U.S. Global Investors

Prospectus

February 28, 2009

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

U.S. Global Investors Funds

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All American Equity Fund (GBTFX)
Holmes Growth Fund (ACBGX)
Global MegaTrends Fund (MEGAX)

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Investment Objectives

The All American Equity Fund (All American Fund), Holmes Growth Fund, and Global MegaTrends Fund seek long-term capital appreciation. The Global MegaTrends Fund's secondary objective is earning income.

Main Investment Strategies

Under normal market conditions, the All American Fund, when investing in common stock, preferred stock, convertible securities, rights and warrants and depository receipts, will invest substantially all (greater than 80%) of its net assets in securities defined as "all American."

The All American Fund will consider any of the following companies to be "all American":

1. companies offering stock registered on a United States stock exchange;
2. companies offering stock traded on Nasdaq or the over-the-counter markets;
3. companies deriving more than 50% of their revenue from operations in the United States;
4. companies incorporated in the United States; or
5. companies having their principal place of business or corporate headquarters located in the United States.

Under normal market conditions, the Holmes Growth Fund invests primarily in a diversified portfolio of common stock, preferred stock, convertible securities, rights and warrants and depository receipts. In general, the fund uses a growth-style process to choose companies for investment. A growth company is one that has had superior growth, profitability, and quality relative to companies in the same industry and that is expected to continue such performance. The fund may, from time to time, invest a significant amount of its total assets in one or more of the sectors of the S&P 500 Index. As a result of the Adviser's earnings growth investment strategy, concentrations in the sectors may rotate depending on the earnings growth of the underlying companies in each sector.

Under normal market conditions, the Global MegaTrends Fund will invest in common stock, preferred stock, convertible securities, rights and warrants and depository receipts of companies of all sizes. The Adviser performs statistical analyses of major economic themes and of monetary and economic trends, and evaluates the financial markets to identify "megatrends" in the global economy. Megatrends are usually defined by sustainable and substantial growth in capital expenditures in any country or sector.

Other megatrends are created by governmental policies for infrastructure or a massive technological breakthrough. The influence of these global megatrends is transforming supply/demand dynamics, global trade and other formerly slow-evolving patterns.

Globalization and the integration of economies through free trade are leading to economic prosperity among more people in further reaches than ever before. This wealth effect, combined with rapid urbanization, is further driving demand for basic services. Governments around the world are being challenged to find ways to stimulate growth, to make way for growth, and to finance growth. Underlying these dynamics is the physical, digital, and intangible set of goods and services which we broadly categorize as "the global infrastructure." The fund may, from time to time, invest a significant amount of its assets in certain sectors.

The Adviser uses a combination of value- and growth-style for stock selection. The Adviser seeks stocks with sustainable future growth selling at an attractive price relative to the potential growth rate. Among other factors, the Adviser looks for companies that have proven management and sound financial strength whose stock price is low in light of the company's earnings and cash flow.

Under normal market conditions, the Global MegaTrends Fund will invest at least 40% of its assets in securities of companies that are economically tied to at least three countries other than the U.S. The fund may invest in companies that are domiciled in one country but are economically tied to another country. In determining if a company is economically tied to a country, the Adviser will consider various factors, including where the company's principal operations are located;

the country in which 50% of the company's revenues or profits are derived from goods produced or sold, investments made, or services performed; where the principal trading market is located; and the country in which the company is legally organized.

The portfolio team for each fund applies a "top-down" and "bottom-up" approach in selecting investments. For more information on the funds' investment strategies, please see page 29.

The trustees for the funds may change each fund's objective without shareholder vote. The All American Fund will notify you in writing 60 days before making changes to this policy. The Holmes Growth Fund and Global MegaTrends Fund will notify you in writing 30 days before making changes to this policy. If there is a material change to a fund's objective or policies, you should consider whether the fund remains an appropriate investment for you.

Main Risks

The funds are designed for long-term investors who are willing to accept the risks of investing in a portfolio with significant stock holdings. The funds are not intended to be a complete investment program, and there is no assurance that their investment objectives can be achieved. Additional risks of the funds are described on page 29 of the prospectus. As with all mutual funds, loss of money is a risk of investing in the funds. An investment in these funds is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Market Risk

The value of a fund's shares will go up and down based on the performance of the companies whose securities it owns and other factors affecting the securities market generally.

Portfolio Management Risk

The skill of the Adviser will play a significant role in the funds' ability to achieve their investment objectives. The Global MegaTrends Fund's investment results depend on the ability of the Adviser to correctly identify economic megatrends, especially with regard to accurately forecasting the effects of capital expenditures and governmental policies. In addition, the Global MegaTrends Fund's investment results depend on the Adviser's ability to combine growth and value investing when selecting stocks, particularly in volatile stock markets. The Adviser could be incorrect in its analysis of industries, companies and the relative attractiveness of growth and value stocks and other matters.

Growth Stock Risk

Because of their perceived growth potential, growth stocks are typically in demand and tend to carry relatively high prices. Growth stocks generally experience share price fluctuations as the market reacts to changing perceptions of the underlying companies' growth potentials and broader economic activities. If a fund's growth stock does not produce the predicted earnings growth, its share price may drop, and the fund's net asset value may decline.

Sector Risk

From time to time, the funds may invest a significant amount of their total assets in certain sectors, which may be subject to specific risks. These risks include governmental regulation of the sector and governmental monetary and fiscal policies which impact interest rates and currencies and affect corporate funding and international trade. Certain sectors may be more vulnerable than others to these factors. In addition, market sentiment and expectations toward a particular sector could affect a company's market valuations and access to equity funding.

Value Risk

The Global MegaTrends Fund is subject to valuation risk due to the fact that the Adviser's determination that a stock is undervalued is subjective. The market may not agree and the stock's price may not rise to what the Adviser believes is its full value. It may even decrease in value. Value stocks may also become unpopular.

Foreign Securities Risk

The funds' investments in foreign securities are subject to special risks. The funds' returns and share prices may be affected to a large degree by several factors including fluctuations in currency exchange rates; political, social or economic instability; and less stringent accounting, disclosure, and financial reporting

requirements in a particular country. The funds' share prices will reflect the movements of the different stock markets in which they are invested and the currencies in which their investments are denominated.

Portfolio Turnover Risk

Portfolio turnover for the funds may be over 100%. The length of time a fund has held a particular security is not generally a consideration in investment decisions. It is the policy of each fund to effect portfolio transactions without regard to a holding period if, in the judgment of the portfolio managers, such transactions are advisable. Portfolio turnover generally involves some expense, including brokerage commissions, dealer mark-ups, or other transaction costs on the sale of securities and reinvestment in other securities. Such sales may result in realization of taxable capital gains for shareholders. Portfolio turnover rates for the funds are disclosed in the Financial Highlights section.

Volatility and Performance Information

The following bar charts and tables show the volatility of each fund's returns, which is one indicator of the risks of investing in the fund. The bar charts show changes in each fund's returns from year to year during the period indicated. The tables compare each fund's average annual returns for the last 1-, 5-, and 10-year periods to those of a broad-based securities market index or indexes. How each fund performed in the past, before and after taxes, is not an indication of how it will perform in the future.

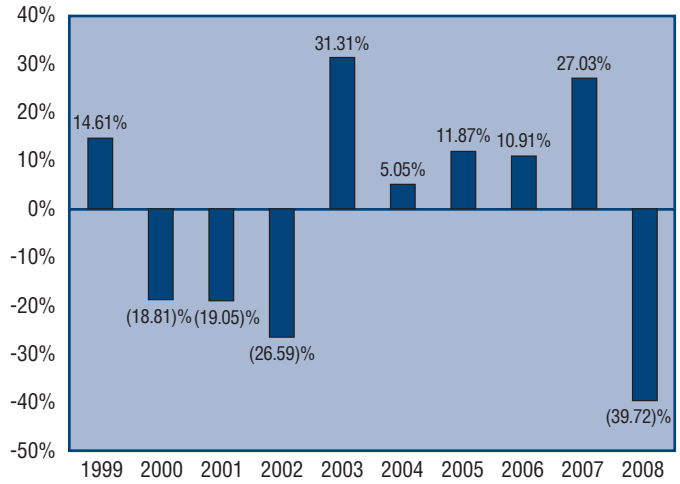
Prior to June 1, 2004, the Holmes Growth Fund was managed by Bonnel, Inc., subadviser to the fund since its inception on October 17, 1994. On June 1, 2004, the Adviser began managing the fund with the same investment philosophy that the subadviser employed while using the Adviser's quantitative modeling resources. Consequently, the fund's performance prior to June 1, 2004, may have been different if the Adviser had been managing the fund.

On November 27, 2002, the Global MegaTrends Fund changed its investment strategy to focus on large capitalization equities with growth potential at a reasonable price. Previously, the fund had a flexible investment strategy and the ability to invest in growth and value stocks, bonds, and money market instruments. Consequently, the fund's performance prior to November 27, 2002, may have been different if the current investment strategy had been in place.

Prior to October 1, 2007, the Global MegaTrends Fund was managed by Leeb Capital Management, Inc., the subadviser to the fund since November 16, 1996. On October 1, 2007, the Adviser began managing the fund. Consequently, the fund's performance prior to October 1, 2007, may have been different if the Adviser had been managing the fund.

All American Fund

Annual Total Returns (as of December 31 each year)*



* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 13.79% in the fourth quarter of 2003.

Worst quarter shown in the bar chart above: (21.09)% in the third quarter of 2008.

All American Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
All American Fund Return Before Taxes*	(39.72)%	(0.04)%	(3.17)%
Return After Taxes on Distributions	(39.72)%	(1.58)%	(4.41)%
Return After Taxes on Distributions and Sale of Fund Shares	(25.81)%	(0.56)%	(2.91)%
S&P 500 Index**	(37.00)%	(2.19)%	(1.38)%

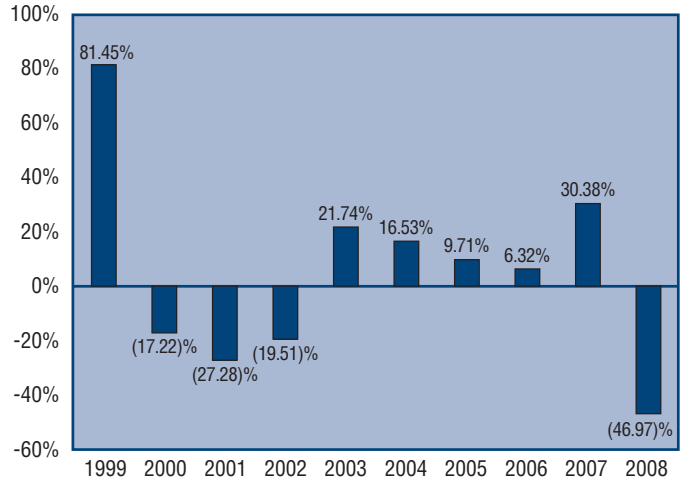
* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

** 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 S&P 500 Index reflect no deduction for fees, expenses or taxes.

After-tax returns are calculated using highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Holmes Growth Fund

Annual Total Returns (as of December 31 each year)*



* As of October 1, 2008, the Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 52.58% in the fourth quarter of 1999.

Worst quarter shown in the bar chart above: (25.35)% in the third quarter of 2008.

Holmes Growth Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
Holmes Growth Fund Return Before Taxes*	(46.97)%	(1.23)%	0.06%
Return After Taxes on Distributions	(46.97)%	(1.23)%	(1.21)%
Return After Taxes on Distributions and Sale of Fund Shares	(30.53)%	(1.04)%	(0.41)%
S&P 500 Index**	(37.00)%	(2.19)%	(1.38)%
S&P Composite 1500 Index***	(36.70)%	(1.85)%	(0.74)%

* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

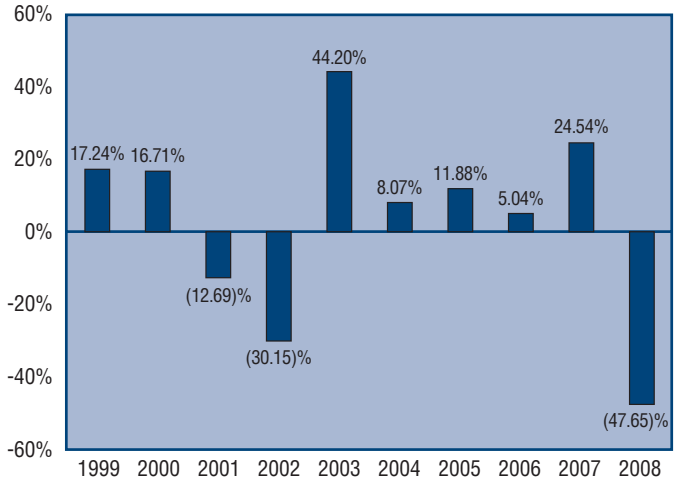
** The S&P 500 Index is a widely recognized index of common stock prices of U.S. companies. The returns for the S&P 500 Index reflect no deduction for fees, expenses or taxes.

