net investment income	—	(862,509)	(1,333,614)
From net capital gains	—	(24,776,876)	—
Tax return of capital	—	<u>(1,395,287)</u>	<u>—</u>
Total distributions to shareholders	—	(27,034,672)	(1,333,614)
From capital share transactions:			
Proceeds from shares sold	6,720,245	87,256,997	41,842,142
Distributions reinvested	—	26,049,930	1,288,571
Proceeds from short-term trading fees	<u>59,386</u>	<u>363,983</u>	<u>153,356</u>
	6,779,631	113,670,910	43,284,069
Cost of shares redeemed	<u>(20,981,063)</u>	<u>(86,017,501)</u>	<u>(47,227,127)</u>
Net increase (decrease) in net assets from capital share transactions	(14,201,432)	27,653,409	(3,943,058)
NET INCREASE (DECREASE) IN NET ASSETS	<u>(42,761,505)</u>	<u>(12,695,343)</u>	<u>26,043,575</u>
NET ASSETS			
Beginning of year	81,109,375	93,804,718	67,761,143
End of year	<u>\$38,347,870</u>	<u>\$81,109,375</u>	<u>\$93,804,718</u>
Distributions in excess of net investment income, end of year	<u>\$ (722,297)</u>	<u>\$ (1,910,999)</u>	<u>\$ (2,258,850)</u>
Capital Share Activity			
Shares sold	979,972	6,246,450	4,193,823
Shares reinvested	—	2,136,992	128,472
Shares redeemed	<u>(3,044,240)</u>	<u>(6,934,355)</u>	<u>(4,630,983)</u>
Net share activity	<u>(2,064,268)</u>	<u>1,449,087</u>	<u>(308,688)</u>

(a) for the six-month fiscal period ended December 31, 2008

See accompanying notes to financial statements.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

U.S. Global Investors Funds (Trust), consisting of thirteen separate funds (Funds), is organized as a Delaware statutory trust. Each Fund is an open-end management investment company registered under the Investment Company Act of 1940, as amended. All funds are diversified with the exception of Global Resources, World Precious Minerals, Gold and Precious Metals, Eastern European, Global Emerging Markets and China Region. A nondiversified fund may invest a significant portion of its assets in a small number of companies.

Four of the Funds, Holmes Growth Fund, Global MegaTrends Fund, Eastern European Fund and Global Emerging Markets Fund, were formerly in the U.S. Global Accolade Funds Trust. Recent organizational and contractual changes have occurred for the Trust and the Funds. See Note 2 for more information about these changes.

Effective December 31, 2008, the fiscal year for all Funds in the Trust changed to December 31. The four Funds previously in the Accolade trust had a fiscal year that ended October 31. The fiscal period ended December 31, 2008, presented in these financial statements is a two-month period for these funds. The nine funds originally in the U.S. Global Investors Funds Trust (U.S. Treasury Securities Cash, U.S. Government Securities Savings, Near-Term Tax Free, Tax Free, All American Equity, Global Resources, World Precious Minerals, Gold and Precious Metals and China Region) had a fiscal year that ended June 30. The fiscal period ended December 31, 2008, presented is a six-month period for these funds.

Effective October 1, 2008, the name of the China Region Opportunity Fund changed to China Region Fund.

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. The policies are in conformity with U.S. generally accepted accounting principles.

A. Security Valuations

The Funds value investments traded on national or international securities exchanges or over-the-counter at the last sales price reported by the security's primary exchange of its market at the time of daily valuation. Securities for which no sale was reported are valued at the mean between the last bid and ask quotation. Short-term investments with effective maturities of sixty days or less at the date of purchase may be valued at amortized cost, which approximates market value. Investments of U.S. Treasury Securities Cash and U.S. Government Securities Savings Funds are valued at amortized cost. An independent pricing service values municipal securities, long-term U.S. Government obligations and corporate debt securities using a system based on such factors as credit rating, maturity, coupon and type of security to determine fair value.

B. Fair Valued Securities

Securities for which market quotations are not readily available or which are subject to legal restrictions are valued at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees. The following factors are generally considered in determining fair value: nature and duration of any trading restrictions, trading volume, market values of unrestricted shares of the same or similar class, investment management's judgment regarding the market experience of the issuer, financial status and other operational and market factors affecting the issuer, issuer's management, quality of the underlying property based on review of independent geological studies, the extent of a Fund's investment in the trading securities of the issuer; and other relevant matters. The fair values may differ from what would have been used had a broader market for these securities existed.

For securities traded on international exchanges, if events which may materially affect the value of a Fund's securities occur after the close of the primary exchange and before a Fund's net asset value is next determined, then those securities will be valued at their fair value as determined in good faith under the supervision of the Board of Trustees. The Funds may use a systematic fair value model provided by an independent third party to value international securities. At December 31, 2008, this model was used to value certain foreign securities in Global Mega-Trends, Global Resources, World Precious Minerals, Gold and Precious Metals, Eastern European, Global Emerging Markets and China Region Funds.

C. Security Transactions and Investment Income

Security transactions are accounted for on trade date. Realized gains and losses from security transactions are determined on an identified-cost basis. Dividend income is recorded on the ex-dividend date except that certain dividends from foreign securities where the ex-dividend date may have passed are recorded as soon as a fund is informed of the ex-dividend data in the exercise of reasonable diligence. Interest income, which may include original issue discount, is recorded on an accrual basis. Discounts and premiums on securities purchased are accreted and amortized, respectively, on a yield-to-maturity basis as adjustments to interest income. Investment income is recorded net of foreign taxes withheld where recovery of such taxes is uncertain.

The Funds may purchase securities on a when-issued or delayed-delivery basis and segregate the liquid assets on their books collateral with a value at least equal to the amount of the commitment. Losses may arise due to the changes in the value of the underlying securities or if the counterparty does not perform under the contract.

The equity funds may invest in private placements and initial public offerings (IPOs), the volatility of which may significantly affect performance. There is no

guarantee that these high-risk investments will affect a Fund's performance in the same way in the future.

D. Repurchase Agreements

The Funds may enter into repurchase agreements with recognized financial institutions or registered broker-dealers and, in all instances, hold as collateral, underlying securities with a value exceeding the principal amount of the repurchase obligation. The Funds use joint tri-party repurchase agreement accounts with other funds under common management where uninvested cash is collectively invested in repurchase agreements, and each participating fund owns an undivided interest in the account.

E. Options

Some Funds may write or purchase options on securities to manage their exposure to stock or commodity markets as well as fluctuations in interest and currency conversion rates. Written options include a risk of loss in excess of the option premium. The use of options carries the risks of a change in value of the underlying instruments, an illiquid secondary market, or failure of the counterparty to perform its obligations. The option premium is the basis for recognition of unrealized or realized gain or loss on the option. The cost of securities acquired or the proceeds from securities sold through the exercise of the option is adjusted by the amount of the premium.

As of December 31, 2008, portfolio securities valued at \$4,787,819 and \$4,323,181 were held in escrow by the custodian as cover for call options written for the World Precious Minerals Fund and Gold and Precious Metals Fund, respectively.

Transactions in written call options during the period ended December 31, 2008, were as follows:

	All American Equity Fund		Global Resources Fund	
	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received
Options outstanding at June 30, 2008	—	\$ —	—	\$ —
Options written	85	81,855	54,480	17,013,069
Options closed	(85)	(81,855)	(36,910)	(13,026,533)
Options expired	—	—	(17,570)	(3,986,536)
Options exercised	—	—	—	—
Options outstanding at December 31, 2008	—	\$ —	—	\$ —

	World Precious Minerals Fund		Gold and Precious Metals Fund	
	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received
Options outstanding at June 30, 2008	35,162	\$ 7,537,863	11,303	\$ 2,223,554
Options written	19,277	3,027,125	18,720	2,317,356
Options closed	(44,784)	(9,393,829)	(17,584)	(3,254,257)
Options expired	(2,967)	(230,371)	(2,023)	(141,686)
Options exercised	(4,131)	(760,366)	(8,223)	(981,565)
Options outstanding at December 31, 2008	<u>2,557</u>	<u>\$ 180,422</u>	<u>2,193</u>	<u>\$ 163,402</u>

	Holmes Growth Fund		Global MegaTrends Fund	
	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received
Options outstanding at October 31, 2008	—	\$ —	220	\$ 110,130
Options written	185	175,304	165	157,485
Options closed	(185)	(175,304)	(345)	(247,675)
Options expired	—	—	(40)	(19,940)
Options exercised	—	—	—	—
Options outstanding at December 31, 2008	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>

F. Foreign Currency Transactions

Some Funds may invest in securities of foreign issuers. The accounting records of these funds are maintained in U.S. dollars. At each net asset value determination date, the value of assets and liabilities denominated in foreign currencies are translated into U.S. dollars using the current prevailing exchange rate. Security transactions, income and expenses are converted at the prevailing rate of exchange on the respective dates of the transactions. The effect of changes in foreign exchange rates on foreign denominated securities is included with the net realized and unrealized gain or loss on securities. Other foreign currency gains or losses are reported separately.

G. Forward Foreign Currency Contracts

The Funds may enter into forward foreign currency contracts to lock in the U.S. dollar cost of purchase and sale transactions or to defend the portfolio against currency fluctuations. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated rate. These contracts are valued daily, and the Fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting, is included in the statement of assets and liabilities. Realized and unrealized gains and losses are included in the statement of operations. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of the contract and from unanticipated movements in the value of foreign currencies relative to the U.S. dollar.

Open forward foreign currency contracts at December 31, 2008, were:

Fund Contract	Foreign Currency	In Exchange for USD	Settlement Date	Value	Unrealized Appreciation	Unrealized (Depreciation)
Eastern European Fund						
Sales:						
British Pounds	438	\$644	01/02/09	\$638	\$6	\$—

H. Federal Income Taxes

The Funds intend to continue to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of their taxable income to shareholders. Accordingly, no provision for federal income taxes is required. Each Fund may be subject to foreign taxes on income and gains on investments, which are accrued based on the Fund's understanding of the tax rules and regulations in the foreign markets.

I. Dividends and Distributions to Shareholders

The Funds record dividends and distributions to shareholders on the ex-dividend date. Distributions are determined in accordance with income tax regulations, which may differ from accounting principles generally accepted in the United States. Accordingly, periodic reclassifications related to permanent book and tax basis differences are made within the funds' capital accounts to reflect income and gains available for distribution under income tax regulations.

