Tax Free Fund (USUTX)

Symbol: USUTX CUSIP: 911476-50-5
Inception Date: 11/01/84
Lipper Category: General Municipal Debt

About the Fund

The Tax Free Fund invests in municipal bonds issued by state and local governments across the country, with the goal of consistent superior performance in the municipal arena. The Tax Free Fund invests in bonds that the portfolio management team believes will perform well in the long run, with a focus on providing a higher level of tax-free income.

Fund Objective

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

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.

Portfolio Team

Frank Holmes, *Chief Investment Officer*
Years of Experience: 30+

John Derrick, *CFA*
Years of Experience: 18

Potential Risk/Reward

U.S. Global Investors

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San Antonio, TX
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(1-800-873-8637)
www.usfunds.com
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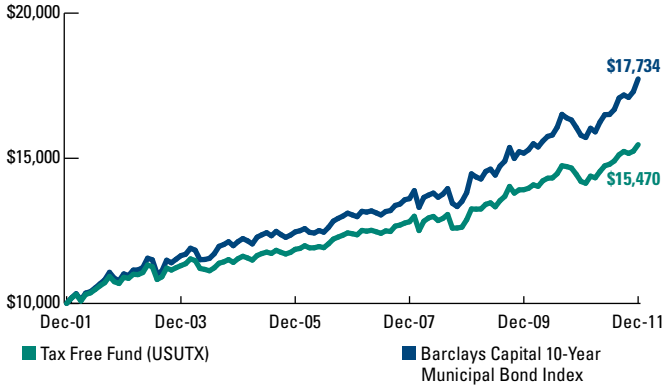
December 2011 Fund Fact Sheet

Growth of $10,000 from 12/31/2001 to 12/31/2011



The chart illustrates the performance of a hypothetical $10,000 investment made in the fund during the depicted time frame, compared to its benchmark index. 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.

Risk Measures & Statistics (3-Year)

Sharpe Ratio	1.62	30-day SEC Yield	1.93%
Standard Deviation	3.75%	Tax Equivalent Yield *(Based on 35% Tax Rate)*	3.05%
Year-to-date Distributions *($ per share)*	$0.434		

Returns

			Average Annual					Expense Ratio	
	1 Month	Year to Date	1-year	3-year	5-year	10-year	Since Inception (11/1/84)	Gross	After Waivers
Tax Free Fund *(as of 12/31/11)*	1.47%	8.94%	8.94%	6.29%	4.52%	4.46%	6.04%	1.66%	0.70%
Barclays Capital 10-Year Municipal Bond Index *(as of 12/31/11)*	2.53%	12.32%	12.32%	8.68%	6.33%	5.90%	n/a	n/a	n/a

Expense ratios as stated in the most recent prospectus. The expense ratio after waivers is a voluntary limit on total fund operating expenses (exclusive of any acquired fund fees and expenses, performance fees, taxes, brokerage commissions and interest) that U.S. Global Investors, Inc. can modify or terminate at any time. 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. Performance quoted for periods of one year or less is cumulative and not annualized. 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. Each 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. The tax free funds may be exposed to risks related to a concentration of investments in a particular state or geographic area. These investments present risks resulting from changes in economic conditions of the region or issuer.

Top 10 Holdings

County of Du Page IL	2.77%
Utah State Building Ownership Authority	2.76%
University of Kansas Hospital Authority	2.73%
City of Forney TX	2.50%
Kansas Development Finance Authority	2.48%
Imperial Community College District	2.41%
Rhode Island Health & Educational Building Corp	2.40%
State of California	2.38%
Atlanta Development Authority	2.33%
Duncanville Independent School District/TX	2.33%
Percentage of total net assets in top 20 holdings	**44.39%**
Total number of holdings	**61**
Total Net Assets	**$21.62 Million**

Maturity

<1 Year	26%
1-3 Years	5%
3-5 Years	23%
5-10 Years	35%
10-20 Years	8%
20+ Years	3%
Average Maturity	5.41
Average Duration	4.27

Sector Breakdown

General Obligation	23%
School District	17%
Medical	14%
General	12%
Cash Equivalents	9%
Water	8%

Top 5 States

Texas	18.01%
California	10.13%
Illinois	9.19%
Alabama	6.52%
Kansas	5.21%

Quality

AAA	23%
AA	40%
A	29%
BBB	6%
Other	2%

Please consider carefully a 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.

There is no guarantee that the investment objectives will be met. The Barclay 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. All information is unaudited and, unless otherwise indicated, is as of 12/31/2011. Fund composition data provided is calculated as a percentage of net assets. 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. Standard deviation is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is also known as historical volatility. 12-008