*** The S&P Composite 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 S&P Composite 1500 Index reflect no deduction for fees, expenses or taxes.

After-tax returns are calculated using the highest historic marginal individual federal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Global MegaTrends Fund

Annual Total Returns (as of December 31 each year)*



* Effective May 12, 2008, the Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 17.73% in the fourth quarter of 2003.

Worst quarter shown in the bar chart above: (26.59)% in the third quarter of 2008.

Global MegaTrends Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
Global MegaTrends Fund Return Before Taxes*	(47.65)%	(3.70)%	(0.04)%
Return After Taxes on Distributions	(47.65)%	(4.19)%	(0.98)%
Return After Taxes on Distributions and Sale of Fund Shares	(30.95)%	(2.84)%	(0.08)%
S&P 500 Index**	(37.00)%	(2.19)%	(1.38)%
S&P Global Infrastructure Index***	(38.98)%	9.51%	N/A

* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

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

*** The S&P Global Infrastructure Index provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. The index has balanced weights across three distinct infrastructure clusters: utilities, transportation and energy. The index commenced November 2001. The returns for the S&P Global Infrastructure Index reflect no deduction for fees, expenses or taxes.

After-tax returns are calculated using the highest historic marginal individual federal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Gold and Natural Resources Funds

Gold and Precious Metals Fund
World Precious Minerals Fund
Global Resources Fund

Investment Objectives

The Gold and Precious Metals Fund, World Precious Minerals Fund, and Global Resources Fund each seek long-term growth of capital plus protection against inflation and monetary instability. The Gold and Precious Metals Fund also pursues current income as a secondary objective.

Main Investment Strategies

Under normal market conditions, the Gold and Precious Metals Fund will invest at least 80% of its net assets in common stock, preferred stock, convertible securities, rights and warrants, and depository receipts of companies predominately involved in the mining, fabrication, processing, marketing, or distribution of metals including gold, silver, platinum group, palladium and diamonds. The fund focuses on selecting companies with established producing mines.

Under normal market conditions, the World Precious Minerals Fund will invest at least 80% of its net assets in common stock, preferred stock, convertible securities, rights and warrants, and depository receipts of companies principally engaged in the exploration for, or mining and processing of, precious minerals such as gold, silver, platinum group, palladium and diamonds. The fund focuses on selecting junior and intermediate exploration companies from around the world. Junior exploration companies typically have small market capitalization and no source of steady cash flow, and their growth generally comes from a major gold discovery. Therefore, the risk and opportunities are substantially greater than investing in a senior mining company with proven reserves. The volatility of these smaller mining companies is typically greater than that of senior producers.

The World Precious Minerals Fund will invest in securities of companies with economic ties to countries throughout the world, including the U.S. Under normal market conditions, the fund will invest at least 40% of its assets in securities of companies that are economically tied to at least three countries other than the U.S. The fund may invest in companies which may be domiciled in one country but have economic ties to another country. In determining if a company is economically tied to a country, the fund will consider various factors, including where the company's principal operations are located; where the company's mining or natural resource reserves are located; the country in which 50% of the company's revenues or profits are derived from goods produced or sold, investments made, or services performed; where the principal trading market is located; and the country in which the company is legally organized.

Although the Gold and Precious Metals Fund and World Precious Minerals Fund have greater latitude to invest their assets in different precious minerals or metals, they currently have significant investments in the gold sector. Gold companies include mining companies that exploit gold deposits that are supported by co-products and by-products such as copper, silver, lead and zinc, and also diversified mining companies which produce a meaningful amount of gold. A fund will not be required to invest any minimum amount of the fund's assets in gold stocks.

Under normal market conditions, the Global Resources Fund normally invests at least 80% of its net assets in the common stock, preferred stock, convertible securities, rights and warrants, and depository receipts of companies involved in the natural resources industries. Consistent with its investment objective, the fund may invest without limitation in any of the various natural resources industries.

Under normal market conditions, the Global Resources Fund will invest at least 40% of its assets in securities of companies that are economically tied to at least three countries other than the U.S. The fund may invest in companies which may be domiciled in one country but have economic ties to another country. In determining if a company is economically tied to a country, the fund will consider various factors, including where the company's principal operations are located; where the company's mining or natural resource reserves are located; the country in which 50% of the company's revenues or profits are derived from goods produced or sold, investments made, or services performed; where the principal trading market is located; and the country in which the company is legally organized.

All three funds may invest, without limitation, in issuers in any part of the world. The funds' portfolio teams apply a "top-down" and "bottom-up" approach in selecting investments.

As a strategy to maintain exposure to underlying equity markets while maintaining appropriate cash positions, the Gold and Precious Metals Fund, World Precious Minerals Fund and Global Resources Fund may purchase long-term equity anticipation securities (LEAPS), which are long-term equity options.

For more information on the funds' investment strategies, please see page 30.

The trustees for the funds may change each fund's objective without shareholder vote. Each fund will notify you in writing 60 days before making any changes to this policy. If there is a material change to a fund's objective or policies, you should consider whether the fund remains an appropriate investment for you.

Main Risks

The funds are designed for long-term investors who are willing to accept the risks of investing in a portfolio with significant stock holdings. The funds are not intended to be a complete investment program, and there is no assurance that their investment objectives can be achieved. As with all mutual funds, loss of money is a risk of investing in any of the funds. Additional risks of the funds are described on page 30. An investment in these funds is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Market Risk

The value of a fund's shares will go up and down based on the performance of the companies whose securities it owns and other factors affecting the securities market generally.

Foreign Securities Risk

The funds' investments in foreign securities are subject to special risks. The funds' returns and share prices may be affected to a large degree by several factors including fluctuations in currency exchange rates; political, social or economic instability; and less stringent accounting, disclosure, and financial reporting requirements in a particular country. The funds' share prices will reflect the movements of the different stock markets in which they are invested and the currencies in which their investments are denominated.

Industry/Concentration Risk

Because the funds concentrate their investments in specific industries, the funds may be subject to greater risks and market fluctuations than a portfolio representing a broader range of industries. The Gold and Precious Metals Fund and World Precious Minerals Fund invest in securities that typically respond to changes in the price of gold. Prices of gold and other precious metals can be influenced by a variety of global economic, financial, and political factors and may fluctuate substantially over short periods of time, and the funds may be more volatile than other types of investments.

Diversification Risk

The funds are non-diversified and may invest a significant portion of their total assets in a small number of companies. This may cause the performance of a fund to be dependent upon the performance of one or more selected companies, which may increase the volatility of the fund.

Price Volatility Risk

The value of a fund's shares may fluctuate significantly in the short term.

Options Risk

Investing in options, LEAPS, warrants and other instruments with option-type elements ("options") may increase the volatility and/or transaction expenses of a fund. An option may expire without value, resulting in a loss of a fund's initial investment and may be less liquid and more volatile than an investment in the underlying securities.

Warrants Risk

The funds may invest in warrants. Warrants are different from options in that they are issued by a company as opposed to a broker and typically have a longer life than an option. When the underlying stock goes above the exercise price of the warrant, the warrant is "in the money." If the exercise price of the warrant is above the value of the underlying stock, it is "out of the money." Out-of-the-money warrants tend to have different price behaviors than in-the-money warrants. As an example,

the value of an out-of-the-money warrant with a long time to expiration generally declines less than a drop in the underlying stock price because the warrant's value is primarily derived from its time component.

Most warrants are exchange traded. The holder of a warrant has the right, until the warrant expires, to sell an exchange traded warrant or to purchase a given number of shares of a particular issue at a specified price. Such investments can provide a greater potential for profit or loss than an equivalent investment in the underlying security. Prices of warrants do not necessarily move, however, in tandem with prices of the underlying securities, particularly for shorter periods of time, and, therefore, may be considered speculative investments. The key driver to the movements in warrants are the fundamentals of the underlying company. Warrants, unlike options, may allow the holder to vote on certain issues and often are issued with certain anti-dilutive rights. Warrants pay no dividends. If a warrant held by a fund were not exercised by the date of its expiration, the fund would incur a loss in the amount of the cost of the warrant.

Liquidity Risk

The funds may make direct equity investments in securities that are subject to contractual and regulatory restrictions on 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. In addition to financial and business risks, issuers whose securities are not listed will not be subject to the same disclosure requirements applicable to issuers whose securities are listed.

Portfolio Turnover Risk

The funds' portfolio turnover rates vary from year to year according to market conditions and may exceed 100%. The length of time a fund has held a particular security is not generally a consideration in investment decisions. It is the policy of the funds to effect portfolio transactions without regard to a holding period if, in the judgment of the portfolio managers, such transactions are advisable. Portfolio turnover generally involves some expense, including brokerage commissions, dealer mark-ups, or other transaction costs on the sale of securities and reinvestment in other securities. Such sales may result in realization of taxable capital gains for shareholders. Portfolio turnover rates for the funds are disclosed in the Financial Highlights section.

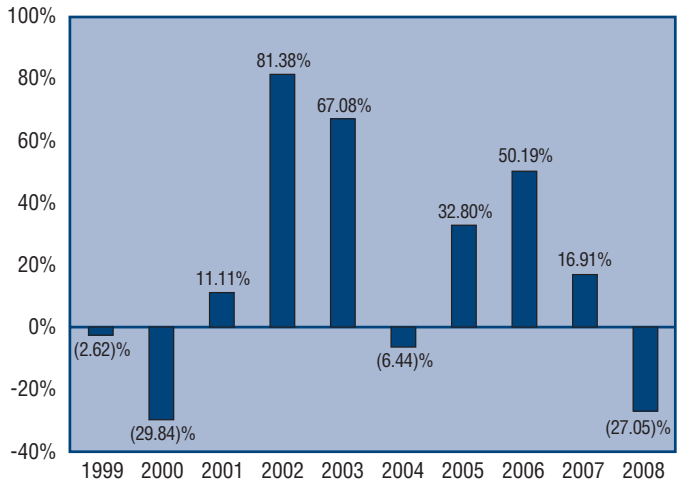
Volatility and Performance Information

The following bar charts and tables show the volatility of each fund's returns, which is one indicator of the risks of investing in the fund. The bar charts show changes in each fund's returns from year to year during the period indicated. The tables compare each fund's average annual returns for the last 1-, 5-, and 10-year periods to those of broad-based securities market indexes. How each fund performed in the past, before and after taxes, is not an indication of how it will perform in the future.

On December 1, 2007, the Gold Shares Fund's name was changed to the Gold and Precious Metals Fund and the investment strategy was changed. Consequently, the annual returns reflected in the chart below may have been different if the new investment strategy was historically employed by the fund.

Gold and Precious Metals Fund

Annual Total Returns (as of December 31 each year)*



* As of October 1, 2008, the Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 52.41% in the first quarter of 2002.

Worst quarter shown in the bar chart above: (28.29)% in the third quarter of 2008.