The Funds generally pay income dividends and distribute capital gains, if any, annually. The U.S. Treasury Securities Cash and U.S. Government Securities Savings Funds accrue dividends on a daily basis with payment monthly. The Tax Free and Near-Term Tax Free Funds pay monthly dividends. Dividends and distributions payable at period end are processed for reinvestment on the following business day. A Fund may elect to designate a portion of the earnings and profits distributed to shareholders on the redemption of fund shares during the year as distributions for federal income tax purposes.

J. Expenses

Each Fund bears expenses incurred specifically on its behalf plus an allocation of its share of Trust level expenses. Expense offset arrangements have been made with the Funds' custodian so the custodian fees may be paid indirectly by credits earned on the Funds' cash balances. Such deposit arrangements are an alternative to overnight investments.

K. Short-Term Trading (Redemption) Fees

Shares held in the All American Equity Fund 30 days or less are subject to a short-term trading fee equal to 0.10% of the proceeds of the redeemed shares. Shares held in the Holmes Growth, Global MegaTrends and Global Resources Funds 30 days or less are subject to a short-term trading fee equal to 0.25% of the proceeds of the redeemed shares. Shares held in the World Precious Minerals and Gold and

Precious Metals Funds 30 days or less are subject to a short-term trading fee equal to 0.50% of the proceeds of the redeemed shares. Shares held in the Eastern European and Global Emerging Markets Funds 180 days or less are subject to a short-term trading fee equal to 2.00% of the proceeds of the redeemed shares. Shares held in the China Region Fund 180 days or less are subject to a short-term trading fee equal to 1.00% of the proceeds of the redeemed shares. These fees, which are retained by the Funds, are accounted for as an addition to paid-in capital.

L. Use of Estimates in Financial Statement Preparation

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

M. New Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes. This standard defines the threshold for recognizing the benefits of tax-return positions in the financial statements as “more-likely-than-not” to be sustained upon challenge by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realized. FIN 48 was effective for fiscal years beginning after December 15, 2006, with early application permitted if no interim financial statements had been issued. Acknowledging the unique issues that FIN 48 presents for investment companies that calculate NAVs, the SEC indicated that they would not object if a fund implemented FIN 48 in its NAV calculation as late as its last NAV calculation in the first required financial statement reporting period for its fiscal year beginning after December 15, 2006. At adoption, companies must adjust their financial statements to reflect only those tax positions that are more-likely-than-not to be sustained. Management of the Funds has analyzed the tax positions of the Funds. Upon adoption of FIN 48 on December 31, 2007 (or April 30, 2008, for the four funds formerly in the Accolade trust), management identified no uncertain tax positions that have not met the more-likely-than-not standard. As of December 31, 2008, tax years 2004 through 2007 remain subject to examination by the Funds’ major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

In addition, in September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value

measurements. SFAS 157 has been adopted and the related disclosures included in the notes to portfolios.

In March 2008, Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities (SFAS 161), was issued. SFAS 161 requires enhanced disclosures about the use of and accounting for derivative instruments. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Management is in the process of evaluating the impact adoption of SFAS 161 will have on the Funds' financial statement disclosures.

NOTE 2: RELATED PARTY TRANSACTIONS

U.S. Global Investors, Inc. (Adviser), under an investment advisory agreement with the Trust in effect through September 30, 2009, furnishes management and investment advisory services and, subject to the supervision of the trustees, directs the investments of each Fund according to its investment objectives, policies and limitations. The Adviser also furnishes all necessary office facilities, business equipment and personnel for administering the affairs of the Trust. Frank E. Holmes, a trustee of the Funds, is the controlling owner of the Adviser.

A special meeting of shareholders of U.S. Global Investor Funds and U.S. Global Accolade Funds was held on September 23, 2008, to consider several proposals. The new proposals were approved effective October 1, 2008, and included (i) a reorganization of U.S. Global Investor Funds and U.S. Global Accolade Funds from two separate Massachusetts business trusts into a single Delaware statutory trust under the name U.S. Global Investors Funds, (ii) a new advisory agreement, (iii) a new administrative services agreement and (iv) a new distribution plan for the equity funds under which a subsidiary of the Adviser will be paid a fee at an annual rate of 0.25 percent of the average daily net assets of each fund.

For the services of the Adviser, each Fund pays a management fee based upon its net assets. Fees are accrued daily and paid monthly. The contractual management fee for each fund, effective October 1, 2008, is:

Fund	Annual Percentage of Average Daily Net Assets
U.S. Treasury Securities Cash and U.S. Government Securities Savings	.50% of the first \$250,000,000 and .375% of the excess
Near-Term Tax Free	0.50%
Tax Free	.75% of the first \$250,000,000 and .50% of the excess
All American Equity	.80% of the first \$500,000,000 and .75% of the excess
Holmes Growth and Global MegaTrends	1.00%
Global Resources	.95% of the first \$500,000,000; .90% of \$500,000,001 to \$1,000,000,000 and .85% of the excess
World Precious Minerals	1.00% of the first \$500,000,000; .95% of \$500,000,001 to \$1,000,000,000 and .90% of the excess
Gold and Precious Metals	.90% of the first \$500,000,000 and .85% of the excess
Eastern European	1.25%
Global Emerging Markets	1.375%
China Region	1.25%

Prior to October 1, 2008, the management fees were the same as above except as follows:

Fund	Annual Percentage of Average Daily Net Assets (Prior to October 1, 2008)
All American Equity	.75% of the first \$250,000,000 and .50% of the excess
Global Resources	1.00% of the first \$250,000,000 and .50% of the excess
World Precious Minerals	1.00% of the first \$250,000,000 and .50% of the excess
Gold and Precious Metals	.75% of the first \$250,000,000 and .50% of the excess

The new advisory agreement for the equity funds also provides for a base advisory fee that will be adjusted upwards or downwards by 0.25 percent if there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months. This performance fee will be effective October 1, 2009.

Effective October 1, 2008, administrative services that were part of the advisory agreement were removed and became the subject of a separate agreement. Under the new administrative services agreement, the Funds no longer reimburse the Adviser for certain legal and administrative services, but instead pay compensation at an annual rate of 0.08 percent of the average daily net assets of each Fund for administrative services provided.

Prior to October 1, 2008, Holmes Growth, Global MegaTrends, Eastern European and Global Emerging Markets Funds had adopted a distribution plan pursuant to Rule 12b-1 of the Investment Company Act of 1940 that allowed an annual fee of up to 0.25% of its average net assets to be used for, or to reimburse the Adviser for, expenditures in connection with sales and promotional services related to the distribution of each Fund's shares. A portion of this fee could be reallocated to securities dealers, banks and other financial institutions for the distribution of shares and providing shareholder support services. Distribution expenses paid by the Adviser or other third parties in prior periods that exceeded 0.25% of net assets could be paid by the Fund with distribution expenses accrued in current or future periods, so long as the 0.25% limitation was never exceeded. Effective October 1, 2008, all equity Funds in the Trust adopted a new distribution plan which a subsidiary of the Adviser is paid a fee at an annual rate of 0.25% of the average daily net assets of each Fund.

The Adviser has agreed to reimburse specific funds so that their total operating expenses will not exceed certain annual percentages of average net assets. The

expenses for the fiscal periods ended December 31, 2008, were limited as follows: U.S. Treasury Securities Cash Fund at 1.00%, U.S. Government Securities Savings Fund at 0.45%, Near-Term Tax Free Fund at 0.45%, Tax Free Fund at 0.70%, All American Equity Fund at 1.75%, Holmes Growth Fund at 1.75%, Global MegaTrends Fund at 1.85% (effective May 12, 2008), Global Resources Fund, World Precious Minerals Fund, and Gold and Precious Metals Funds at 1.50% (effective October 1, 2008), Eastern European Fund at 2.25% (effective October 1, 2008), Global Emerging Markets Fund at 2.50% (effective February 28, 2007) and China Region Fund at 2.00% (effective October 1, 2008). These contractual limitations continue through September 30, 2009; however, they may be revised at any time by the Funds' Board of Trustees.

As of March 19, 2008, the Adviser voluntarily agreed to waive fees and/or reimburse U.S. Treasury Securities Cash Fund and U.S. Government Securities Savings Fund to the extent necessary to maintain the respective fund's yield at a certain level as determined by the Adviser (Minimum Yield). The Adviser may recapture any fees waived and/or expenses reimbursed within three years after the end of the fiscal year of such waiver and/or reimbursement to the extent that such recapture would not cause the fund's yield to fall below the Minimum Yield. For the period ended December 31, 2008, fees waived and/or expenses reimbursed as a result of this agreement were \$170,642 and \$0 for the U.S. Treasury Securities Cash Fund and the U.S. Government Securities Savings Fund, respectively. These amounts are recoverable by the Adviser through December 31, 2011.

Prior to November 7, 2008, for the Eastern European Fund and Global Emerging Markets Fund, the Adviser contracted with and compensated subadviser Charlemagne Capital (IOM) Limited to serve in the execution of the Adviser's investment responsibilities. Effective November 7, 2008, the Adviser took over the day-to-day management of both the Eastern European Fund and the Global Emerging Markets Fund. Charlemagne continues to provide non-discretionary advisory services to the Adviser, but is not responsible for the investment or management of the funds' assets.

Prior to October 1, 2007, Leeb Capital Management, Inc. provided subadvisory services to the MegaTrends Fund. On October 1, 2007, the Adviser assumed management of the Fund, which was renamed Global MegaTrends Fund.

United Shareholder Services, Inc. (USSI), a wholly-owned subsidiary of the Adviser, is the transfer agent for the Funds. Each Fund pays an annual fee based on the number of shareholder accounts, certain base fees and transaction- and activity-based fees for transfer agency services. Certain account fees are paid directly by shareholders to the transfer agent, which, in turn, reduces its charge to the Funds. The Adviser was reimbursed for in-house legal and internal administration services pertaining to the Funds during the fiscal periods ended December 31, 2008, in the amounts of \$77,656 and \$12,309, respectively. Effective October 1,

2008, as noted above, the Funds no longer reimburse the Adviser for in-house legal and administration services as those services are included in the administrative services agreement. The Adviser was reimbursed for services of the Funds' Chief Compliance Officer during the fiscal periods ended December 31, 2008, in the amount of \$54,995. The Funds will continue to reimburse the Adviser for certain compliance services.

