



Tax Free Fund

Symbol: USUTX CUSIP: 911476-50-5 U.S. Global Investors Funds

August 2009

Fund Objective

The Tax Free Fund seeks current income that is exempt from federal income tax and also seeks preservation of capital.

Portfolio Team

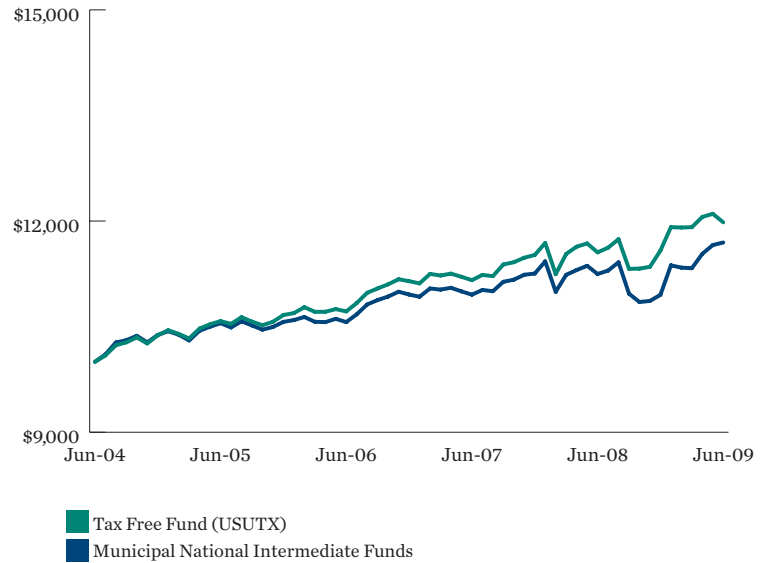
Frank Holmes, *Chief Investment Officer*
John Derrick, *CFA*

Fund Strategy

Under normal market conditions, the Tax Free Fund invests at least 80 percent of its net assets in investment grade municipal securities whose interest is free from federal income tax, including the federal alternative minimum tax. The Tax Free Fund may invest in debt securities of any maturity.

The fund's portfolio team applies a two-step approach in choosing investment, beginning by analyzing various macroeconomic factors in an attempt to forecast interest rate movements, and then positioning the fund's portfolio by selecting investments that it believes fit that forecast.

Tax Free Fund
Growth of \$10,000 from 06/01/2004 to 06/30/2009



The chart illustrates the performance of a hypothetical \$10,000 investment made in the fund during the depicted time frame, compared to its Morningstar category. Figures include reinvestment of capital gains and dividends, but the performance does not include the effect of any direct fees described in the fund's prospectus (e.g., short-term trading fees) which, if applicable, would lower your total returns.

Annualized Quarterly Yield

	30-day SEC	Tax Equivalent (Based on 35% Tax Rate)	Maturity
Tax Free Fund (as of 6/30/09)	3.37%	5.55%	5.69 Years

Average Annual Returns

	Average Annual							Expense Ratio	
	1 Month	Year to Date	1-year	3-year	5-year	10-year	Since Inception (11/01/84)	Gross	Capped
Tax Free Fund (as of 6/30/09)	-1.00%	3.47%	3.69%	3.79%	3.68%	4.18%	6.03%	1.92%	0.70%
Barclays Capital 10-Year Municipal Bond Index ¹ (as of 6/30/09)	-1.41%	4.38%	5.58%	5.01%	4.54%	5.32%	n/a	n/a	n/a
Tax Free Fund (as of 8/31/09)	1.06%	6.23%	4.77%	3.86%	3.75%	4.57%	6.10%	1.92%	0.70%
Barclays Capital 10-Year Municipal Bond Index ¹ (as of 8/31/09)	1.13%	7.85%	6.76%	5.09%	4.48%	5.63%	n/a	n/a	n/a

Gross expense ratio as stated in the most recent prospectus. The Adviser for the Tax Free Fund has contractually limited total fund operating expenses (as a percentage of net assets) to not exceed 0.70% on an annualized basis 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 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.