Gold and Precious Metals Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
Gold and Precious Metals Fund Return Before Taxes*	(27.05)%	9.73%	13.85%
Return After Taxes on Distributions	(28.38)%	8.76%	13.34%
Return After Taxes on Distributions and Sale of Fund Shares	(17.23)%	8.28%	12.43%
S&P 500 Index**	(37.00)%	(2.19)%	(1.38)%
FTSE Gold Mines Index***	(19.88)%	5.37%	9.75%

* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

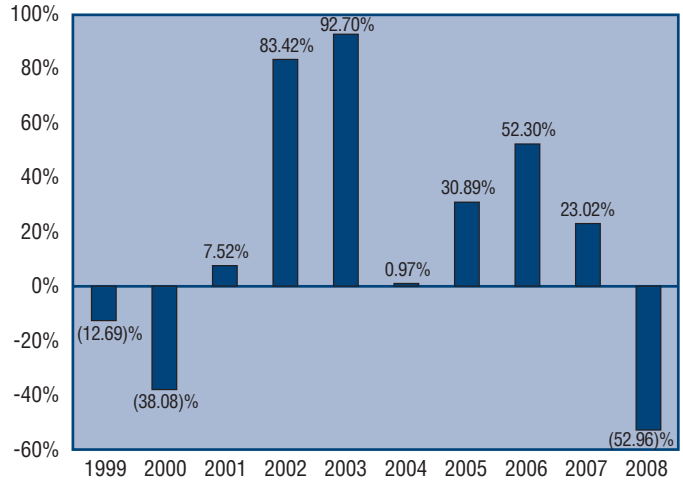
** The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The returns for the S&P 500 Index reflect no deduction for fees, expenses or taxes.

*** 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. These are not total returns. These returns reflect simple appreciation only and do not show the effect of dividend reinvestment. The returns for the FTSE Gold Mines Index reflect no deduction for fees, expenses or taxes.

After-tax returns are calculated using highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

World Precious Minerals Fund

Annual Total Returns (as of December 31 each year)*



* As of October 1, 2008, the Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 49.72% in the first quarter of 2002.

Worst quarter shown in the bar chart above: (38.70)% in the third quarter of 2008.

World Precious Minerals Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
World Precious Minerals Fund Return Before Taxes*	(52.96)%	3.09%	9.11%
Return After Taxes on Distributions	(54.55)%	0.01%	6.93%
Return After Taxes on Distributions and Sale of Fund Shares	(33.13)%	2.06%	7.40%
S&P 500 Index**	(37.00)%	(2.19)%	(1.38)%
NYSE Arca Gold Miners Index***	(26.79)%	4.00%	12.05%

* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

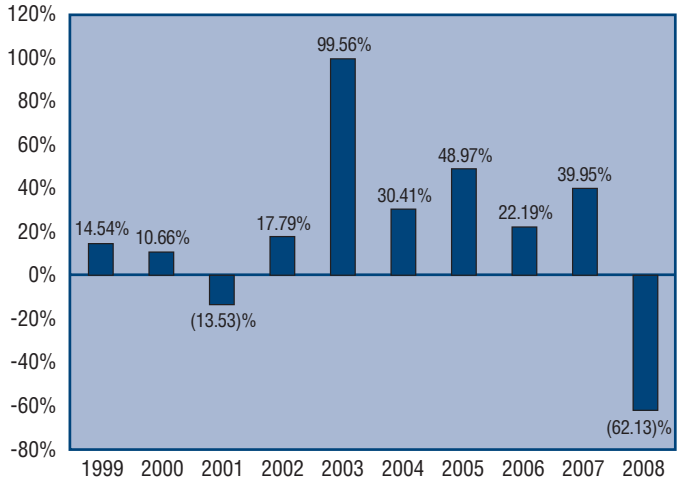
** The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The returns for the S&P 500 Index reflect no deduction for fees, expenses or taxes.

*** The NYSE Arca Gold Miners Index (formerly the AMEX Gold Miners Index) is a modified market capitalization-weighted index comprised of publicly-traded companies involved primarily in the mining for gold and silver. These are not total returns. These returns reflect simple appreciation only and do not show the effect of dividend reinvestment. The returns for the NYSE Arca Gold Miners Index reflect no deduction for fees, expenses or taxes.

After-tax returns are calculated using highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Global Resources Fund

Annual Total Returns (as of December 31 each year)*



* As of October 1, 2008, the Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 35.85% in the fourth quarter of 2003.

Worst quarter shown in bar chart above: (45.81)% in the third quarter of 2008.

Global Resources Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
Global Resources Fund Return Before Taxes*	(62.13)%	4.70%	12.47%
Return After Taxes on Distributions	(63.30)%	1.44%	10.57%
Return After Taxes on Distributions and Sale of Fund Shares	(38.91)%	3.76%	10.98%
S&P 500 Index**	(37.00)%	(2.19)%	(1.38)%
Morgan Stanley Commodity Related Equity Index***	(41.21)%	10.09%	12.77%

* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

** 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 S&P 500 Index reflect no deduction for fees, expenses or taxes.

*** 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. The returns for the Morgan Stanley Commodity Related Equity Index reflect no deduction for fees, expenses or taxes.

After-tax returns are calculated using highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Emerging Markets Funds

Eastern European Fund
Global Emerging Markets Fund
China Region Fund

Investment Objectives

The Eastern European Fund, Global Emerging Markets Fund and China Region Fund seek long-term growth of capital.

In managing the Eastern European Fund and Global Emerging Markets Fund, the Adviser uses the services of Charlemagne Capital (IOM) Limited (Charlemagne). Charlemagne provides non-discretionary advisory services to the Adviser, but is not responsible for the investment or management of the funds' assets.

Main Investment Strategies

The Eastern European Fund invests, under normal market conditions, at least 80% of its net assets in the common stock, preferred stock, convertible securities, rights and warrants and depository receipts of companies located in the emerging markets of Eastern Europe. In general, Eastern European countries are in the early stages of industrial, economic, or capital market development. Eastern European countries may include countries that were, until recently, governed by communist governments or countries that, for any other reason, have failed to achieve levels of industrial production, market activity, or other measures of economic development typical of the developed European countries. Although the fund may invest in any Eastern European country, it currently focuses its investment in companies located in Russia, Poland, Czech Republic, Hungary and Turkey. The Adviser considers the following countries to be in Eastern Europe: Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, the Czech Republic, Estonia, FYR Macedonia, Georgia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Turkey and Ukraine.

The fund will consider investments in Eastern Europe to be the following:

1. securities of issuers that are organized under the laws of any Eastern European country or have a principal office in an Eastern European country;
2. securities of issuers that derive a majority of their revenues from business in Eastern European countries, or have a majority of their assets in Eastern European countries; or
3. securities that are traded principally on a securities exchange in an Eastern European country. (For this purpose, investment companies that invest principally in securities of companies located in one or more Eastern European countries will also be considered to be located in an Eastern European country, as will American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) with respect to the securities of companies located in Eastern European countries.)

The Eastern European Fund invests at least 25% of its total assets in securities of companies involved in oil, gas or banking. In determining whether a company is involved in oil, gas or banking, the fund will use the Bloomberg Sector Classification System. For a full list of the Bloomberg-classified industries involving oil, gas, or banking, see the discussion of non-fundamental investment restrictions in the SAI.

However, the fund will invest no more than 25% of its total assets in any one Bloomberg-classified industry involving oil, gas, or banking, such as, among others, Oil Companies—Integrated, Oil Companies—Exploration & Production, Oil Refining & Marketing, Regional Banks—Non-U.S., Commercial Banks—Non-U.S., and Diversified Banking Institutions; provided, however, that if at the time of purchase a corresponding industry classification represents 20% or more of the fund's benchmark, the MSCI Emerging Markets Europe 10/40 Index (Net Total Return), then the fund may invest up to 35% of its total assets in the corresponding Bloomberg-classified industry.

The Global Emerging Markets Fund invests, under normal market conditions, at least 80% of its net assets in equity securities such as common stock, preferred stock, convertible securities, rights and warrants and depositary receipts of companies located in emerging market countries or in companies with a significant business presence in emerging market countries. 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.

The fund will consider investments in an emerging market country to be the following:

1. securities of issuers organized under the laws of any emerging market country or have a principal office in, an emerging market country;

2. securities that are traded primarily in an emerging market country;
3. securities of issuers that have a majority of their assets in an emerging market country; or
4. securities of issuers that derive a majority of their revenues or profits from goods produced or sold, investments made or services performed in an emerging market country.

Under normal market conditions, the China Region Fund will invest at least 80% of its net assets in common stock, preferred stock, convertible securities, rights and warrants, and depository receipts of companies located in the China region.

The fund will consider investments in the China region to be the following:

1. securities of issuers organized under the laws of the countries within the China region;
2. securities of issuers that have at least 50% of their assets in one or more China region countries;
3. securities of issuers that derive at least 50% of their gross revenues or profits from providing goods or services to or from one or more China region countries; or
4. securities of issuers that are primarily traded on the China, Taiwan, or Hong Kong exchanges.

The China Region Fund will invest in both new and existing enterprises registered and operating in China and the China region. These will include wholly Chinese-owned enterprises, wholly foreign-owned enterprises, and Sino-foreign joint ventures. While portfolio holdings may be geographically dispersed, the fund anticipates that the trading activities of the fund in People's Republic of China (PRC) securities will be focused in the authorized China securities market; in particular, the Hong Kong, Shenzhen, and Shanghai stock exchanges. Trading activities of the fund in securities other than PRC securities will be focused on the Taiwan, Korea, Singapore, Malaysia and Indonesia stock exchanges.

The Eastern European Fund and Global Emerging Markets Fund may, from time to time, invest a significant amount of their total assets in certain sectors.

The Adviser applies both a "top-down" macroeconomic analysis using broad economic indicators to identify trends in countries, states, sectors, and industries and a "bottom-up" fundamental analysis with screens to select the leading stocks within this macroeconomic environment.

For more information on the funds' investment strategies, please see page 32.

The trustees for the funds may change each fund's objective without shareholder vote. Each fund will notify you in writing 60 days before making any changes to this policy. If there is a material change to a fund's objective or policies, you should consider whether the fund remains an appropriate investment for you.

Main Risks

The funds are designed for investors who are willing to accept the risks of investing in portfolios with significant stock holdings. The funds are not intended to be a complete investment program, and there is no assurance that their investment objectives can be achieved. As with all mutual funds, loss of money is a risk of investing in any of the funds. Additional risks of the funds are described on page 32. An investment in these funds is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Given the limited number of issuers in Eastern European countries, along with liquidity and capacity constraints in certain markets, as the asset size of the Eastern European Fund grows it may be more difficult for the Adviser to locate attractive securities to purchase and the ability of the Adviser to efficiently trade into or out of particular securities or markets may become more limited.

Diversification Risk

The funds are classified as "non-diversified" funds, and, as such, the funds' portfolios may include the securities of a smaller total number of issuers than if the funds were classified as "diversified." Because the funds may invest a greater proportion of their assets in the obligations of a small number of issuers, changes in the financial condition or market assessment of a single issuer may cause greater fluctuation and volatility in the funds' total returns or asset values than if the funds were required to hold smaller positions of the securities or a larger number of issuers.

Market Risk

The value of a fund's shares will go up and down based on the performance of the companies whose securities it owns and other factors affecting the securities market generally.

Foreign Securities/Emerging Markets Risk

The funds' investments in foreign securities are subject to special risks. A fund's returns and share price may be affected to a large degree by several factors including fluctuations in currency exchange rates; political, social, or economic instability; and less stringent accounting, disclosure, and financial reporting requirements in a particular country. These risks are generally intensified in emerging markets, which include those countries in which the funds primarily invest. Political and economic structures in Eastern European and emerging market countries are in their infancy and developing rapidly, and such countries may lack the political, social, and economic stability characteristic of more developed countries. In addition, Eastern European and emerging market securities markets are substantially smaller, less liquid, and significantly more volatile than securities markets in the U.S. or Western Europe. The funds' share prices will reflect the movements of the different stock markets in which they are invested and the currencies in which their investments are denominated.

Geographic Concentration Risk

The Eastern European Fund and China Region Fund concentrate their investments in companies located in Eastern Europe and the China region, respectively. Because of this, companies in each fund's portfolio may react similarly to political, social, and economic developments in any of the Eastern European or China region countries. For example, many companies in the same region may be dependent on related government fiscal policies. Companies may be adversely affected by new or unanticipated legislative changes that could affect the value of such companies and, therefore, a fund's share price. A fund's return and share price may be more volatile than those of a less concentrated portfolio.