Brown Brothers Harriman & Co. (BBH) serves as the custodian, fund accounting and administration service agent with a fee structure based on average net assets of the Funds, certain base fees and transaction-based fees.

The independent Trustees receive compensation for serving on the Board. Trustees serving as Chairman of the Board or a special committee or as a member of a committee receive additional compensation. Trustees are also reimbursed for out-of-pocket expenses incurred while attending meetings. Frank E. Holmes receives no compensation from the Funds for serving on the Board.

NOTE 3: INVESTMENTS

Cost of purchases and proceeds from sales of long-term securities for the period ended December 31, 2008, are summarized as follows:

Fund	Purchases	Sales
Near-Term Tax Free	\$ 1,067,784	\$ 950,001
Tax Free	1,041,616	1,855,517
All American Equity	35,072,477	34,472,378
Holmes Growth	11,827,893	5,059,203
Global MegaTrends	8,785,865	5,343,676
Global Resources	966,880,751	1,248,276,519
World Precious Minerals	136,858,963	187,332,583
Gold and Precious Metals	168,630,189	96,053,764
Eastern European	42,122,201	36,873,446
Global Emerging Markets	1,900,454	2,315,343
China Region	56,916,726	68,668,800

U.S. Treasury Securities Cash and U.S. Government Securities Savings held only short-term investments. The Funds neither purchased nor sold long-term U.S. government securities during the period.

Investments in foreign issuers as a percent of total investments at December 31, 2008, were: 15.12% of All American Equity, 9.58% of Holmes Growth, 47.03% of Global MegaTrends, 38.06% of Global Resources, 85.15% of World Precious Minerals, 72.77% of Gold and Precious Metals, 95.61% of Eastern European, 97.98% of Global Emerging Markets and 96.93% of China Region.

NOTE 4: TAX INFORMATION

The following table presents the income tax basis of securities owned at December 31, 2008, and the tax basis components of net unrealized appreciation (depreciation):

Fund	Aggregate Tax Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation/ (Depreciation)
U.S. Treasury Securities Cash	\$121,721,773	\$ —	\$ —	\$ —
U.S. Government Securities Savings	357,973,782	—	—	—
Near-Term Tax Free	13,706,867	319,733	(162,728)	157,005
Tax Free	16,965,131	505,797	(725,995)	(220,198)
All American Equity	16,205,659	618,194	(1,282,504)	(664,310)
Holmes Growth	37,349,705	747,282	(7,384,859)	(6,637,577)
Global MegaTrends	26,831,131	831,438	(5,636,849)	(4,805,411)
Global Resources	764,233,452	21,030,929	(340,696,064)	(319,665,135)
World Precious Minerals	634,371,374	45,574,743	(320,329,407)	(274,754,664)
Gold and Precious Metals	219,949,871	23,907,049	(47,865,864)	(23,958,815)
Eastern European	740,294,896	4,193,053	(432,039,020)	(427,845,967)
Global Emerging Markets	19,127,378	160,704	(10,105,341)	(9,944,637)
China Region	39,056,399	2,663,855	(5,726,679)	(3,062,824)

As of December 31, 2008, the components of distributable earnings on a tax basis were as follows:

Fund	Undistributed Tax-Exempt Income	Undistributed Ordinary Income	Undistributed Long-Term Capital Gains	Net Unrealized Appreciation (Depreciation)
U.S. Treasury Securities Cash	\$ —	\$ —	\$—	\$ —
U.S. Government Securities Savings	—	461,309	—	—
Near-Term Tax Free	11,456	9,769	—	157,005
Tax Free	5,389	29,135	—	(220,198)
All American Equity	—	97,543	—	(664,310)
Holmes Growth	—	—	—	(6,637,577)
Global MegaTrends	—	—	—	(4,804,789)
Global Resources	—	—	—	(319,696,142)
World Precious Minerals	—	—	—	(274,773,868)
Gold and Precious Metals	—	—	—	(24,012,612)
Eastern European	—	—	—	(427,838,457)
Global Emerging Markets	—	—	—	(9,944,916)
China Region	—	—	—	(3,169,172)

The differences between book-basis and tax-basis unrealized appreciation (depreciation) for All American Equity, Holmes Growth, Global MegaTrends, Global Resources, World Precious Minerals, Gold and Precious Metals, Eastern European, Global Emerging Markets and China Region Funds are attributable primarily to the tax deferral of losses on wash sales, investment in passive foreign investment companies (PFIC), forwards marked to markets, unreversed return of capital in Canadian Trusts, adjustments for partnerships, tax straddle loss deferrals on written options, and adjustments for grantor trusts.

Reclassifications are made to the Funds' capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. For the period ended December 31, 2008, the Funds recorded the following reclassifications to increase (decrease) the accounts listed below:

Fund	Accumulated Net Investment Income	Accumulated Net Realized Gain	Paid-in Capital
U.S. Treasury Securities Cash	\$ 630	\$ —	\$ (630)
U.S. Government Securities Savings	58,028	(58,028)	—
Near-Term Tax Free	—	59,454	(59,454)
Tax Free	—	234,550	(234,550)
All American Equity	—	—	—
Holmes Growth	14,866	24,293,638	(24,308,504)
Global MegaTrends	33,563	(167)	(33,396)
Global Resources	41,408,717	(34,934,009)	(6,474,708)
World Precious Minerals	40,877,286	(20,021,016)	(20,856,270)
Gold and Precious Metals	211,203	(1,403,245)	1,192,042
Eastern European	1,757,983	683,630	(2,441,613)
Global Emerging Markets	167,455	306	(167,761)
China Region	1,316,839	(560,383)	(756,456)

The tax character of distributions paid during the fiscal period ended December 31, 2008, were as follows:

Fund	Tax-Exempt Income	Ordinary Income	Long-Term Capital Gains	Tax Return of Capital	Total
U.S. Treasury Securities Cash	\$ —	\$ 259,483	\$ —	\$ —	\$ 259,483
U.S. Government Securities Savings	—	2,801,889	—	—	2,801,889
Near-Term Tax Free	183,663	39,343	—	—	223,006
Tax Free	324,296	31,085	—	—	355,381
All American Equity	—	6,594	—	—	6,594
Holmes Growth	—	—	—	—	—
Global MegaTrends	—	—	—	25,988	25,988
Global Resources	—	10,465,142	85,843,436	—	96,308,578
World Precious Minerals	—	—	61,845,712	—	61,845,712
Gold and Precious Metals	—	5,098,335	6,520,755	—	11,619,090
Eastern European	—	—	—	—	—
Global Emerging Markets	—	—	—	147,530	147,530
China Region	—	—	—	—	—

Notes to Financial Statements

December 31, 2008

The tax character of distributions paid during the fiscal year ended June 30, 2008, were as follows:

Fund	Tax-Exempt Income	Ordinary Income	Long-Term Capital Gains	Tax Return of Capital	Total
U.S. Treasury Securities Cash	\$ —	\$ 2,910,606	\$ —	\$ —	\$ 2,910,606
U.S. Government Securities Savings	—	15,993,388	—	—	15,993,388
Near-Term Tax Free	397,725	61,285	—	—	459,010
Tax Free	598,358	69,833	—	—	668,191
All American Equity	—	2,184,301	518,139	110,537	2,812,977
Global Resources	—	149,122,250	105,446,649	—	254,568,899
World Precious Minerals	—	120,839,685	82,005,547	—	202,845,232
Gold and Precious Metals	—	1,341,359	24,180,522	—	25,521,881
China Region	—	23,799,607	1,839,778	1,395,287	27,034,672

The tax character of distributions paid during the fiscal year ended June 30, 2007, were as follows:

Fund	Tax-Exempt Income	Ordinary Income	Long-Term Capital Gains	Total
U.S. Treasury Securities Cash	\$ —	\$ 5,084,891	\$ —	\$ 5,084,891
U.S. Government Securities Savings	—	21,124,058	—	21,124,058
Near-Term Tax Free	439,674	61,980	—	501,654
Tax Free	542,232	73,157	—	615,389
All American Equity	—	2,601,988	346,118	2,948,106
China Region	—	1,333,614	—	1,333,614
Global Resources	—	146,150,003	36,449,062	182,599,065
World Precious Minerals	—	77,575,723	43,172,873	120,748,596
Gold and Precious Metals	—	—	—	—

The tax character of distributions paid during the fiscal year ended October 31, 2008, were as follows:

Fund	Ordinary Income	Long-Term Capital Gains	Total
Holmes Growth	\$ —	\$ —	\$ —
Global MegaTrends	—	1,317,151	1,317,151
Eastern European	55,221,730	218,405,637	273,627,367
Global Emerging Markets	5,732,993	3,921,150	9,654,143

The tax character of distributions paid during the fiscal year ended October 31, 2007, were as follows:

Fund	Ordinary Income	Long-Term Capital Gains	Total
Holmes Growth	\$ —	\$ —	\$ —
Global MegaTrends	85,614	1,176,070	1,261,684
Eastern European	124,453,568	70,903,939	195,357,507
Global Emerging Markets	1,164,374	1,299,563	2,463,937

Net realized capital loss carryforwards, for federal income tax purposes, may be used to offset current or future capital gains until expiration. The Funds' tax-basis capital gains and losses are determined only at the end of each fiscal year. The loss carryforwards and related expiration dates for each fund, as of December 31, 2008, are as follows:

Fund	Expiration Date			
	2009	2010	2011	2012
U.S. Treasury Securities Cash	\$ —	\$285	\$ —	\$ —
U.S. Government Securities Savings	—	—	—	—
Near-Term Tax Free	—	—	46,218	33,686
Tax Free	—	—	90,567	421,236
All American Equity	—	—	—	—
Holmes Growth	1,040,063	—	—	—
Global MegaTrends	—	—	—	—
Global Resources	—	—	—	—
World Precious Minerals	—	—	—	—
Gold and Precious Metals	—	—	—	—
Eastern European	—	—	—	—
Global Emerging Markets	—	—	—	—
China Region	—	—	—	—

Fund	Expiration Date				
	2013	2014	2015	2016	Total
U.S. Treasury Securities Cash	\$ —	\$ —	\$ —	\$ —	\$ 285
U.S. Government Securities Savings	—	—	—	—	—
Near-Term Tax Free	2,760	202,719	2,488	112	287,983
Tax Free	—	—	—	10,697	522,500
All American Equity	—	—	—	3,188,188	3,188,188
Holmes Growth	—	—	2,281,824	2,830,320	6,152,207
Global MegaTrends	—	—	8,605,703	5,994,166	14,599,869
Global Resources	—	—	—	174,188,308	174,188,308
World Precious Minerals	—	—	—	43,534,505	43,534,505
Gold and Precious Metals	—	—	—	18,951,332	18,951,332
Eastern European	—	—	—	83,605,572	83,605,572
Global Emerging Markets	—	—	4,262,898	2,965,929	7,228,827
China Region	—	—	—	24,694,256	24,694,256

Fund	Post October 31, 2008 Capital Loss Deferral	Post October 31, 2008 Currency Loss Deferral
All American Equity	\$ 1,988,625	\$ —
Global Resources	252,675,661	70,839
World Precious Minerals	65,086,087	162,947
Gold & Precious Metals	21,778,685	15,605
China Region	6,793,201	—

The above amounts, in accordance with tax rules, are deemed to have occurred on January 1, 2009.