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. The Tax Free Fund may invest up to 20% of its assets in securities that pay taxable interest. Income or fund distributions attributable to capital gains are usually subject to both state and federal income taxes. Bond funds are subject to interest-rate risk; their value declines as interest rates rise.

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.

5 Lipper Leader
Total Return**5** Lipper Rating
Consistent Return

Lipper ratings for Total Return reflect funds' historical total return performance relative to peers as of 6/30/09. Lipper ratings for Consistent Return

reflect funds' historical risk adjusted returns, adjusted for volatility, relative to peers as of 6/30/09. Past performance is no guarantee of future results.

★★★★ Morningstar Overall, 3-year and 5-year Ratings™

Among 239, 239, 216 and 133 Municipal National Intermediate funds, the Tax Free Fund earned 4 stars, 4 stars, 4 stars and 3 stars for the overall, 3-, 5- and 10-year periods. Ratings are based on risk-adjusted return as of 6/30/09. The Overall Morningstar Rating for a fund is derived from a weighted-average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating. Past performance does not guarantee future results.

Potential Risk/Reward

Low  High

Portfolio Statistics *as of 8/31/09*

Total Net Assets	\$19.3 Million
NAV	\$12.14
YTD Distributions (\$ per share)	\$0.304
Beta	0.81
Sharpe Ratio	0.26
Lipper Category	General Municipal Debt Funds

Top 10 Holdings² *as of 8/31/09*

State of California	4.71%
Kansas Development Finance Authority	4.02%
University of Kansas Hospital Authority	3.32%
Utah State Building Ownership Authority/UT	3.02%
Rhode Island Health & Educational Building Corp	2.97%
County of Du Page IL	2.90%
Duncanville Independent School District/TX	2.85%
City of Forney TX	2.69%
Atlanta Development Authority	2.64%
County of St Lucie FL	2.44%

Top 5 States

as a percentage of net assets as of 8/31/09

Texas	21.32%
California	10.96%
Illinois	8.48%
Kansas	7.34%
Alabama	7.09%

Fund Composition³

as a percentage of total investments as of 8/31/09

Bonds	97.53%
Cash Equivalents	2.47%
Equities	0.00%

Quality *as of 8/31/09*

AAA	38%
AA	26%
A	28%
BBB	6%
Other	2%

Top Sectors *as of 8/31/09*

General Obligation	25%
Medical	23%
School District	20%
General	10%
Water	5%
Higher Education	4%

Maturity *as of 8/31/09*

<1 Year	8%
1-3 Years	26%
3-5 Years	6%
5-10 Years	35%
10-20 Years	15%
20+ Years	10%
Average Maturity	7.96
Average Duration	5.88

¹The Barclays Capital 10-Year Municipal Bond Index is a total return benchmark designed for long-term municipal assets. The index includes bonds with a minimum credit rating BAA3, are issued as part of a deal of at least \$50 million, have an amount outstanding of at least \$5 million and have a maturity of 8 to 12 years. ²Portfolio holdings will change. ³Fund assets can include, but are not limited to, bonds, cash, receivables, pre-paid expenses and other miscellaneous assets. Fund composition represents key components only and should not be considered a complete financial picture of a fund's assets. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Lipper ratings are subject to change every month and are based on an equal-weighted average of percentile ranks for the Total Return and Consistent Return metrics over three-, five-, and ten-year periods (if applicable). The highest 20% of funds in each peer group are named Lipper Leader or a score of 5, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2, and the lowest 20% are scored 1. Tax Free Fund, in Lipper's General Municipal Debt classification, received the following ratings for the 3-, 5-, and 10-year periods, respectively: Total Return: 5 (218 funds), 5 (202 funds) and 4 (157 funds). Consistent Return: 5 (212 funds), 5 (196 funds) and 4 (151 funds). Lipper ratings are not intended to predict future results, and Lipper does not guarantee the accuracy of this information. More information is available at www.lipperweb.com. Lipper Leader Copyright 2009, Reuters, All Rights Reserved. There is no guarantee that the investment objectives will be met. Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Sharpe ratio is a measure of risk-adjusted performance calculated by subtracting the risk-free rate from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. 09-600