Industry Concentration Risk

The Eastern European Fund invests more than 25% of its investments in companies principally engaged in the oil, gas or banking industries. Oil & gas companies are a large part of the Russian economy and banks typically are a significant component of emerging market economies, such as those in Russia and other Eastern European countries. 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. To the extent that the fund's assets are invested in the oil & gas industry, the fund would be particularly vulnerable to factors affecting the industry, such as increased governmental regulation of the environment. Increased environmental regulation may, among other things, increase compliance costs and affect business opportunities for companies in which the fund invests. The fund would also be affected by changing commodity prices, which can be highly volatile and are subject to risk of over supply and decreased demand. To the extent that the fund's assets are invested in companies operating in the banking industry, the fund is subject to legislative or regulatory changes, adverse market conditions, and/or increased competition affecting banking companies. The prices of securities of banking companies also may fluctuate widely due to general economic conditions that could create exposure to credit losses. In determining whether a company is involved in oil, gas or banking, the fund will use the Bloomberg Sector Classification System.

Sector Risk

From time to time, the funds may invest a significant amount of their total assets in certain sectors, which may be subject to specific risks. These risks include governmental regulation of the sector and governmental monetary and fiscal policies which may negatively affect a particular sector. In addition, governmental policies towards international trade and tariffs may affect particular sectors.

Portfolio Turnover Risk

The funds' portfolio turnover rates vary from year to year according to market conditions and may exceed 100%. The length of time each fund has held a particular security is not generally a consideration in investment decisions. It is the policy of each fund to effect portfolio transactions without regard to a holding period if, in the

judgment of the portfolio managers, such transactions are advisable. Portfolio turnover generally involves some expense, including brokerage commissions, dealer mark-ups, or other transaction costs on the sale of securities and reinvestment in other securities. Such sales may result in realization of taxable capital gains for shareholders. Portfolio turnover rates for the funds are disclosed in the Financial Highlights section.

Volatility and Performance Information

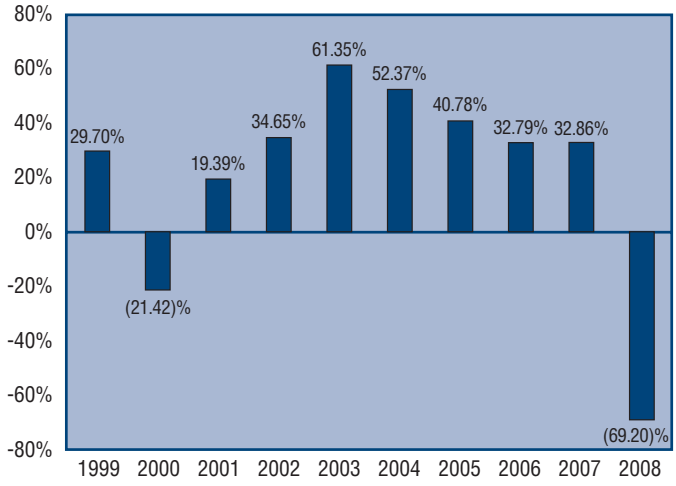
The following bar charts and tables show the volatility of each fund's returns, which is one indicator of the risks of investing in the fund. The bar charts show changes in each fund's returns from year to year during the period indicated. The tables compare each fund's average annual returns for the last 1-, 5-, and 10-year periods or since inception, as applicable, to those of broad-based securities market indexes. How each fund performed in the past, before and after taxes, is not an indication of how it will perform in the future.

On November 7, 2008, the Adviser took over the day-to-day management of the Eastern European Fund. Prior to November 7, 2008, the fund was managed by Regent Fund Management Limited Barbados from February 1997 to January 2002, Charlemagne Capital (UK) Limited from January 2002 to December 2002, and Charlemagne Capital (IOM) Limited from January 2003 to November 6, 2008. Consequently, the fund's prior performance may have been different if the Adviser had been managing the fund.

On November 7, 2008, the Adviser took over the day-to-day management of the Global Emerging Markets Fund. Prior to November 7, 2008, the fund was managed by Charlemagne Capital (IOM) Limited, subadviser to the fund since its inception on February 2005. Consequently, the fund's prior performance may have been different if the Adviser had been managing the fund.

Eastern European Fund

Annual Total Returns (as of December 31 each year)*



* As of October 1, 2008, the Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 33.22% in the third quarter of 2005.

Worst quarter shown in the bar chart above: (48.07)% in the fourth quarter of 2008.

Eastern European Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 years
Eastern European Fund Return Before Taxes*	(69.20)%	3.11%	11.90%
Return After Taxes on Distributions	(69.20)%	1.20%	10.69%
Return After Taxes on Distributions and Sale of Fund Shares	(44.98)%	3.65%	11.18%
S&P 500 Index**	(37.00)%	(2.19)%	(1.38)%
MSCI Emerging Markets Europe 10/40 Index (Net Total Return)***	(66.83)%	4.18%	9.80%

* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

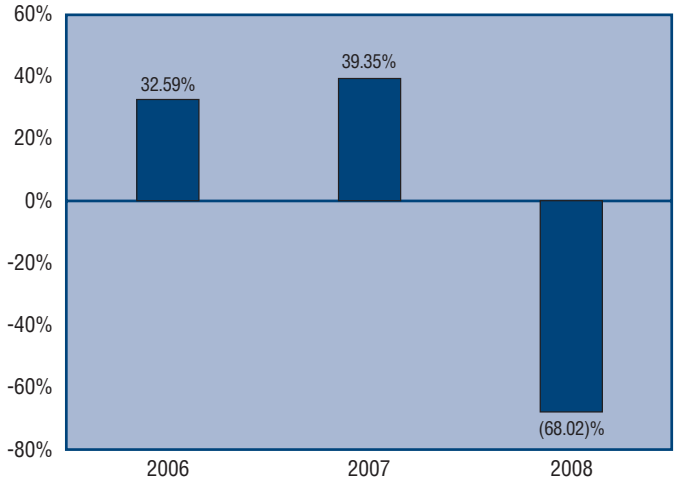
** The S&P 500 Index is a widely recognized index of common stock prices of U.S. companies. The returns for the S&P 500 Index reflect no deduction for fees, expenses or taxes.

*** 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 market 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 for institutional investors). The index is periodically rebalanced relative to the constituents' weights in the parent index. The returns for the MSCI Emerging Markets Europe 10/40 Index (Net Total Return) reflect no deduction for fees, expenses or taxes, except as noted above.

After-tax returns are calculated using the highest historic marginal individual federal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Global Emerging Markets Fund

Annual Total Returns (as of December 31 each year)*



* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 20.16% in the fourth quarter of 2006.

Worst quarter shown in the bar chart above: (39.66)% in the fourth quarter of 2008.

Global Emerging Markets Fund

Average Annual Total Returns (for the periods ending December 31, 2008)	1 Year	Since Inception (2/24/05)
Global Emerging Markets Fund Return Before Taxes*	(68.02)%	(7.95)%
Return After Taxes on Distributions	(68.02)%	(9.60)%
Return After Taxes on Distributions and Sale of Fund Shares	(44.05)%	(6.01)%
S&P 500 Index**	(37.00)%	(5.24)%
MSCI Emerging Markets Net Total Return Index***	(53.33)%	1.96%

* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

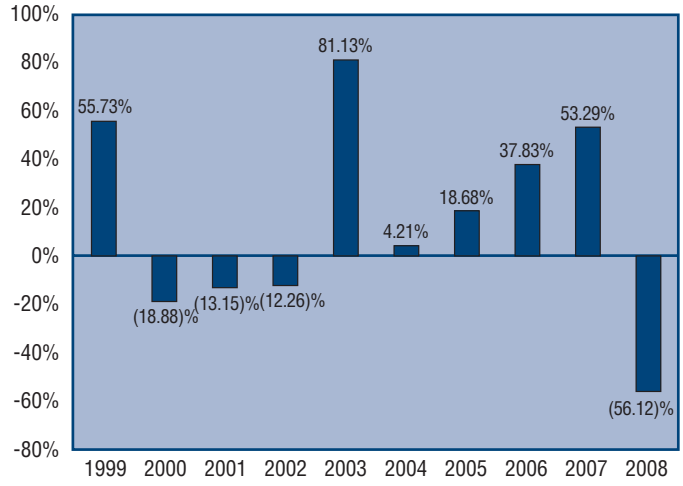
** The S&P 500 Index is a widely recognized index of common stock prices of U.S. companies. The returns for the S&P 500 Index reflect no deduction for fees, expenses or taxes.

*** The MSCI Emerging Markets Net Total 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 MSCI Emerging Markets Net Total Return Index reflect no deduction for fees, expenses or taxes, except as noted above.

After-tax returns are calculated using the highest historic marginal individual federal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

China Region Fund

Annual Total Returns (as of December 31 each year)*



* As of October 1, 2008, the Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 50.81% in the second quarter of 1999.

Worst quarter shown in the bar chart above: (25.00)% in the third quarter of 2001.

China Region Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
China Region Fund Return Before Taxes*	(56.12)%	2.77%	7.17%
Return After Taxes on Distributions	(56.12)%	1.01%	6.18%
Return After Taxes on Distributions and Sale of Fund Shares	(36.48)%	1.99%	6.08%
Hang Seng Composite Index**	(47.32)%	7.61%	N/A
MSCI All Country Far East Free ex Japan Index***	(51.96)%	2.07%	2.79%

* As of October 1, 2008, the Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

** 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 12 months. This reflects returns from January 3, 2000. The returns for the Hang Seng Composite Index reflect no deduction for fees, expenses or taxes.

*** 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, the Philippines, Singapore, Taiwan and Thailand. These are not total returns. These returns reflect simple appreciation only and do not show the effect of dividend reinvestment. The returns for the MSCI All Country Far East Free ex Japan Index reflect no deduction for fees, expenses or taxes.

After-tax returns are calculated using highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Tax Free Funds

Tax Free Fund
Near-Term Tax Free Fund

Investment Objectives

The two tax free funds seek to provide a high level of current income that is exempt from federal income taxation and to preserve capital.

Main Investment Strategies

Under normal market conditions, each of the tax free funds invests at least 80% 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 funds differ in the maturity of the debt securities they purchase. While the Tax Free Fund may invest in debt securities of any maturity, the Near-Term Tax Free Fund will maintain a weighted-average portfolio maturity of five years or less.

The funds' portfolio team applies a two-step approach in choosing investments. It begins by analyzing various macroeconomic factors in an attempt to forecast interest rate movements, and then it positions each fund's portfolio by selecting investments that it believes will, in the whole, best fit that forecast.

Although the tax free funds try to invest most of their assets in tax free securities, it is possible that up to 20% of their respective assets may be in securities that pay taxable interest. Taxable investments by the funds may generate ordinary income that will be distributed to shareholders as taxable income.

For more information on the funds' investment strategies, please see page 36.

The trustees for the funds may change each fund's objective without shareholder vote. The fund will notify you in writing 60 days before making any changes to this policy. If there is a material change to a fund's objective or policies, you should consider whether the fund remains an appropriate investment for you.

Main Risks

The funds are designed for investors who primarily seek current income that is substantially free from federal taxes. The funds are not intended to be a complete investment program, and there is no assurance that their investment objectives can be achieved. As with all mutual funds, loss of money is a risk of investing in each fund. Although the funds' policy is to invest in securities whose interest is free from federal income tax, the funds may invest up to 20% of their respective assets in securities that pay taxable interest. For the fiscal years ended June 30, 2008, and June 30, 2007, respectively, 10.5% and 11.9% of the Tax Free Fund's distributions and 13.4% and 12.4% of the Near-Term Tax Free Fund's distributions were from ordinary income. From year to year, these numbers may vary and there is no assurance that these distributions will continue. Additional risks of the funds are described on page 36. An investment in these funds is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Interest Rate Risk

Because the funds invest primarily in municipal securities, there is a risk that the value of these securities will fall if interest rates rise. Ordinarily, when interest rates go up, municipal security prices fall. The opposite is also true: municipal security prices usually go up when interest rates fall. The longer a fund's weighted-average maturity, the more sensitive it is to changes in interest rates. Since the Tax Free Fund normally has a longer weighted-average maturity than the Near-Term Tax Free Fund, it is subject to greater interest rate risks.