NOTE 5: RISKS OF CONCENTRATIONS

The investment policies of the World Precious Minerals and Gold and Precious Metals Funds present unique risks to their respective portfolios' values. The prices of gold and other precious metals may be subject to fluctuations caused by international monetary and political developments including trade or currency restrictions, currency devaluation and revaluation, and social and political conditions within a country. Fluctuations in the prices of gold and other precious metals will affect the market values of the securities held by these funds.

The Eastern European and Global Emerging Markets Funds may be exposed to risks not typically associated with investment in the United States due to their concentration of investments in emerging markets. These risks include possible revaluation of currencies, less public information about companies, disruptive political or economic conditions and the possible imposition of adverse governmental laws or currency exchange restrictions. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those securities of comparable U.S. issuers.

The China Region Fund may be exposed to risks not typically associated with investments in the United States, due to concentration of investments in foreign issuers in the region. These investments present risks resulting from disruptive political or economic conditions and the potential imposition of adverse governmental laws or currency exchange restrictions affecting the area.

NOTE 6: CREDIT ARRANGEMENTS

Each of the Funds, along with other funds under common management, has a revolving credit facility with BBH. Borrowings of each Fund are collateralized by any or all of the securities held by BBH as the Fund's custodian up to the amount of the borrowing. Interest on borrowings is charged at the current overnight Federal Funds Rate plus 2%. Each Fund has a maximum borrowing limit of 10% of qualified assets. The aggregate of borrowings by all Funds under the agreement cannot exceed \$30,000,000 at any one time. There were no borrowings under the revolving credit facility during the period ended December 31, 2008. The U.S. Global Investors Funds paid BBH a total of \$17,188 in commitment fees during the period ended December 31, 2008, under this arrangement.

NOTE 7: SHARES OF BENEFICIAL INTEREST

At December 31, 2008, individual shareholders holding more than 5% of outstanding shares comprised 6.85% and 16.47% of the Near-Term Tax Free Fund and Tax Free Fund, respectively. In addition, the Adviser held 10.59% and 9.33% of the Near-Term Tax Free Fund and Tax Free Fund, respectively. Control is defined by the 1940 Act as the beneficial ownership, either directly or through one or more controlled companies, of more than 25% of the voting securities of a

company. Investment activities of these shareholders could have a material impact on the Funds.

NOTE 8: EASTERN EUROPEAN FUND STOCK SPLIT

Effective as of May 27, 2008, the Eastern European Fund instituted a 3-for-1 stock split. All capital share activity and per share data for Eastern European Fund for the previous periods presented in these financial statements has been adjusted to reflect the stock split.

NOTE 9: PARTICIPATION IN FEDERAL MONEY MARKET FUND PROGRAM

Effective October 8, 2008, the U.S. Treasury Securities Fund and U.S. Government Securities Savings Fund agreed to participate in the U.S. Treasury Guarantee Program for Money Market Funds (the Program). The Program is designed to guarantee to investors in participating money market funds that they receive \$1.00 for each money market fund share held as of the close of business on September 19, 2008. The Program does not cover any increase in the number of fund shares held in an account or any new purchases of fund shares after the close of business on September 19, 2008. The guarantee will be triggered if the fund's net asset value per share falls below \$0.995 – what is commonly referred to as “breaking the buck” – and the fund liquidates. U.S. Treasury Securities Cash Fund and U.S. Government Securities Savings Fund paid \$11,320 and \$42,788, respectively, to participate in the Program. The cost for the Funds to participate is without regard to any expense limitations in effect. The initial term of the Program ended on December 18, 2008, and the Funds did not extend their participation.

Financial Highlights

U.S. TREASURY SECURITIES CASH FUND

For a capital share outstanding during the

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Net asset value, beginning of period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Investment Activities						
Net investment income	—(a)	.02	.04	.03	.01	—(a)
Net realized and unrealized gain	—	—	—	—	—	—
Total from investment activities	—(a)	.02	.04	.03	.01	—(a)
Distributions from net investment income	—(a)	(.02)	(.04)	(.03)	(.01)	—(a)
Net asset value, end of period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Total Return (excluding account fees) (b)	.23%	2.46%	4.36%	3.11%	1.12%	.08%
Ratios to Average Net Assets: (c)						
Net investment income	.44%	2.43%	4.27%	3.06%	1.11%	.07%
Total expenses	1.11%	1.09%	.91%	.92%	.97%	1.00%
Expenses reimbursed (d)	(.38)%	(.09)%	(.02)%	—	—	(.04)%
Net recouped fees (e)	—	—(g)	—	.03%	—	—
Net expenses (f)	.73%	1.00%	.89%	.95%	.97%	.96%
Net assets, end of period (in thousands)	\$121,410	\$111,955	\$116,012	\$119,028	\$124,058	\$112,575

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would decrease the net investment income ratio had such reductions not occurred.
- (e) During the year ended June 30, 2004, the Adviser waived fees and/or reimbursed expenses as a result of a Minimum Yield Agreement in the amount of \$45,136. As allowed by the recapture provision of this agreement, the U.S. Treasury Securities Cash Fund reimbursed the Adviser the previously waived amount of \$45,136 during the year ended June 30, 2006. During the year ended June 30, 2008, the Adviser waived fees and/or reimbursed expenses under the Minimum Yield Agreement in the amount of \$4,259. The Fund reimbursed the Adviser the \$4,259 during the year ended June 30, 2008. During the six months ended December 31, 2008, the Adviser waived fees and/or reimbursed expenses under the Minimum Yield Agreement in the amount of \$170,642.
- (f) The net expense ratios shown above reflect expenses after reimbursements but exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. These amounts would decrease the net investment income ratio had such reductions not occurred. The effect of expenses offset are as follows:

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset (g)	—	—	—	—	—	—

- (g) Effect on the expense ratio was not greater than 0.005%.

See accompanying notes to financial statements.

Financial Highlights

U.S. GOVERNMENT SECURITIES SAVINGS FUND

For a capital share outstanding during the

	Six Months Ended December 31, 2008	Year Ended June 30,				
	2008	2008	2007	2006	2005	2004
Net asset value, beginning of period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Investment Activities						
Net investment income	.01	.03	.05	.04	.02	.01
Net realized and unrealized gain	—(a)	—(a)	—(a)	—	—	—
Total from investment activities	.01	.03	.05	.04	.02	.01
Distributions from net investment income	(.01)	(.03)	(.05)	(.04)	(.02)	(.01)
Net asset value, end of period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Total Return (excluding account fees) (b)	.67%	3.47%	4.86%	3.69%	1.70%	.63%
Ratios to Average Net Assets: (c)						
Net investment income	1.36%	3.42%	4.75%	3.64%	1.67%	.61%
Total expenses	.73%	.65%	.62%	.64%	.65%	.65%
Expenses reimbursed (d)	(.26)%	(.20)%	(.17)%	(.19)%	(.20)%	(.20)%
Net expenses (e)	.47%(g)	.45%	.45%	.45%	.45%	.45%
Net assets, end of period (in thousands)	\$357,910	\$446,208	\$469,095	\$435,417	\$411,979	\$441,722

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would decrease the net investment income ratio had such reductions not occurred.
- (e) The net expense ratios shown above reflect expenses after reimbursements but exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. These amounts would decrease the net investment income ratio had such reductions not occurred. The effect of expenses offset are as follows:

	Six Months Ended December 31, 2008	Year Ended June 30,				
	2008	2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset (f)	—	—	—	—	—	—

- (f) Effect on the expense ratio was not greater than 0.005%.
- (g) The annualized net expense ratio for the six months ended December 31, 2008, exceeded the limitation for the period due to the cost of participating in the U.S. Treasury Guarantee Program for Money Market Funds (see Note 9 to the financial statements). The cost to participate was without regard to the expense limitation.

See accompanying notes to financial statements.

Financial Highlights

NEAR-TERM TAX FREE FUND

For a capital share outstanding during the

	Six Months Ended December 31, 2008	Year Ended June 30,				
	2008	2008	2007	2006	2005*	2004*
Net asset value, beginning of period	\$2.14	\$2.12	\$2.12	\$2.17	\$2.17	\$2.23
Investment Activities						
Net investment income	.03	.07	.07	.07	.07	.06
Net realized and unrealized gain (loss)	.02	.02	—(a)	(.05)	(.01)	(.06)
Total from investment activities	.05	.09	.07	.02	.06	.00
Distributions from net investment income	(.03)	(.07)	(.07)	(.07)	(.06)	(.06)
Net asset value, end of period	\$2.16	\$2.14	\$2.12	\$2.12	\$2.17	\$2.17
Total Return (excluding account fees) (b)	2.55%	4.42%	3.51%	.75%	2.75%	.20%
Ratios to Average Net Assets: (c)						
Net investment income	3.15%	3.41%	3.43%	3.08%	2.79%	2.73%
Total expenses	1.82%	1.91%	1.63%	1.54%	1.49%	1.25%
Expenses reimbursed (d)	(1.37)%	(1.46)%	(1.18)%	(1.09)%	(1.04)%	(.80)%
Net expenses (e)	.45%	.45%	.45%	.45%	.45%	.45%
Portfolio turnover rate	8%	8%	22%	33%	5%	21%
Net assets, end of period (in thousands)	\$13,989	\$13,603	\$13,383	\$15,830	\$18,706	\$18,673

* The values shown for Near-Term Tax Free Fund prior periods have been adjusted to reflect the 5-for-1 stock split, which was effective on January 3, 2005.

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would decrease the net investment income ratio had such reductions not occurred.
- (e) The net expense ratios shown above reflect expenses after reimbursements but exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. These amounts would decrease the net investment income ratio had such reductions not occurred. The effect of expenses offset are as follows:

	Six Months Ended December 31, 2008	Year Ended June 30,				
	2008	2008	2007	2006	2005	2004
Ratios to Average Net Assets: (c):						
Expenses offset (f)	—	—	—	—	—	—
(f) Effect on the expense ratio was not greater than 0.005%.						

See accompanying notes to financial statements.

Financial Highlights

TAX FREE FUND

For a capital share outstanding during the

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Net asset value, beginning of period	\$11.93	\$11.98	\$11.98	\$12.33	\$12.08	\$12.65
Investment Activities						
Net investment income	.23	.47	.50	.52	.44	.43
Net realized and unrealized gain (loss)	(.21)	(.05)	—(a)	(.36)	.25	(.58)
Total from investment activities	.02	.42	.50	.16	.69	(.15)
Distributions from net investment income	(.23)	(.47)	(.50)	(.51)	(.44)	(.42)
Net asset value, end of period	\$11.72	\$11.93	\$11.98	\$11.98	\$12.33	\$12.08
Total Return (excluding account fees) (b)	.22%	3.54%	4.15%	1.30%	5.78%	(1.25)%
Ratios to Average Net Assets: (c)						
Net investment income	3.92%	3.91%	4.09%	4.01%	3.50%	3.22%
Total expenses	1.91%	1.94%	1.86%	1.69%	1.47%	1.09%
Expenses reimbursed (d)	(1.21)%	(1.24)%	(1.16)%	(.99)%	(.77)%	(.39)%
Net expenses (e)	.70%	.70%	.70%	.70%	.70%	.70%
Portfolio turnover rate	6%	11%	6%	19%	40%	54%
Net assets, end of period (in thousands)	\$16,946	\$18,380	\$15,940	\$14,992	\$22,433	\$28,167

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would decrease the net investment income ratio had such reductions not occurred.
- (e) The net expense ratios shown above reflect expenses after reimbursements but exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. These amounts would decrease the net investment income ratio had such reductions not occurred. The effect of expenses offset are as follows:

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset (f)	—	—	—	—	—	—

- (f) Effect on the expense ratio was not greater than 0.005%.

See accompanying notes to financial statements.

Financial Highlights

ALL AMERICAN EQUITY FUND

For a capital share outstanding during the

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Net asset value, beginning of period	\$27.27	\$28.58	\$27.59	\$24.47	\$22.53	\$19.15
Investment Activities						
Net investment gain (loss)	.04	(.15)	(.08)	(.18)	(.02)	(.11)
Net realized and unrealized gain (loss)	(9.97)	1.98	4.94	3.89	1.96	3.49
Total from investment activities	(9.93)	1.83	4.86	3.71	1.94	3.38
Distributions						
From net realized gains	(.01)	(3.01)	(3.87)	(.59)	—	—
From tax return of capital	—	(.13)	—	—	—	—
Total distributions	(.01)	(3.14)	(3.87)	(.59)	—	—
Short-Term Trading Fees * (a)	—	—	—	—	—	—
Net asset value, end of period	\$17.33	\$27.27	\$28.58	\$27.59	\$24.47	\$22.53
Total Return (excluding account fees) (b)	(36.42)%	5.99%	19.59%	15.25%	8.61%	17.65%
Ratios to Average Net Assets: (c)						
Net investment income (loss)	.35%	(.55)%	(.28)%	(.67)%	(.09)%	(.49)%
Total expenses	2.37%	1.98%	2.01%	2.20%	2.44%	2.31%
Expenses reimbursed (d)	(.62)%	(.23)%	(.26)%	(.44)%	(.69)%	(.56)%
Net expenses (e)	1.75%	1.75%	1.75%	1.76%	1.75%	1.75%
Portfolio turnover rate	205%	225%	223%	369%	262%	96%
Net assets, end of period (in thousands)	\$16,234	\$26,513	\$23,479	\$21,547	\$19,253	\$19,974

* Based on average monthly shares outstanding.

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio or decrease the net investment income ratio, as applicable, had such reductions not occurred.
- (e) The net expense ratios shown above reflect expenses after reimbursements but exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio, or decrease the net investment income ratio, as applicable, had such reductions not occurred. The effect of expenses offset are as follows:

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset	—(f)	—(f)	—(f)	(0.01)%	—(f)	—(f)

(f) Effect on the expense ratio was not greater than 0.005%.

See accompanying notes to financial statements.

Financial Highlights

HOLMES GROWTH FUND

For a capital share outstanding during the

	Two Months Ended December 31,	Year Ended October 31,				
	2008	2008	2007	2006	2005	2004**
Net asset value, beginning of period	\$14.14	\$24.78	\$18.34	\$16.56	\$14.38	\$13.55
Investment Activities						
Net investment loss	(.01)	(.15)	(.14)	(.14)	(.18)	(.19)
Net realized and unrealized gain (loss)	(1.34)	(10.49)	6.58	1.92	2.36	1.01
Total from investment activities	(1.35)	(10.64)	6.44	1.78	2.18	.82
Distributions	—	—	—	—	—	—
Short-Term Trading Fees *	—(a)	—(a)	—(a)	—(a)	—(a)	.01
Net asset value, end of period	\$12.79	\$14.14	\$24.78	\$18.34	\$16.56	\$14.38
Total Return (excluding account fees) (b)	(9.55)%	(42.94)%	35.11%	10.75%	15.16%	6.13%
Ratios to Average Net Assets: (c)						
Net investment loss	(.27)%	(.65)%	(.62)%	(.69)%	(.98)%	(1.15)%
Total expenses	2.51%	1.74%	1.72%	1.74%	1.83%	1.82%
Expenses reimbursed (d)	(.76)%	—	—	—	—	—
Net expenses (e)	1.75%	1.74%	1.72%	1.74%	1.83%	1.82%
Portfolio turnover rate	20%	140%	98%	290%	268%	192%
Net assets, end of period (in thousands)	\$32,488	\$36,231	\$68,881	\$61,810	\$65,065	\$67,074

* Based on average monthly shares outstanding.

** Effective June 1, 2004, U.S. Global Investors, Inc. assumed management of Holmes Growth Fund from the former subadviser.

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio or decrease the net investment income ratio, as applicable, had such reductions not occurred.
- (e) The expense ratios shown above exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to financial statements. These amounts would increase the net investment loss ratio, or decrease the net investment income ratio, as applicable, had such reductions not occurred. The effect of expenses offset are as follows:

	Two Months Ended December 31,	Year Ended October 31,				
	2008	2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset	—(f)	—(f)	—(f)	(0.01)%	—(f)	—

- (f) Effect on the expense ratio was not greater than 0.005%.

See accompanying notes to financial statements.

Financial Highlights

GLOBAL MEGATRENDS FUND

For a capital share outstanding during the

	Two Months Ended December 31, 2008	Year Ended October 31,				
		2008	2007**	2006	2005	2004
Net asset value, beginning of period	\$6.60	\$12.75	\$11.07	\$10.30	\$9.20	\$8.25
Investment Activities						
Net investment loss	—(a)	—(a)	(.11)	(.10)	(.14)	(.17)
Net realized and unrealized gain (loss)	(.31)	(5.30)	2.63	1.18	1.24	1.24
Total from investment activities	(.31)	(5.30)	2.52	1.08	1.10	1.07
Distributions						
From net investment income	—	—	—	—	—	(.12)
From net realized gains	—	(.85)	(.84)	(.31)	—	—
From tax return of capital	(.01)	—	—	—	—	—
Total distributions	(.01)	(.85)	(.84)	(.31)	—	(.12)
Short-Term Trading Fees * (a)	—	—	—	—	—	—
Net asset value, end of period	\$6.28	\$6.60	\$12.75	\$11.07	\$10.30	\$9.20
Total Return (excluding account fees) (b)	(4.74)%	(44.50)%	24.49%	10.53%	11.96%	13.01%
Ratios to Average Net Assets: (c)						
Net investment loss	(.20)%	(.06)%	(.93)%	(.89)%	(1.37)%	(1.77)%
Total expenses	2.96%	2.21%	2.49%	2.55%	2.83%	2.83%
Expenses reimbursed (d)	(1.11)%	(.21)%	—	—	—	—
Net expenses (e)	1.85%	2.00%	2.49%	2.55%	2.83%	2.83%
Portfolio turnover rate	29%	92%	65%	75%	54%	64%
Net assets, end of period (in thousands)	\$22,035	\$25,387	\$17,723	\$17,077	\$14,276	\$13,239

* Based on average monthly shares outstanding.

** Effective October 1, 2007, U.S. Global Investors, Inc. assumed management of Global MegaTrends Fund from the former subadviser.

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio or decrease the net investment income ratio, as applicable, had such reductions not occurred.
- (e) The expense ratios shown above exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to financial statements. These amounts would increase the net investment loss ratio, or decrease the net investment income ratio, as applicable, had such reductions not occurred. The effect of expenses offset are as follows:

	Two Months Ended December 31, 2008	Year Ended October 31,				
		2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset (f)	—	—	—	—	—	—

- (f) Effect on the expense ratio was not greater than 0.005%.

See accompanying notes to financial statements.

Financial Highlights

GLOBAL RESOURCES FUND

For a capital share outstanding during the

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Net asset value, beginning of period	\$20.52	\$17.70	\$17.22	\$12.67	\$8.39	\$5.14
Investment Activities						
Net investment income (loss)	(.02)*	.05*	.21	.29	.25	.12
Net realized and unrealized gain (loss)	(13.92)*	5.86*	2.86	5.63	4.67	3.26
Total from investment activities	(13.94)	5.91	3.07	5.92	4.92	3.38
Distributions						
From net investment income	—	(.95)	(.88)	(.32)	(.34)	(.13)
From net realized gains	(1.32)	(2.14)	(1.71)	(1.05)	(.30)	—
Total distributions	(1.32)	(3.09)	(2.59)	(1.37)	(.64)	(.13)
Short-Term Trading Fees * (a)	—	—	—	—	—	—
Net asset value, end of period	\$5.26	\$20.52	\$17.70	\$17.22	\$12.67	\$8.39
Total Return (excluding account fees) (b)	(67.70)%	37.59%	20.94%	48.91%	60.21%	65.73%
Ratios to Average Net Assets: (c)						
Net investment income (loss)	(.34)%	.28%	.74%	1.07%	.91%	.74%
Total expenses	1.20%	.88%	.95%	.96%	1.30%	1.54%
Expenses reimbursed (d)	(.12)%	—	—	—	—	—
Net expenses (e)	1.08%	.88%	.95%	.96%	1.30%	1.54%
Portfolio turnover rate	100%	133%	122%	157%	116%	140%
Net assets, end of period (in thousands)	\$464,524	\$2,010,581	\$1,383,250	\$1,281,664	\$488,183	\$135,574

* Based on average monthly shares outstanding.