Call Risk

A municipal security may be prepaid (called) before its maturity. An issuer is more likely to call its securities when interest rates are falling, because the issuer can issue new securities with lower interest payments. If a security is called, a fund may have to replace it with a lower-yielding security.

Credit Risk

There is a possibility that an issuer of a municipal security cannot make timely interest and principal payments on its debt securities. With municipal securities, state,

or local law may limit the sources of funds for the payment of principal and interest.

Income Risk

The funds are subject to income risk, which is the risk that a fund's dividends (income) will decline due to falling interest rates.

Municipal Bond Risk

There is generally more public information available for corporate equities or bonds than is available for municipal bonds.

Liquidity Risk

The secondary market for municipal bonds may be less liquid than other securities markets. A less liquid market may make it difficult for the funds to sell the security at an attractive price, and the value of the security may fall, even during periods of declining interest rates.

Insured Municipal Bonds

The funds may invest in municipal bonds covered by an insurance policy that guarantees timely payment of principal and interest. The insurance policies do not guarantee the value of the bonds. A downgrade of the bond insurer's credit rating or a default by the insurer may result in a downgrade of the bond rating and could have a negative affect on the value of the bond.

Lower Rated Municipal Bonds

A portion of the funds' investments may be in high risk, lower rated municipal bonds as the result of a downgrade of an investment grade bond subsequent to the fund's purchase of the bond. Investments in lower rated bonds carry greater credit rate risk, market risk and interest rate risk than an investment in a higher rated bond.

Recent Market Events

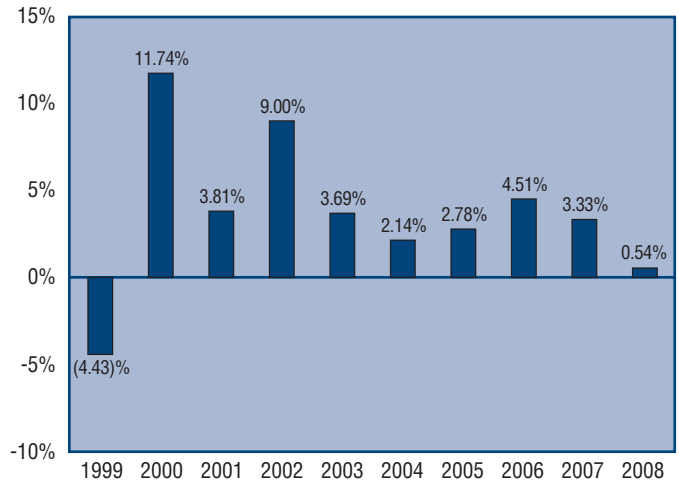
Recent unprecedented turbulence in the financial markets and reduced liquidity in the credit and fixed income market could have an adverse effect on the value of the funds.

Volatility and Performance Information

The following bar charts and tables show the volatility of each fund's returns, which is one indicator of the risks of investing in the fund. The bar charts show changes in each fund's returns from year to year during the period indicated. The tables compare each fund's average annual returns for the last 1-, 5-, and 10-year periods to those of a broad-based securities market index. How each fund performed in the past, before and after taxes, is not an indication of how it will perform in the future.

Tax Free Fund

Annual Total Returns (as of December 31 each year) *



* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 4.84% in the fourth quarter of 2000.

Worst quarter shown in the bar chart above: (3.07)% in the second quarter of 2004.

Tax Free Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
Tax Free Fund Return Before Taxes*	0.54%	2.65%	3.63%
Return After Taxes on Distributions	0.41%	2.53%	3.54%
Return After Taxes on Distributions and Sale of Fund Shares	1.58%	2.71%	3.60%
Barclays Capital 10-Year Municipal Bond Index**	1.52%	3.47%	4.68%

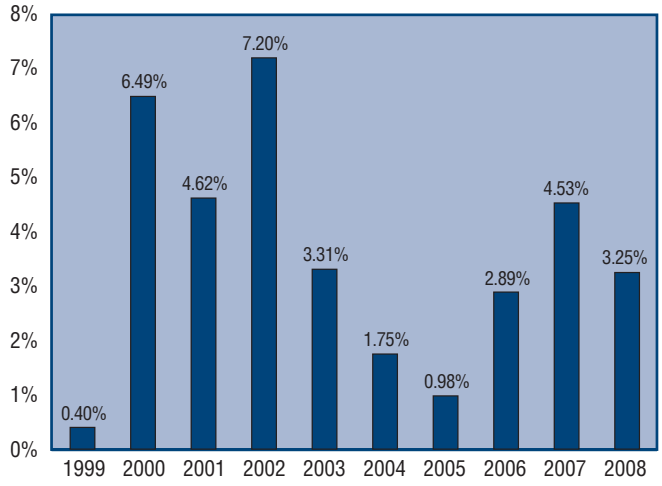
* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

** The Barclays Capital (formerly Lehman Brothers) 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 of 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. The returns for the Barclays Capital 10-Year Municipal Bond Index reflect no deduction for fees, expenses or taxes.

After-tax returns are calculated using highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Near-Term Tax Free Fund

Annual Total Returns (as of December 31 each year)*



* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 3.11% in the third quarter of 2002.

Worst quarter shown in the bar chart above: (1.57)% in the second quarter of 2004.

Near-Term Tax Free Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
Near-Term Tax Free Fund Return Before Taxes*	3.25%	2.67%	3.52%
Return After Taxes on Distributions	3.05%	2.55%	3.42%
Return After Taxes on Distributions and Sale of Fund Shares	3.05%	2.61%	3.40%
Barclays Capital 3-Year Municipal Bond Index**	5.53%	3.23%	4.02%

* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

** The Barclays Capital (formerly Lehman Brothers) 3-Year Municipal Bond is a total return benchmark designed for municipal assets. The index includes bonds that have a minimum credit rating of 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 two to four years. The returns for the Barclays Capital 3-Year Municipal Bond Index reflect no deduction for fees, expenses or taxes.

After-tax returns are calculated using highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Government Money Market Funds

U.S. Government Securities Savings Fund
U.S. Treasury Securities Cash Fund

Investment Objectives

U.S. Government Securities Savings Fund (Government Securities Savings Fund) seeks to achieve a consistently high yield with safety of principal.

U.S. Treasury Securities Cash Fund (Treasury Securities Cash Fund) seeks to obtain a high level of current income while maintaining the highest degree of safety of principal and liquidity.

Main Investment Strategies

Under normal market conditions, the Government Securities Savings Fund invests at least 80% of its net assets in United States Treasury debt securities and obligations of agencies and instrumentalities of the United States, including repurchase agreements collateralized with such securities.

Under normal market conditions, the Treasury Securities Cash Fund invests at least 80% of its net assets in United States Treasury debt securities, including repurchase agreements collateralized with such securities. The income from these obligations may be exempt from state and local income taxes.

The Government Securities Savings Fund is designed to provide a higher yield than the Treasury Securities Cash Fund, but with somewhat less safety of principal and liquidity.

The funds seek to provide a stable net asset value of $1 per share by investing in securities with maturities of 397 days or less, and by maintaining an average maturity of 90 days or less. However, there can be no assurance that they can always do so (each is measured in accordance with Securities and Exchange Commission rules applicable to money market funds).

The funds' portfolio team applies a two-step approach in choosing investments. It begins by analyzing various macroeconomic factors in an attempt to forecast interest rate movements, and then it positions each fund's portfolio by selecting investments that it believes will, in the whole, best fit that forecast.

For more information on the funds' investment strategies, please see page 37.

The trustees for the funds may change each fund's objective without shareholder vote. Each fund will notify you in writing 60 days before making any changes to this policy. If there is a material change to a fund's objective or policies, you should consider whether the fund remains an appropriate investment for you.

Main Risks

The Government Securities Savings Fund invests in various United States government agencies, which while chartered or sponsored by Acts of Congress, are neither issued nor guaranteed by the United States Treasury. Each of these agencies, which include the Federal Home Loan Bank, the Federal Farm Credit Bank, and the Tennessee Valley Authority, is supported by its own credit. However, the Federal Home Loan Bank is also supported by the ability of the United States Treasury to buy up to $4 billion of debt of the agency. Also, the Tennessee Valley Authority has a credit line of $150 million with the United States Treasury.

The funds are designed for investors who primarily seek current income. The funds are not intended to be a complete investment program, and there is no assurance that their investment objectives can be achieved. Additional risks of the funds are described on page 37. An investment in the funds is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in the funds.

Income Risk

The funds are subject to income risk, which is the risk that a fund's dividends (income) will decline due to falling interest rates.

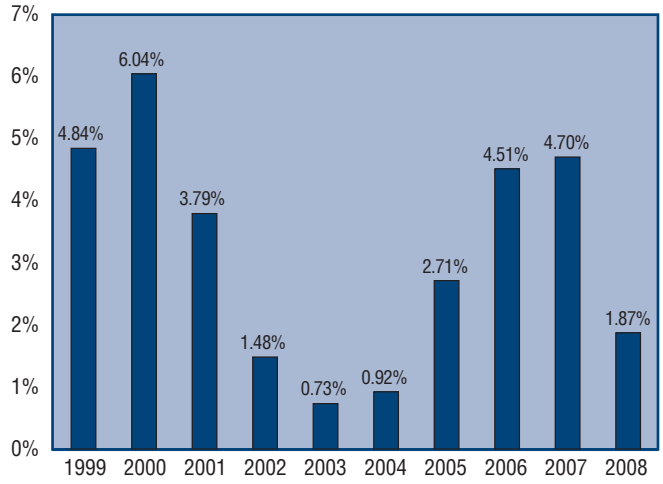
Volatility and Performance Information

The following bar charts and tables show the volatility of each fund's returns, which is one indicator of the risks of investing in the fund. The bar charts show

changes in each fund's returns from year to year during the period indicated. The tables compare each fund's average annual returns for the last 1-, 5-, and 10-year periods. How each fund performed in the past, is not an indication of how it will perform in the future.

Government Securities Savings Fund

Annual Total Returns (as of December 31 each year)*



* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 1.56% in the fourth quarter of 2000.

Worst quarter shown in the bar chart above: 0.15% in the third quarter of 2003.

Government Securities Savings Fund

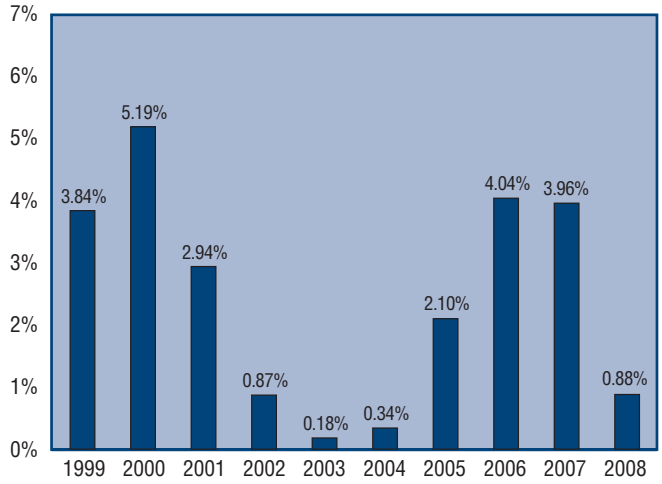
Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
Government Securities Savings Fund*	1.87%	2.93%	3.14%

* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

The 7-day yield on December 31, 2008, was 0.78%. For the fund's current yield, call 1-800-US-FUNDS.

Treasury Securities Cash Fund

Annual Total Returns (as of December 31 each year)*



* Effective April 1, 2007, the Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

Best quarter shown in the bar chart above: 1.37% in the third quarter of 2000.

Worst quarter shown in the bar chart above: 0.02% in the third quarter of 2003.

Treasury Securities Cash Fund

Average Annual Total Returns (for the periods ended December 31, 2008)	1 Year	5 Years	10 Years
Treasury Securities Cash Fund*	0.88%	2.25%	2.42%

* The Adviser has agreed to limit the fund's total operating expenses. In the absence of this limitation, the fund's total returns would have been lower.