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio or decrease the net investment income ratio, as applicable, had such reductions not occurred.
- (e) The net expense ratios shown above reflect expenses after reimbursements but exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio, or decrease the net investment income ratio, as applicable, had such reductions not occurred. The effect of expenses offset are as follows:

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset	—(f)	(0.01)%	(0.01)%	(0.01)%	—(f)	—(f)

- (f) Effect on the expense ratio was not greater than 0.005%.

See accompanying notes to financial statements.

Financial Highlights

WORLD PRECIOUS MINERALS FUND

For a capital share outstanding during the

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Net asset value, beginning of period	\$25.32	\$28.34	\$28.86	\$15.50	\$13.68	\$9.75
Investment Activities						
Net investment income (loss)	(.06)*	(.13)*	—*	.72	(.22)	(.17)*
Net realized and unrealized gain (loss)	(13.65)*	3.70*	3.02	13.62	2.42	5.85
Total from investment activities	(13.71)	3.57	3.02	14.34	2.20	5.68
Distributions						
From net investment income	—	(3.25)	(1.52)	(.67)	(.46)	(1.86)
From net realized gains	(2.05)	(3.35)	(2.04)	(.37)	—	—
Total distributions	(2.05)	(6.60)	(3.56)	(1.04)	(.46)	(1.86)
Short-Term Trading Fees *	—(a)	.01	.02	.06	.08	.11
Net asset value, end of period	\$9.56	\$25.32	\$28.34	\$28.86	\$15.50	\$13.68
Total Return (excluding account fees) (b)	(51.23)%	14.14%	11.48%	96.21%	16.50%	57.42%
Ratios to Average Net Assets: (c)						
Net investment income (loss)	(.80)%	(.43)%	.06%	.05%	(1.01)%	(1.15)%
Total expenses	1.36%	.97%	.99%	1.13%	1.48%	1.47%
Expenses reimbursed (d)	(.11)%	—	—	—	—	—
Net expenses (e)	1.25%	.97%	.99%	1.13%	1.48%	1.47%
Portfolio turnover rate	27%	58%	54%	66%	55%	65%
Net assets, end of period (in thousands)	\$359,120	\$949,014	\$923,779	\$920,249	\$268,312	\$246,852

* Based on average monthly shares outstanding.

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio or decrease the net investment income ratio, as applicable, had such reductions not occurred.
- (e) The net expense ratios shown above reflect expenses after reimbursements but exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio, or decrease the net investment income ratio, as applicable, had such reductions not occurred. The effect of expenses offset are as follows:

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset (f)	—	—	—	—	—	—

- (f) Effect on the expense ratio was not greater than 0.005%.

See accompanying notes to financial statements.

Financial Highlights

GOLD AND PRECIOUS METALS FUND

For a capital share outstanding during the

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Net asset value, beginning of period	\$17.18	\$14.99	\$15.48	\$7.67	\$7.00	\$5.18
Investment Activities						
Net investment income (loss)	(.03)	(.08)*	.05	(.01)*	(.11)	(.10)
Net realized and unrealized gain (loss)	(5.59)	4.69	(.56)	7.88	.79	1.91
Total from investment activities	(5.62)	4.61	(.51)	7.87	.68	1.81
Distributions from net realized gains	(.73)	(2.43)	—	(.12)	(.05)	(.03)
Short-Term Trading Fees *	—(a)	.01	.02	.06	.04	.04
Net asset value, end of period	\$10.83	\$17.18	\$14.99	\$15.48	\$7.67	\$7.00
Total Return (excluding account fees) (b)	(31.51)%	33.49%	(3.17)%	104.15%	10.19%	35.57%
Ratios to Average Net Assets: (c)						
Net investment income (loss)	(.66)%	(.41)%	.31%	(.06)%	(1.13)%	(1.45)%
Total expenses	1.54%	1.27%	1.29%	1.47%	1.97%	1.93%
Expenses reimbursed (d)	(.15)%	—	—	—	—	—
Net expenses (e)	1.39%	1.27%	1.29%	1.47%	1.97%	1.93%
Portfolio turnover rate	61%	93%	72%	78%	66%	85%
Net assets, end of period (in thousands)	\$192,206	\$259,022	\$178,762	\$208,027	\$63,816	\$66,732

* Based on average monthly shares outstanding.

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio or decrease the net investment income ratio, as applicable, had such reductions not occurred.
- (e) The net expense ratios shown above reflect expenses after reimbursements but exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio, or decrease the net investment income ratio, as applicable, had such reductions not occurred. The effect of expenses offset are as follows:

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset	—(f)	—(f)	(0.01)%	—(f)	—(f)	—(f)

- (f) Effect on the expense ratio was not greater than 0.005%.

See accompanying notes to financial statements.

Financial Highlights

EASTERN EUROPEAN FUND

For a capital share outstanding during the

	Two Months Ended December 31, 2008**	Year Ended October 31,				
		2008*	2007*	2006*	2005*	2004*
Net asset value, beginning of period	\$6.35	\$19.91	\$15.44	\$12.88	\$9.47	\$6.48
Investment Activities						
Net investment income (loss)	(.03)	(.03)	(.10)	.13	(.03)**	(.01)
Net realized and unrealized gain (loss)	(1.20)	(10.10)	6.83	3.60	3.81**	3.31
Total from investment activities	(1.23)	(10.13)	6.73	3.73	3.78	3.30
Distributions						
From net investment income	—	—	(.29)	—	(.09)	(.02)
From net realized gains	—	(3.46)	(1.98)	(1.22)	(.31)	(.35)
Total distributions	—	(3.46)	(2.27)	(1.22)	(.40)	(.37)
Short-Term Trading Fees **	—(a)	.03	.01	.05	.03	.06
Net asset value, end of period	\$5.12	\$6.35	\$19.91	\$15.44	\$12.88	\$9.47
Total Return (excluding account fees) (b)	(19.37)%	(61.36)%	48.74%	31.03%	41.43%	54.12%
Ratios to Average Net Assets: (c)						
Net investment income (loss)	(3.02)%	(.15)%	(.61)%	.71%	(.31)%	(.23)%
Total expenses	2.37%	1.96%	1.98%	1.95%	2.00%	2.08%
Expenses reimbursed (d)	(.27)%	—(f)	—	—	—	—
Net expenses (e)	2.10%	1.96%	1.98%	1.95%	2.00%	2.08%
Portfolio turnover rate	11%	82%	54%	68%	95%	89%

Net assets, end of period (in thousands) \$317,320 \$415,494 \$1,582,707 \$1,347,149 \$903,855 \$279,545

* The per share amounts shown for the current and prior periods have been adjusted to reflect the 3-for-1 stock split which was effective on May 27, 2008.

** Based on average monthly shares outstanding.

*** Effective November 7, 2008, U.S. Global Investors, Inc. assumed management of the fund from Charlemagne Capital (IOM) Limited.

- (a) The per share amount does not round to a full penny.
- (b) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (c) Ratios are annualized for periods of less than one year.
- (d) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio or decrease the net investment income ratio, as applicable, had such reductions not occurred.
- (e) The expense ratios shown above exclude the effect of reductions to total expenses for any expenses offset and for fees rebated from the subadviser. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. Through June 2006, the subadviser of the above fund provided advisory services to two closed-end investment companies that the above fund had invested in. The subadviser rebated amounts to the above fund representing the portion of management fees paid by the two investment companies to the subadviser based on the above fund's investment. Fees rebated by the subadviser also reduce total expenses. These amounts would increase the net investment loss ratio, or decrease the net investment income ratio, as applicable, had such reductions not occurred. The effect of expenses offset and expenses rebated by the subadviser are as follows:

	Two Months Ended December 31, 2008	Year Ended October 31,				
		2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset	—(f)	(0.01)%	(0.01)%	(0.01)%	(0.01)%	—(f)
Expenses rebated by subadviser	n/a	n/a	n/a	(0.01)%	(0.02)%	(0.05)%

(f) Effect on the expense ratio was not greater than 0.005%.

See accompanying notes to financial statements.

Financial Highlights

GLOBAL EMERGING MARKETS FUND

For a capital share outstanding during the

	Two Months Ended December 31, 2008**	Year Ended October 31, 2008	Year Ended October 31, 2007	Year Ended October 31, 2006	Period Ended October 31, 2005 (a)
Net asset value, beginning of period	\$5.94	\$21.88	\$13.93	\$10.65	\$10.00
Investment Activities					
Net investment income (loss)	(.01)	(.43)	(.13)	.02	.06
Net realized and unrealized gain (loss)	(.56)	(11.98)	9.18	3.50	.56
Total from investment activities	(.57)	(12.41)	9.05	3.52	.62
Distributions					
From net investment income	—	(.46)	—	(.05)	—
From net realized gains	—	(3.11)	(1.13)	(.26)	—
From tax return of capital	(.08)	—	—	—	—
Total distributions	(.08)	(3.57)	(1.13)	(.31)	—
Short-Term Trading Fees *	—(b)	.04	.03	.07	.03
Net asset value, end of period	\$5.29	\$5.94	\$21.88	\$13.93	\$10.65
Total Return (excluding account fees) (d)	(9.59)%	(66.81)%	69.52%	34.16%	6.50%
Ratios to Average Net Assets (d):					
Net investment income (loss)	(1.16)%	(1.01)%	(.92)%	.13%	1.08%
Total expenses	6.83%	2.80%	2.75%	3.07%	4.16%
Expenses reimbursed (e)	(4.33)%	(.30)%	(.39)%	(1.05)%	(2.16)%
Net expenses (f)	2.50%	2.50%	2.36%	2.02%	2.00%
Portfolio Turnover Rate	21%	83%	125%	136%	93%
Net assets, end of period (in thousands)	\$9,663	\$11,708	\$59,621	\$29,029	\$16,157

* Based on average monthly shares outstanding.

** Effective November 7, 2008, U.S. Global Investors, Inc. assumed management of the fund from Charlemagne Capital (IOM) Limited.

(a) From February 24, 2005, commencement of operations.

(b) The per share amount does not round to a full penny.

(c) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.

(d) Ratios are annualized for periods of less than one year.

(e) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio or decrease the net investment income ratio, as applicable, had such reductions not occurred.

(f) The expense ratios shown above exclude the effect of reductions to total expenses for any expenses offset and for fees rebated from the subadviser. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. Through June 2006, the subadviser of the above fund provided advisory services to a closed-end investment company that the above fund had invested in. The subadviser rebated amounts to the above fund representing the portion of management fees paid by the investment company to the subadviser based on the above fund's investment. Fees rebated by the subadviser also reduce total expenses. These amounts would increase the net investment loss ratio, or decrease the net investment income ratio, as applicable, had such reductions not occurred. The effect of expenses offset and expenses rebated by the subadviser are as follows:

	Two Months Ended December 31, 2008	Year Ended October 31, 2008	Year Ended October 31, 2007	Year Ended October 31, 2006	Period Ended October 31, 2005 (a)
Ratios to Average Net Assets (d):					
Expenses offset	—(g)	—(g)	n/a	n/a	n/a
Expenses rebated by subadviser	n/a	n/a	n/a	(0.02)%	—(g)

(g) Effect on the expense ratio was not greater than 0.005%.

See accompanying notes to financial statements.

Financial Highlights

CHINA REGION FUND

For a capital share outstanding during the

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Net asset value, beginning of period	\$9.09	\$12.55	\$8.71	\$6.87	\$5.86	\$4.17
Investment Activities						
Net investment income (loss)	(.02)*	(.03)*	—*	(.01)*	(.06)	—*
Net realized and unrealized gain (loss)	(3.49)*	(.27)*	3.98*	2.02	1.22	1.69
Total from investment activities	(3.51)	(.30)	3.98	2.01	1.16	1.69
Distributions						
From net investment income	—	(.10)	(.16)	(.19)	(.16)	(.05)
From net realized gains	—	(2.93)	—	—	—	—
From tax return of capital	—	(.17)	—	—	—	—
Total distributions	—	(3.20)	(.16)	(.19)	(.16)	(.05)
Short-Term Trading Fees *	.01	.04	.02	.02	.01	.05
Net asset value, end of period	\$5.59	\$9.09	\$12.55	\$8.71	\$6.87	\$5.86
Total Return (excluding account fees) (a)	(38.50)%	(8.58)%	46.34%	30.03%	19.98%	41.63%
Ratios to Average Net Assets: (b)						
Net investment income (loss)	(.47)%	(.26)%	.02%	(.08)%	(.54)%	.05%
Total expenses	2.46%	1.95%	2.02%	2.31%	2.56%	2.25%
Expenses reimbursed (c)	(.27)%	—	—	—	—	—
Net expenses (d)	2.19%	1.95%	2.02%	2.31%	2.56%	2.25%
Portfolio turnover rate	117%	208%	208%	292%	136%	126%
Net assets, end of period (in thousands)	\$38,348	\$81,109	\$93,805	\$67,761	\$30,511	\$35,090

* Based on average monthly shares outstanding.

- (a) Total returns for periods less than one year are not annualized. Assumes investment at the net asset value at the beginning of the period, reinvestment of all distributions and a complete redemption of the investment at the net asset value at the end of the period.
- (b) Ratios are annualized for periods of less than one year.
- (c) Expenses reimbursed reflect reductions to total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio or decrease the net investment income ratio, as applicable, had such reductions not occurred.
- (d) The net expense ratios shown above reflect expenses after reimbursements but exclude the effect of reductions to total expenses for any expenses offset. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. These amounts would increase the net investment loss ratio, or decrease the net investment income ratio, as applicable, had such reductions not occurred. The effect of expenses offset are as follows:

	Six Months Ended December 31, 2008	Year Ended June 30,				
		2008	2007	2006	2005	2004
Ratios to Average Net Assets (c):						
Expenses offset	—(e)	—(e)	—(e)	(0.01)%	—(e)	—(e)
(e) Effect on the expense ratio was not greater than 0.005%.						

See accompanying notes to financial statements.

Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders
of the U.S. Global Investors Funds Trust:

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of the Holmes Growth Fund, Global MegaTrends Fund, Eastern European Fund and Global Emerging Markets Fund, each a portfolio within the U.S. Global Investors Funds Trust as of December 31, 2008, and the related statements of operations for the two-month period then ended and the year ended October 31, 2008, the statements of changes in net assets for the two-month period then ended and the two-year period ended October 31, 2008 and financial highlights for the two-month period then ended and each of the years in the five-year period ended October 31, 2008. We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of the U.S. Treasury Securities Cash Fund, U.S. Government Securities Savings Fund, Near-Term Tax Free Fund, Tax Free Fund, All American Equity Fund, Global Resources Fund, World Precious Minerals Fund, Gold and Precious Metals Fund and China Region Fund, each a portfolio within the U.S. Global Investors Funds Trust as of December 31, 2008, and the related statements of operations for the six-month period then ended and the year ended June 30, 2008, the statements of changes in net assets for the six-month period then ended and the two-year period ended June 30, 2008 and financial highlights for the six-month period then ended and each of the years in the five-year period ended June 30, 2008. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2008, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the respective funds within the U.S. Global Investors Funds Trust, as of December 31, 2008, and the results of their operations, the changes in their net assets and financial highlights for the periods described above, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Boston, Massachusetts
February 23, 2009

The following table presents information about the Trustees as of December 31, 2008, together with a brief description of their principal occupations during the last five years. The Agreement and Declaration of Trust provides that each trustee shall serve as a trustee of the Trust during the lifetime of this Trust and until its termination except as such trustee sooner dies, resigns or is removed. In addition, each trustee who is not an “interested person” of the Trust shall be required to retire in accordance with the terms of any retirement policy then in effect that has been approved by a majority vote of all independent trustees. The current retirement policy provides that the retirement age for non-interested trustees is 72 years of age. If you would like more information about the Trustees, you may call 1-800-US-FUNDS (1-800-873-8637) to request a free copy of the Statement of Additional Information.

Non-Interested Trustees

Name (Age) Address Positions Held with Trust Length of Time Served* Number of Portfolios in Fund Complex Overseen by Trustee	Principal Occupation(s) and Previous Positions During Past 5 Years and Other Directorships Held
Mr. J. Michael Belz (55) 7900 Callaghan Road San Antonio, TX 78229 Trustee November 1998 to present Thirteen portfolios	Principal Occupation: President and Chief Executive Officer of Catholic Life Insurance since 1984. Other Directorships Held: Director, Broadway National Bank from October 2003 to present.
James F. Gaertner (65) 7900 Callaghan Road San Antonio, TX 78229 Trustee November 2002 to present Thirteen portfolios	Principal Occupation: President of Sam Houston State University from August 2001 to present. Other Directorships Held: Chairman of the Audit Committee, Tandy Brands Accessories, Inc. from October 1997 to present.
Clark R. Mandigo (65) 7900 Callaghan Road San Antonio, TX 78229 Trustee May 1993 to present Thirteen portfolios	Principal Occupation: Restaurant operator, business consultant since 1991.
Joe C. McKinney (62) 7900 Callaghan Road San Antonio, TX 78229 Trustee October 2008 to present Thirteen portfolios	Principal Occupation: Vice Chairman, Broadway National Bank from October 2002 to present. Other Directorships Held: Director, Broadway National Bank from October 2002 to present; Director, USAA Real Estate Company from September 2004 to present; Director, Luby’s, Inc. from January 2003 to present.

*These dates include service for a predecessor trust.

Interested Trustee

Name (Age)

Address

Positions Held with Trust

Length of Time Served*

Number of Portfolios in Fund

Complex Overseen by Trustee

Principal Occupation(s) and Previous Positions During Past 5 Years and Other Directorships Held

Frank Holmes ** (53)
7900 Callaghan Road
San Antonio, TX 78229
Trustee, Chief Executive
Officer, Chief Investment
Officer, President January 1990
to present
Thirteen portfolios

Principal Occupation: Director, Chief Executive Officer, and Chief Investment Officer of the Adviser. Since October 1989, Mr. Holmes has served and continues to serve in various positions with the Adviser, its subsidiaries, and the investment companies it sponsors.
Other Directorships Held: Director of 71316 Ontario, Inc. since April 1987 and of F. E. Holmes Organization, Inc. since July 1978.

*These dates include service for a predecessor trust.

**Mr. Holmes is an "interested person" of the Trust by virtue of his positions with U.S. Global Investors, Inc.

The following table presents information about each Officer of the Trust as of December 31, 2008, together with a brief description of their principal occupations during the last five years. Each holds office until his or her successor is duly elected and qualified.

Officers

Name (Age)

Address

Positions Held with Trust

Length of Time Served*

Principal Occupation(s) During Past 5 Years

Frank Holmes (53)
7900 Callaghan Road
San Antonio, TX 78229
Trustee, Chief Executive
Officer, Chief Investment
Officer, President
January 1990 to present

Director, Chief Executive Officer, and Chief Investment Officer of the Adviser. Since October 1989, Mr. Holmes has served and continues to serve in various positions with the Adviser, its subsidiaries, and the investment companies it sponsors.

Susan McGee (49)
7900 Callaghan Road
San Antonio, TX 78229
Executive Vice President,
Secretary, General Counsel
March 1997 to present

President and General Counsel of the Adviser. Since September 1992, Ms. McGee has served and continues to serve in various positions with the Adviser, its subsidiaries, and the investment companies it sponsors.

Catherine Rademacher (48)
7900 Callaghan Road
San Antonio, TX 78229
Treasurer
July 2004 to present

Chief Financial Officer of the Adviser. Since April 2004, Ms. Rademacher has served and continues to serve in various positions with the Adviser, its subsidiaries, and the investment companies it sponsors. Associate with Resources Connection from July 2003 to February 2004.