The 7-day yield on December 31, 2008, was 0.01%. For the fund's current yield, call 1-800-US-FUNDS. The yield includes the effect of the Adviser's voluntary waiver of fees and/or reimbursement of expenses to maintain a minimum net yield for the fund.

Fees and Expenses

Shareholder Transaction Expenses—Direct Fees

The following table describes the fees and expenses that you may pay if you buy and hold shares of the funds. These fees are paid directly from your investment. If you sell shares and request your money by wire transfer, there is a $10 fee. Your bank may also charge a fee for receiving wires.

Annual Fund Operating Expenses—Indirect Fees

Fund operating expenses are paid out of the funds' assets and are reflected in the funds' share prices and dividends. These costs are paid indirectly by shareholders. "Other Expenses" include fund expenses such as administrative services, custodian, accounting, and transfer agent fees.

The Adviser has contractually limited total fund operating expenses (exclusive of acquired fund fees and expenses, extraordinary expenses, taxes, brokerage commissions and interest) to not exceed 1.75% for the All American Fund, 1.75% for the Holmes Growth Fund, 1.85% for the Global MegaTrends Fund, 1.50% for the Gold and Precious Metals Fund, 1.50% for the World Precious Minerals Fund, 1.50% for Global Resources Fund, 2.25% for the Eastern European Fund, 2.50% for the Global Emerging Markets Fund, 2.00% for the China Region Fund, 0.70% for the Tax Free Fund, 0.45% for the Near-Term Tax Free Fund, 0.45% for the Government Securities Savings Fund, and 1.00% for the Treasury Securities Cash 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.

The Adviser has also voluntarily agreed to waive fees and/or reimburse expenses for the Government Securities Savings Fund and Treasury Securities Cash Fund to the extent necessary to maintain a certain minimum net yield for each such fund, as determined by the Adviser with respect to that fund (Minimum Yield). The Adviser can modify or terminate this agreement at any time. 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 net yield to fall below the fund's previously determined Minimum Yield or the expenses to exceed the overall expense ratio limit in effect at the time of the waiver and/or reimbursement. This recapture could negatively affect the fund's yield and expenses in the future.

Except as noted below, the figures below show operating expenses as a percentage of each fund's respective net assets during the fiscal year ended October 31, 2008 (Holmes Growth Fund, Global MegaTrends Fund, Eastern European Fund and Global Emerging Markets Fund) or December 31, 2008 (other funds).

Shareholder Transaction Expenses—Direct Fees (these fees are paid directly from your account)

Sales charge	None
Account closing fee[1]	$10
Administrative exchange fee[2]	$5
Small account fee—All funds except money market funds[3]	$24
Money market funds[4]	$60
Short-term trading fees[5]	
• Holmes Growth Fund, Global MegaTrends Fund and Global Resources Fund shares held 30 days or less[6]	0.25%
• Gold and Precious Metals Fund and World Precious Minerals Fund shares held 30 days or less[6]	0.50%
• All American Fund shares held 30 days or less[6]	0.10%
• China Region Fund shares held 180 days or less[6]	1.00%
• Eastern European Fund and Global Emerging Markets Fund shares held 180 days or less[6]	2.00%

Annual Fund Operating Expenses (paid out of funds' assets)

	Advisory Fees[7]	Distribution and Service (12b-1) Fees[8]	Other Expenses[9]	Acquired Fund Fees and Expenses[10]	Total Annual Fund Operating Expenses[11]	Advisory Fee Range With Performance Adjustment[12]
All American Fund	0.80%	0.25%	1.49%	0.02%	2.56%	0.55% - 1.05%
Holmes Growth Fund	1.00%	0.25%	0.72%	0.01%	1.98%	0.75% - 1.25%
Global MegaTrends Fund	1.00%	0.25%	1.03%	N/A	2.28%	0.75% - 1.25%
Gold and Precious Metals Fund	0.90%	0.25%	0.67%	0.04%	1.86%	0.65% - 1.15%
World Precious Minerals Fund	0.99%	0.25%	0.57%	0.01%	1.82%	0.74% - 1.24%
Global Resources Fund	0.91%	0.25%	0.51%	0.01%	1.68%	0.66% - 1.16%
Eastern European Fund	1.25%	0.25%	0.64%	N/A	2.14%	1.00% - 1.50%
Global Emerging Markets Fund	1.375%	0.25%	1.26%	0.22%	3.11%	1.125% - 1.625%
China Region Fund	1.25%	0.25%	1.15%	0.02%	2.67%	1.00% - 1.50%
Tax Free Fund	0.75%	N/A	1.15%	N/A	1.90%	N/A
Near-Term Tax Free Fund	0.50%	N/A	1.29%	N/A	1.79%	N/A
Government Securities Savings Fund	0.45%	N/A	0.30%	N/A	0.75%	N/A
Treasury Securities Cash Fund	0.50%	N/A	0.62%	N/A	1.12%	N/A

1) Does not apply to exchanges.

2) See "How to Exchange Shares" section for exemptions and other pertinent information.

3) $6 per quarter for account balances less than $5,000. (See "Account Balance" section for exemptions and other pertinent information.)

4) $5 per month for account balances that fall below $1,000 at any time during the month. (See "Account Balance" section for exemptions and other pertinent information.)

5) These fees are applied to the amount of the redemption. A first in, first out methodology is used to determine whether this fee applies to shares subject to a redemption request. (See "Short-Term Trading Fee" section for pertinent information.)

6) Percentage of value of shares redeemed or exchanged.

7) Advisory fees have been restated as if the investment advisory agreement that went into effect October 1, 2008, was in effect for the entire 12-month period.

8) Distribution and service (12b-1) fees have been restated as if the distribution plan that went into effect October 1, 2008, was in effect for the entire 12-month period.

9) Other expenses have been restated as if the administrative services agreement that went into effect October 1, 2008, was in effect for the entire 12-month period. Other expenses have also been restated for Government Securities Savings Fund and Treasury Securities Cash Fund to exclude the fees paid in the fiscal year ended December 31, 2008, to participate in the Treasury Guarantee Program as the funds do not plan to participate in the future.

10) Acquired fund fees and expenses represent fees and expenses incurred indirectly by the fund as a result of investment in shares of one or more investment companies, including ETFs.

11) The Adviser has contractually limited total fund operating expenses (exclusive of acquired fund fees and expenses, extraordinary expenses, taxes, brokerage commissions and interest) to not exceed 1.75% for the All American Fund, 1.75% for the Holmes Growth Fund, 1.85% for the Global MegaTrends Fund, 1.50% for the Gold and Precious Metals Fund, 1.50% for the World Precious Minerals Fund, 1.50% for the Global Resources Fund, 2.25% for the Eastern European Fund, 2.50% for the Global Emerging Markets Fund, 2.00% for the China Region Fund, 0.70% for the Tax Free Fund, 0.45% for the Near-Term Tax Free Fund, 0.45% for the U.S. Government Securities Savings Fund, and 1.00% for the U.S. Treasury Securities Cash 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. Total Annual Operating Expense does not reflect the effect of the Adviser's undertaking to limit fund operating expenses.

12) A performance fee adjustment may increase or decrease the advisory fee by +/- 0.25%. The performance fee adjustment is calculated by comparing a fund's performance over a rolling 12-month period to that of the fund's designated index. No adjustment is made if the fund's performance does not over perform or under perform the benchmark by 5% or more (this is known as the hurdle rate). See page 39 for more information about the calculation of the performance fee adjustment.

Example of Effect of Fund's Operating Expenses

This hypothetical example is intended to help you compare the cost of investing in the funds with the cost of investing in other mutual funds. It is based on net expenses before giving effect to any performance adjustment. The example assumes that:

- You initially invest $10,000.
- Your investment has a 5% annual return.
- The fund's operating expenses and returns remain the same.
- All dividends and distributions are reinvested.

This example reflects the $10 account-closing fee that you would pay if you redeem all of your shares in a fund. Actual annual returns and fund operating expenses may be greater or less than those provided for in the assumptions.

With these assumptions, you would pay the following expenses if you redeemed all of your shares at the end of the periods shown:

	1 Year	3 Years	5 Years	10 Years
All American Fund	$269	$806	$1,370	$2,905
Holmes Growth Fund*	209	625	1,067	2,295
Global MegaTrends Fund	241	722	1,230	2,625
Gold and Precious Metals Fund	199	595	1,016	2,190
World Precious Minerals Fund*	197	589	1,005	2,169
Global Resources Fund*	186	555	949	2,051
Eastern European Fund*	229	686	1,169	2,503
Global Emerging Markets Fund	324	970	1,640	3,430
China Region Fund	280	839	1,425	3,013
Tax Free Fund	203	607	1,036	2,232
Near-Term Tax Free Fund	192	573	980	2,115
Government Securities Savings Fund*	88	253	432	952
Treasury Securities Cash Fund	124	366	627	1,373

The example does not reflect the effect of the Adviser's undertaking to limit the expenses of the funds through September 30, 2009. These contractual limitations, however, may be revised at any time by the funds' board of trustees.

* Annual operating expenses have been adjusted to reflect asset levels as of the most recent fiscal year-end.

You would pay the following fees if you did not redeem your shares:

	1 Year	3 Years	5 Years	10 Years
All American Fund	$259	$796	$1,360	$2,895
Holmes Growth Fund*	199	615	1,057	2,285
Global MegaTrends Fund	231	712	1,220	2,615
Gold and Precious Metals Fund	189	585	1,006	2,180
World Precious Minerals Fund*	187	579	995	2,159
Global Resources Fund*	176	545	939	2,041
Eastern European Fund*	219	676	1,159	2,493
Global Emerging Markets Fund	314	960	1,630	3,420
China Region Fund	270	829	1,415	3,003
Tax Free Fund	193	597	1,026	2,222
Near-Term Tax Free Fund	182	563	970	2,105
Government Securities Savings Fund*	78	243	422	942
Treasury Securities Cash Fund	114	356	617	1,363

The example does not reflect the effect of the Adviser's undertaking to limit the expenses of the funds through September 30, 2009. These contractual limitations, however, may be revised at any time by the funds' board of trustees.

* Annual operating expenses have been adjusted to reflect asset levels as of the most recent fiscal year-end.

Investment Objectives, Principal Investment Strategies and Related Risks

Equity Funds

All American Equity Fund
Holmes Growth Fund
Global MegaTrends Fund

This section takes a closer look at the funds' principal investment strategies and certain risks of investing in the funds.

Investment Processes

For the All American Fund, the Adviser applies both a "top-down" macroeconomic analysis using broad economic indicators to identify trends in countries, states, sectors, and industries and a "bottom-up" fundamental analysis with screens to select the leading stocks within this macroeconomic environment. Once the Adviser puts these two processes together, it can select securities that it believes meet the fund's investment objective. The Adviser regularly reviews the security selection processes and forecasts to keep current with changing market conditions. The skill of the Adviser will play a significant role in the fund's ability to achieve its investment objective.

In selecting stocks for the Holmes Growth Fund, the Adviser initially applies a "top-down" analysis of the markets. This means that the Adviser considers the growth potential of the capitalization categories (i.e., small, medium, and large) and industry sectors. The Adviser chooses common stocks within those categories that have the potential for capital appreciation. The Adviser analyzes a company's capital appreciation potential based on various investment criteria, which may include earnings, strong management, price-to-earnings ratios, debt-to-equity ratios, stock price movement, magnitude of trading volume, and the general growth prospects of the company. The Adviser considers the same criteria when making decisions to sell common stocks held by the fund. The fund may invest in companies of all sizes. The skill of the Adviser will play a significant role in the fund's ability to achieve its investment objective.

The Adviser's investment process for the Global MegaTrends Fund is based primarily on macro and micro analysis. From a "top-down" (or macro) perspective, the Adviser studies economic data such as gross domestic product, industrial production, consumer price index as well as government policies to identify "mega trends" or large changes taking place in economies around the world. From a "bottom-up" (or micro) point of view, the Adviser uses fundamental and statistical data such as sales and earnings growth, return on equity and oscillators to assist in the buying and selling of individual stocks. The fund generally will invest in companies of all sizes with growth potential that are dominant in their industry, have quality management, display strong, stable financial health, and are selling at relative discounts to the market, their industry, and their historical price to earnings ratios, cash flow, and other factors. The common stocks of such companies generally are traded on major stock exchanges and have a high degree of liquidity. While the fund is diversified, the Adviser may invest a significant portion of the fund's assets in the stock of a single company. As a result, a single security's increase or decrease in value may have a greater impact on the fund's share price and total return.

Principal Investment Strategies and Related Risks

Under normal market conditions, substantially all (greater than 80%) of the All American Fund's total assets will be invested in common stock, preferred stock, convertible securities, rights and warrants and depository receipts of "all American" companies.

Under normal market conditions, at least 80% of the Holmes Growth Fund's total assets will be invested in common stock, preferred stock, convertible securities, rights and warrants and depository receipts. The Holmes Growth Fund may invest up to 25% of its total assets in foreign securities that are not publicly traded in the U.S. The fund may invest in sponsored or unsponsored American Depository Receipts (ADRs), which represent shares of foreign issuers. ADRs are not included in the 25% limit on foreign issuers. As part of its foreign investments, the fund may invest up to 5% of its total assets in emerging markets.

Under normal market conditions, the Global MegaTrends Fund invests substantially all of its assets in common stock, preferred stock, convertible securities, rights and warrants, and depository receipts. Under normal market conditions, the Global MegaTrends Fund invests 40% of its total assets in companies which are foreign or have economic ties to a foreign country.

Because the funds invest primarily in equity securities, the main risk is that a fund's investments may decrease in response to the activities of an individual company or in response to general market, business, and economic conditions. If this occurs, the funds' share prices may also decrease.

Other Types of Investments, Related Risks and Considerations

While not principal strategies, the funds may invest to a limited extent in other types of investments as discussed under "Common Investment Practices and Related Risks" on page 41.

Gold and Natural Resources Funds

Gold and Precious Metals Fund
World Precious Minerals Fund
Global Resources Fund

This section takes a closer look at the funds' principal investment strategies and certain risks of investing in the funds.

Investment Processes

In selecting investments for the funds, the Adviser applies a "top-down" approach to look for countries with favorable mining laws, a relatively stable currency and liquid securities markets and a "bottom-up" approach to look for companies with robust reserve growth profiles, healthy production, and strong cash flows.

As part of the top-down approach, the Adviser for the Global Resources Fund evaluates the global macroeconomic environment, natural resources supply and demand fundamentals, and industry selection. For its bottom-up selection strategy, the Adviser looks at a company's peer-group rankings with respect to expected future growth in reserves, production and cash flow. Additionally, the Adviser also considers current valuation multiples to earnings and cash flow, current and expected net asset value, balance sheet quality, working capital needs and overall profitability measured by returns on invested capital.

Once the Adviser puts these two processes together, it can select securities that it believes meet each fund's investment objective. The Adviser regularly reviews its security selection process and its forecast to keep current with changing market conditions. The skill of the Adviser will play a significant role in each fund's ability to achieve its investment objective.

Principal Investment Strategies and Related Risks

Under normal market conditions, the Gold and Precious Metals Fund will invest at least 80% of its net assets in common stock, preferred stock, convertible securities, rights and warrants, and depository receipts of companies predominately involved in the mining, fabrication, processing, marketing, or distribution of metals including gold, silver, platinum group, palladium and diamonds. Gold companies include mining companies that exploit gold deposits that are supported by co-products and by-products such as copper, silver, lead and zinc, and also diversified mining companies which produce a meaningful amount of gold. The fund focuses on selecting companies with established producing mines. The fund reserves the right to invest up to 20% of its net assets in the securities of companies principally engaged in natural resource operations.

The World Precious Minerals Fund will invest at least 80% of its net assets, during normal market conditions, in common stock, preferred stock, convertible securities, rights and warrants, and depository receipts of companies principally engaged in the exploration for, or mining and processing of precious minerals such as gold, silver, platinum, and diamonds.

Although the Gold and Precious Metals Fund and World Precious Minerals Fund have greater latitude to invest their assets in different precious minerals or metals, they currently have significant investments in the gold sector. A fund will not be required to invest any minimum amount of the fund's assets in gold stocks.

The funds may invest in junior exploration companies that search for deposits which might create cash flow as well as intermediate mining companies which already have deposits that create a modest cash flow. The funds may also invest in senior mining companies that have large deposits that create a larger stream of cash flow. Typically, junior exploration gold companies produce up to 100,000 ounces of gold or precious metals per year and intermediate companies produce up to a million ounces of gold or precious metals. The price performance of junior exploration companies relates to the success of finding and increasing reserves, thus involving both greater opportunity and risk. Stock price performance of intermediate and senior mining companies that have proven reserves is more strongly influenced by the price of gold. The securities of junior and intermediate exploration gold companies tend to be less liquid and more volatile in price than securities of larger companies.

The Global Resources Fund will invest at least 80% of its net assets, during normal market conditions, in common stock, preferred stock, convertible securities, rights and warrants, and depository receipts of companies involved in the natural resources industries. The fund may invest in multi-capitalization companies.

The Global Resources Fund concentrates its investments in the equity securities within the natural resources industries, which include, among others, the following industries:

Energy Sector	**Basic Materials Sector**
Coal	Chemicals
Energy alternative sources	Mining
Oil and gas	Iron and steel
Oil and gas services	Paper and forest products
Pipelines	

The value of the Global Resources Fund's shares is particularly vulnerable to factors affecting the natural resource industry, such as increasing regulation of the environment by both U.S. and foreign governments. Increased environmental regulations may, among other things, increase compliance costs and affect business opportunities for the companies in which the fund invests. The value is also affected by changing commodity prices, which can be highly volatile and are subject to risks of oversupply and reduced demand.

Because the Global Resources Fund's portfolio focuses its investments in companies involved in the natural resources industries, the value of fund shares may rise and fall more than the value of shares of a fund that invests more broadly.

The funds may invest in options, including long-term equity options called LEAPS. LEAPS allow a fund to imitate a purchase or sale of a stock for a fraction of its price (premium) and hold that option for up to two and a half years before it expires. The underlying stock can be purchased or sold at a predetermined price for the life of the option. LEAPS, therefore, allow a fund to gain exposure to individual securities in the natural resource sector over the long-term while allowing the fund to preserve some cash for large or unexpected redemptions. Investing in LEAPS and other options may result in a loss of a fund's initial investment and may be more volatile than a direct investment in the underlying securities. While options may incur higher transaction costs, LEAPS generally have lower transaction expenses considering the longer holding period. A fund will not purchase any option if, immediately afterwards, the aggregate market value of all outstanding options purchased by that fund would exceed 5% of that fund's total assets.

Securities of natural resources companies are affected by a sustained decline in demand for crude oil, natural gas and refined petroleum products that could adversely affect the company's income, revenues and cash flows. Factors that could lead to a decrease in market demand include a recession or other adverse economic conditions, an increase in the market price of the underlying commodity, higher taxes or other regulatory actions that increase costs, or a shift in consumer demand for such products.

The funds may invest in income and royalty trusts. A rising interest rate environment could adversely impact the performance of income and royalty trusts. Rising interest rates could limit the capital appreciation of income and royalty trusts because of the increased

availability of alternative investments at competitive yields with income and royalty trusts.

Securities of gold operation companies are affected by the price of gold and other precious metals. The price of gold and other precious metals is affected by several factors including (1) the unpredictable monetary policies and economic and political conditions affecting gold producing countries throughout the world; (2) increased environmental, labor or other costs in mining; and (3) changes in laws relating to mining or gold production or sales. Furthermore, the price of mining stocks tends to increase or decrease with the price of the underlying commodities but is more volatile.

Because each fund invests primarily in common stocks of foreign and domestic companies, the main risk is that the value of the stocks held may decrease in response to general foreign or domestic market, business and economic conditions. If this occurs, the fund's share price may also decrease.

Other Types of Investments, Related Risks and Considerations

While not principal strategies, the funds may invest to a limited extent in other types of investments such as gold, silver, platinum, palladium bullion, and other types of investments discussed under "Common Investment Practices and Related Risks" on page 41.

Emerging Markets Funds

Eastern European Fund
Global Emerging Markets Fund
China Region Fund

This section takes a closer look at the funds' principal investment strategies and certain risks of investing in the funds.

Investment Processes

The Adviser for the Eastern European Fund, Global Emerging Markets Fund and China Region Fund applies both a "top-down" macroeconomic analysis using broad economic indicators to identify trends in countries, states, sectors, and industries and a "bottom-up" fundamental analysis with screens to select the leading stocks within this macroeconomic environment.

Once the Adviser puts these two processes together, it can select securities that it believes meet each fund's investment objective. The Adviser regularly reviews the security selection processes and forecasts to keep current with changing market conditions. The skill of the Adviser will play a significant role in each fund's ability to achieve its investment objective.

Principal Investment Strategies and Related Risks

Under normal market conditions, the Eastern European Fund will invest at least 80% of its net assets in investments in Eastern Europe (as previously defined). The fund will normally invest primarily in common stock, preferred stock, convertible securities, rights and warrants and depository receipts of companies located in Eastern Europe. The fund may invest without limit in any country in Eastern Europe and in any sector within Eastern Europe. The fund currently focuses its investments in companies located in Russia, Poland, Hungary, Czech Republic and Turkey. The fund may invest up to 20% of its assets in securities, including debt securities, of governments and companies located anywhere in the world.

Under normal market conditions, the Global Emerging Markets Fund will invest at least 80% of its net assets in equity securities such as common stocks, preferred stock, convertible securities, rights and warrants and depository receipts of companies located in emerging market countries or in companies with a significant business presence in emerging countries. 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. The fund may invest without limit in any country that is considered an emerging market country and in any sector within the emerging market countries. The fund may invest up to 20% of its assets in securities, including debt securities, of governments and companies located anywhere in the world.

Under normal market conditions, the China Region Fund will normally invest at least 80% of its net assets in equity securities such as common stocks, preferred stock, convertible securities, rights and warrants and depository receipts of companies located in the China

region or in companies with a significant business presence in China region countries. The China Region Fund will invest in both new and existing enterprises registered and operating in China and the China region.

Geographic Concentration—Eastern European Fund

Political and economic structures in many Eastern European countries are in their infancy and developing rapidly, and such countries may lack the social, political, and economic stability characteristic of many more developed countries. In addition, unanticipated political or social developments may affect the value of the fund's investment in Eastern European countries. As a result, the risks normally associated with investing in any foreign country may be heightened in Eastern European countries. For example, the small size and inexperience of the securities markets in Eastern European countries and the limited volume of trading in securities in those markets may make the fund's investments in such countries illiquid and more volatile than investments in more developed countries and may make obtaining prices on portfolio securities from independent sources more difficult than in other more developed markets. In addition, Eastern European countries have failed in the past to recognize private property rights and at times have nationalized or expropriated the assets of private companies. There may also be little financial or accounting information available with respect to companies located in certain Eastern European countries and it may be difficult, as a result, to assess the value or prospects of an investment in such companies. These factors may make it more difficult for the fund to calculate an accurate net asset value on a daily basis and to respond to significant shareholder redemptions.

In addition to the special risks common to most Eastern European countries described above, each individual Eastern European country also necessarily involves special risks that may be unique to that country. Following is a brief description of special risks that may be incurred when the fund invests in Russia, Poland, Hungary, the Czech Republic, and Turkey, which are the countries in which the fund currently focuses its investment.

RUSSIA. Russia, as a member of the Soviet Union, began reforms under "perestroika" in 1985. After the collapse of the Soviet Union, Russia accelerated market-oriented reforms. Privatization began in 1992, and economic conditions stabilized. The transition process suffered a major setback in August 1998, when the Russian government defaulted on its ruble-denominated sovereign debt. This action has negatively affected Russian borrowers' ability to access international capital markets and has had a damaging impact on the Russian economy. In the years since 1998, privatization continued apace and GDP grew annualized 7%. However, with the most recent crises the economy may suffer another setback.

There is also speculation that organized crime exerts significant influence on Russian industry. Concentrated ownership and control of Russian companies limits the ability of outsiders to influence corporate governance. Legal reforms to protect stockholders' rights have been implemented, but stock markets remain underdeveloped and illiquid.