Trustees and Officers (unaudited)

December 31, 2008

Name (Age)**Address****Positions Held with Trust****Length of Time Served*****Principal Occupation(s) During Past 5 Years**

James L. Love (40) 7900 Callaghan Road San Antonio, TX 78229 Chief Compliance Officer September 2007 to present	Chief Compliance Officer of the Adviser since September 2007. Executive Director Executive Attorney from January 2003 to September 2007, Senior Counsel May 2002 to January 2003 with USAA.
Mark Carter (41) 7900 Callaghan Road San Antonio, TX 78229 Vice President, Shareholder Services April 2008 to present	Vice President, Shareholder Services of the Adviser since April 2008. Operations Manager of the Adviser from April 2007 through March 2008; Transfer Agent Operations Manager, Invesco AIM from 2004 to April 2007.
T. Kelly Niland (46) 7900 Callaghan Road San Antonio, TX 78229 Vice President, Investment Operations December 2008 to present; Assistant Treasurer from May 2006 to December 2008.	Vice President of Investment Operations of the Adviser since January 2006. Fund Accounting Manager with AIM Investments from June 1992 to January 2006.
Susan K. Filyk (39) 7900 Callaghan Road San Antonio, TX 78229 Vice President, Marketing December 2008 to present	Director of Marketing of the Adviser since August 2008. Ms. Filyk has served and continues to serve in various positions with the Adviser, its subsidiaries, and the investment companies it sponsors. Sr. VP Marketing with Frost National Bank from May 1998 to August 2007.

*These dates include service for a predecessor trust.

Additional Information (unaudited)

Additional Federal Tax Information

The percentage of tax-exempt dividends paid by the Funds for the six months ended December 31, 2008, was:

Near-Term Tax Free	82.35%
Tax Free	94.87%

The percentage of ordinary income dividends paid by the Funds during the calendar year ended December 31, 2008, which qualify for the Dividends Received Deduction available to corporate shareholders was:

Global Resources	4.55%
Gold and Precious Metals	1.70%

The Funds hereby designate the following approximate amounts as capital gain dividends for the purpose of the dividends paid deduction:

Global Resources	\$85,843,436
World Precious Minerals	61,845,712
Gold and Precious Metals	6,520,755

The amounts which represent foreign source income and foreign taxes paid during the six months ended December 31, 2008, are as follows:

	Foreign Source Income	Foreign Tax Credit
Gold and Precious Metals	\$430,909	\$34,458

In early 2009, the Funds reported on Form 1099-DIV the tax status of all distributions made during the calendar year 2008. The funds intend to distribute the maximum amount of qualified dividend income allowable. The amount of qualified dividend income distributed by each fund will be reported to shareholders on their Form 1099-DIV. Shareholders should use the information on Form 1099-DIV for their income tax returns.

Proxy Voting

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling 1-800-US-FUNDS (1-800-873-8637). It also appears in the Funds' statement of additional information (Form 485B), which can be found on the SEC's website at www.sec.gov.

Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling 1-800-US-FUNDS (1-800-873-8637) or accessing the Funds' Form N-PX on the SEC's website at www.sec.gov.

Additional Information (unaudited)

Availability of Quarterly Portfolio Schedules

The Funds provide complete lists of holdings four times in each fiscal year, at the quarter-ends. For the second and fourth quarters, the lists appear in the Funds' semi-annual and annual reports to shareholders. For the first and third quarters, the Funds file the lists with the SEC on Form N-Q. Shareholders can look up the Funds' Forms N-Q on the SEC's website at www.sec.gov. You may also visit or call the SEC's Public Room in Washington, D.C. (1-202-942-8090) or send a request plus a duplicating fee to the SEC, Public Reference Section, Washington, DC 20549-0102 or by electronic request at the following e-mail address: publicinfo@sec.gov.

Approval of the Advisory Agreement for Each Fund

On July 31, 2008, the Board of Trustees (the "Board") of U.S. Global Investors Funds, the Delaware statutory trust into which the U.S. Global Investors Funds and U.S. Global Accolade Funds were reorganized, including all of the trustees who are not "interested persons" of the Trust (the "Independent Trustees"), approved a new advisory agreement with the Adviser for each fund for a one-year term, effective October 1, 2008. The Independent Trustees considered the materials provided by the Adviser in support of the new form of advisory agreement, along with the applicable rules and regulations related to the proposal. The Board also considered the Adviser's representation that the Board may rely on and take into account the information provided in connection with the prior advisory agreement for each fund.

With respect to the new form of advisory agreement, the Board considered the following factors, among others:

- Pro forma advisory fee and expense ratio analyses prepared by a third party and by management, giving effect to the advisory fees under the advisory agreement, the administration expenses under the administrative services agreement and the distribution plan (as applicable).
- Current and pro forma expense data for each fund;
- Information on the selection of the proposed benchmarks, on a fund-by-fund basis (as applicable), for the proposed performance fee adjustments;
- Information comparing the historical performance of each fund with a proposed performance fee adjustment to its proposed benchmark;
- The pro forma profitability impact to the Adviser from the advisory agreement and administrative services agreement;
- Historical and pro forma historical performance data for each fund, giving effect to the advisory agreement, administrative services agreement and the distribution plan (as applicable), along with the fund's historical and pro forma peer group rank; and
- The Adviser's agreement to cap the expenses for each fund for the one-year period of the advisory agreement.

Additional Information (unaudited)

The Board took note of the following factors, among others: (1) the nature, extent and quality of services provided by the Adviser, (2) the advisory fees and expense ratio, (3) the profits realized by the Adviser and its affiliates from their relationship with the funds, (4) whether the funds benefit from any economies of scale, and (5) the benefits realized by the Adviser and its affiliates from their relationship with the funds. The board reached the following conclusions in approving the Advisory Agreement for each applicable fund: (1) the nature and extent of the services historically provided by the Adviser were appropriate and the quality of services was good, (2) the advisory fees, coupled with the Adviser's commitment to cap expenses, were reasonable and appropriate in amount given the quality of services provided, (3) the profits to be realized by the Adviser from the advisory agreement and administrative services agreement were reasonable in comparison with the costs of providing investment advisory services to the Funds, (4) with respect to economies of scale, profitability to the Adviser and its affiliates is not excessive, and (5) the direct and indirect benefits accruing to the Adviser were reasonable in comparison with the costs of providing advisory services, the advisory fees charged, the Adviser's commitment to cap expenses (as applicable) and the benefits to the funds.

Based on all the information considered and the conclusions reached, the Board determined that the terms of the new advisory agreement, effective October 1, 2008, is fair and reasonable and that the approval of the new agreement is in the best interests of each applicable fund.

Shareholder Votes

On September 23, 2008, a special meeting of the shareholders of U.S. Global Accolade Funds and U.S. Global Investors Funds was held. The following proposals were presented to and approved by the shareholders:

1. To approve the reorganization of each fund from the two separate Massachusetts business trusts into a corresponding new fund organized under a single Delaware statutory trust.
2. **All American Equity Fund, Holmes Growth Fund, Global MegaTrends Fund, Global Resources Fund, Gold & Precious Metals Fund, World Precious Minerals Fund, Eastern European Fund, Global Emerging Markets Fund, and China Region Fund.** To approve a new Distribution Plan.
3. To approve a new Advisory Agreement for each fund.
4. **Eastern European Fund, Global Emerging Markets Fund.** To approve a new Subadvisory Agreement.
5. **Eastern European Fund.** To approve a change in the Fund's concentration policy to permit the Fund to invest more than 25% of its assets in securities of companies involved in oil, gas, or banking.

Additional Information (unaudited)

The results of the votes were as follows:

Proposal	For	Against	Abstain	Withheld	Broker Non- Votes
Proposal 1:					
U.S. Treasury Securities Cash Fund	55,216,304	2,728,590	3,535,825	NA	NA
U.S. Government Securities Savings Fund	247,423,461	9,112,193	10,141,436	NA	NA
Near-Term Tax Free Fund	3,959,724	47,425	427,075	NA	NA
Tax Free Fund	1,038,632	17,687	53,001	NA	NA
All American Equity Fund	462,840	11,525	50,729	NA	NA
Holmes Growth Fund	1,352,751	38,960	114,213	NA	NA
Global MegaTrends Fund	2,308,744	52,916	89,602	NA	NA
Global Resources Fund	44,083,176	2,328,033	3,082,753	NA	NA
Gold & Precious Metals Fund	7,807,537	377,192	325,799	NA	NA
World Precious Minerals Fund	17,633,167	825,498	1,070,354	NA	NA
Eastern European Fund	37,406,107	1,934,682	2,432,523	NA	NA
Global Emerging Markets Fund	1,422,684	55,770	69,801	NA	NA
China Region Fund	4,244,330	231,111	270,278	NA	NA
Proposal 2:					
All American Equity Fund	442,029	26,812	56,252	NA	NA
Holmes Growth Fund	1,284,882	92,103	128,940	NA	NA
Global MegaTrends Fund	2,151,788	195,073	104,399	NA	NA
Global Resources Fund	41,622,516	4,444,484	3,426,957	NA	NA
Gold & Precious Metals Fund	7,373,781	773,883	362,863	NA	NA
World Precious Minerals Fund	16,531,112	1,851,973	1,145,931	NA	NA
Eastern European Fund	35,506,284	3,494,987	2,772,040	NA	NA
Global Emerging Markets Fund	1,352,678	123,011	72,564	NA	NA
China Region Fund	4,060,459	412,430	272,829	NA	NA
Proposal 3:					
U.S. Treasury Securities Cash Fund	51,915,852	5,688,665	3,876,201	NA	NA
U.S. Government Securities Savings Fund	236,420,495	19,175,557	11,081,038	NA	NA
Near-Term Tax Free Fund	3,900,978	92,413	440,834	NA	NA
Tax Free Fund	987,418	51,837	70,065	NA	NA
All American Equity Fund	452,327	21,048	51,717	NA	NA
Holmes Growth Fund	1,302,024	79,067	124,833	NA	NA
Global MegaTrends Fund	2,249,976	100,701	100,583	NA	NA
Global Resources Fund	41,756,633	4,316,812	3,420,517	NA	NA
Gold & Precious Metals Fund	7,354,354	776,488	379,683	NA	NA
World Precious Minerals Fund	16,662,369	1,687,958	1,178,691	NA	NA
Eastern European Fund	36,042,372	3,029,644	2,701,294	NA	NA
Global Emerging Markets Fund	1,369,090	103,485	75,680	NA	NA
China Region Fund	4,071,097	331,781	342,841	NA	NA
Proposal 4:					
Eastern European Fund	35,783,985	3,188,394	2,800,931	NA	NA
Global Emerging Markets Fund	1,377,198	93,740	77,316	NA	NA
Proposal 5:					
Eastern European Fund	35,934,299	3,438,622	2,400,392	NA	NA



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