Privatization of agricultural land has been unsuccessful due to disputes between executive and legislative branches regarding property rights. To date, the Russian government has not authorized any form of property restitution.

Russian industry is in need of restructuring to close outdated facilities and increase investment in technology and management. Financial institutions do not allocate capital in an efficient manner. Bankruptcy laws are restrictive and offer little protection to creditors. Foreign creditors must file insolvency claims through Russian subsidiaries. Bankruptcies remain rare.

The Russian system of taxation deters investment and hinders financial stability by concentrating on the taxation of industry with relatively little emphasis on individual taxation.

POLAND. Poland began market-oriented reforms in 1981. In late 1989, more comprehensive reforms were enacted. Most small enterprises have been privatized.

Privatization of larger entities has been a slower process, delayed by disputes regarding the compensation of fund managers and the role of investment funds charged with privatizing industry.

A 1991 law permitted the formation of mutual funds in Poland. The Warsaw Stock Exchange also opened in 1991 and has grown dramatically, becoming one of the most liquid markets in Eastern Europe. However, it is still a young market with a capitalization much lower than the capitalization of markets in Western Europe and the U.S.

Legal reforms have been instituted and laws regarding investments are published on a routine basis. However, important court decisions are not always accessible to practitioners. While there are currently no obstacles to foreign ownership of securities and profits may be repatriated, these laws may be changed anytime without notice.

HUNGARY. Hungary, formerly governed by a communist regime, tried unsuccessfully to implement market-oriented reforms in 1968. Beginning in 1989, Hungary again undertook transformation to a market-oriented economy. These reforms are still relatively recent and leave many uncertainties regarding economic and legal issues. Privatization in Hungary has been substantial but is not yet complete.

Owners and managers of Hungarian enterprises are often less experienced with market economies than owners and managers of companies in Western European and U.S. markets. The securities markets on which the securities of these companies are traded are in their infancy.

Laws governing taxation, bankruptcy, restrictions on foreign investments and enforcement of judgments are subject to change.

THE CZECH REPUBLIC. The Czech Republic joined the European Union (EU) in 2004. Joining the EU has resulted in a convergence with western european standards and a modernization of the Czech Republic's regulatory environment.

The market-oriented economy in the Czech Republic is young in comparison to the United States and Western Europe Countries.

The Czech Republic has instituted substantial privatization since 1992, when the first wave of privatization began. Information suggests that dominant or majority shareholders now control many of the larger privatized companies.

Bankruptcy laws have been liberalized, giving creditors more power to force bankruptcies. Laws exist regulating direct and indirect foreign investment, as well as repatriation of profits and income. Tax laws include provisions for both value-added taxes and income taxes. Courts of law are expected to, but may not, enforce the legal rights of private parties.

TURKEY. Turkey is currently undergoing substantial change in its efforts to join the European Union. The availability of investment opportunities and the ability to liquidate investments profitably may depend on the continued pursuit by government of certain current economic liberalization policies. Political climates may change, sometimes swiftly. There is no assurance that government will continue with such policies in their present form.

Investing in equities and fixed income obligations in Turkey involves certain considerations not usually associated with investing in securities in more developed capital markets. The securities market in Turkey is less liquid and more volatile than securities markets in the United States and Western Europe. Consequently, the fund's investment portfolio may experience greater price volatility and significantly lower liquidity than a portfolio invested in public and private debt and other fixed income obligations of more developed countries.

There may also be less state regulation and supervision of the securities markets, less reliable information available to brokers and investors and enforcement of regulations may be different from those in the United States, Western Europe and other more developed countries. Consequently, there may be less investor protection.

Disclosure, accounting and regulatory standards are in most respects less comprehensive and stringent than in developed markets. In addition, brokerage commissions and other transaction costs and related taxes on securities transactions in Turkey are generally higher than those in more developed markets.

Geographic Concentration—Global Emerging Markets Fund

Political and economic structures in many emerging market countries are in their infancy and developing rapidly, and such countries may lack the social, political, and economic stability characteristic of many more developed countries. In addition, unanticipated political or social developments may affect the value of the fund's investment in emerging market countries. As a result, the risks normally associated with investing in any foreign country may be heightened in emerging market countries. For example, the small size and inexperience of the securities markets in emerging market countries and the limited volume of trading in securities in those markets may make the fund's investments in such countries illiquid and more volatile than investments in more developed countries and may make obtaining prices on portfolio securities from independent sources more difficult than in other more developed markets. In addition, emerging market countries have failed in the past to recognize private property rights and at times have nationalized or expropriated the assets of private companies. There may also be little financial or accounting information available with respect to companies located in certain emerging market countries and it may be difficult, as a result, to assess the value or prospects of an investment in such companies.

Many of the countries in which the fund may invest have experienced extremely high rates of inflation. As a consequence, the exchange rates of such countries experienced significant depreciation relative to the U.S. dollar. While the inflation experience of such countries has generally improved significantly in recent times, there can be no assurance that such improvement will be sustained. Consequently, the possibility of significant loss arising from foreign currency depreciation must be considered as a serious risk. In addition to the special risks common to most emerging market countries described above, each individual emerging market country also necessarily involves special risks that may be unique to that country.

Former political regimes in some emerging market countries had centrally planned, socialist economies and authoritarian systems of government. Some of the emerging market countries have undergone substantial political and social transformation. Though the transition from a centrally controlled command system to a market-oriented democratic model has taken place, reforms intended to liberalize prevailing economic structures based on free market principles are still being introduced and therefore political and social disruption may occur as a consequence. All of these factors may adversely affect the overall investment climate and, in particular, investment opportunities for the fund. The consequences, however, are profound, and investors should take into account the unpredictability of their eventual outcome.

Government Relationship Risk—China Region Fund

While companies in China may be subject to limitations on their business relationships under Chinese law, these laws may not be consistent with certain political and security concerns of the U.S. As a result, Chinese companies may have material direct or indirect business relationships with governments that are considered state sponsors of terrorism by the U.S. government, or governments that otherwise have policies in conflict with the U.S. government (an "Adverse Government"). If the China Region Fund invests in companies that have or develop a material business relationship with an Adverse Government, then the fund will be subject to the risk that these companies' reputation and price in the market will be adversely or negatively affected.

Participatory Notes

The Global Emerging Markets Fund may invest in participatory notes which are derivative securities that are linked to the performance of an underlying foreign security. This type of investment allows the fund to have market exposure to foreign securities without trading directly in the local market.

Other Types of Investments, Related Risks and Considerations

While not principal strategies, the funds may invest to a limited extent in other types of investments as discussed under "Common Investment Practices and Related Risks" on page 41.

Tax Free Funds

Tax Free Fund
Near-Term Tax Free Fund

This section takes a closer look at the funds' principal investment strategies and certain risks of investing in the funds.

Investment Processes

In selecting investments, the Adviser's analysis encompasses an interest rate forecast that considers such factors as gross domestic product, current inflation outlook, state tax regulations and rates, geographic regions and the prevailing unemployment rate. After establishing an interest rate outlook, the Adviser applies a process of selecting bonds for the funds' portfolios. The criteria for this process include yield, maturity, and bond rating. Once the Adviser puts these two processes together, it can select securities that it believes meet each fund's investment objective. The Adviser regularly reviews its security selection process and its forecast to keep current with changing market conditions. The skill of the Adviser will play a significant role in each fund's ability to achieve its investment objective.

Principal Investment Strategies and Related Risks

Under normal market conditions, the tax free funds invest primarily in investment grade municipal securities whose interest is free from federal income tax including the federal alternative minimum tax. Municipal securities are issued by state and local governments, their agencies and authorities, as well as by the District of Columbia and U.S. territories and possessions, to borrow money for various public and private projects. These debt securities generally include general obligation bonds, revenue bonds, industrial development bonds, municipal lease obligations, single state bonds and similar instruments.

The issuer's authority to levy taxes backs general obligation bonds. Since revenue bonds are issued to finance public works such as bridges or tunnels, they are supported by the revenues of the projects. Industrial development bonds are typically issued by municipal issuers on behalf of private companies. Because these bonds are backed only by income from a certain source and may not be an obligation of the issuer itself, they may be less creditworthy than general obligation bonds. Municipal lease obligations generally are issued to finance the purchase of public property. The property is leased to a state or local government and the lease payments are used to pay the interest on the obligations. These differ from other municipal securities because the money to make the lease payments must be set aside each year or the lease can be canceled without penalty. If this happens, investors who own the obligations may not be paid. A single state bond is issued by only one state and is not diversified. If the state that issues the bond has a financial setback, the market value of the bond may fall.

The tax free funds invest only in debt securities that, at the time of acquisition, have one of the four highest ratings by Moody's Investors Services (Aaa, Aa, A, Baa) or by Standard & Poor's Corporation (AAA, AA, A, BBB) (or, if not rated by Moody's or S&P, are determined by the Adviser to be of comparable quality). The tax free funds will not invest more than 10% of their respective total assets in the fourth rating category. Investments in the fourth category may have speculative characteristics and, therefore, may involve higher risks.

The tax free funds differ in the maturity of the debt securities they purchase. While the Tax Free Fund may have a weighted-average maturity that varies widely, it tends to keep a weighted-average maturity of more than five years. The Near-Term Tax Free Fund will maintain a weighted-average portfolio maturity of five years or less. A weighted-average maturity of a fund is the average of the remaining maturities of all the debt securities the fund owns, with each maturity weighted by the relative value of the security.

The funds are subject to income risk, which is the chance that the funds' dividends (income) will decline due to falling interest rates. Income risk is generally greater for the Near-Term Tax Free Fund and less for the Tax Free Fund.

There is a possibility that an issuer of any bond could be unable to make interest payments or repay principal. Changes in an issuer's financial strength or in a security's credit rating may affect a security's value.

Fund performance may be affected by political and economic conditions at the state, regional, and federal level. These may include budgetary problems, declines in the tax base and other factors that may cause rating agencies to downgrade the credit ratings on certain issues. As on the state and federal level, events in U.S. Territories where the fund is invested may affect a fund's investments in that territory and its performance.

A municipal security may be prepaid (called) before its maturity. An issuer is more likely to call its securities when interest rates are falling, because the issuer can issue new securities with lower interest payments. If a security is called, the funds may have to replace it with a lower-yielding security.

Other Types of Investments, Related Risks and Considerations

While not principal strategies, the funds may invest, to a limited extent, in other types of investments as discussed under "Common Investment Practices and Related Risks" on page 41.

Government Money Market Funds

U.S. Government Securities Savings Fund
U.S. Treasury Securities Cash Fund

Investment Processes

In selecting investments, the Adviser's analysis encompasses an interest rate forecast that considers such factors as Gross Domestic Product, current inflation outlook, state tax regulation and rates, and the prevailing unemployment rate. After establishing a reasonable interest rate outlook, the Adviser applies a process of selecting securities for the funds' portfolios. The criteria for this process include yield, maturity, and security structure. Once the Adviser puts these two processes together, it can select securities that it believes meet each fund's investment objective. The Adviser regularly reviews its security selection process and its forecast to keep current with changing market conditions. The skill of the Adviser will play a significant role in each fund's ability to achieve its investment objective.

Principal Investment Strategies and Related Risks

Under federal law, the income received from obligations issued by the United States government and some of its agencies and instrumentalities may be exempt from state and local income taxes. Many states that tax personal income allow mutual funds to pass this tax exemption through to shareholders. To maximize the taxable equivalent yield for shareholders under normal circumstances, the Government Securities Savings Fund will attempt to invest primarily in obligations that qualify for the exemption from state taxation.

The Government Securities Savings Fund may invest in fixed-rate and floating-rate securities issued by the United States Treasury and various United States government agencies, including the Federal Home Loan Bank, the Federal Farm Credit Bank, and the Tennessee Valley Authority. While fixed-rate securities have a set interest rate, floating-rate securities have a variable interest rate that is closely tied to a money-market index such as Treasury Bill rates. Floating rate securities provide holders with protection against rises in interest rates, but typically pay lower yields than fixed-rate securities of the same maturity.

Because the funds may invest substantially all of their assets in short-term debt securities, the main risk is that the funds' dividends (income) may decline because of falling interest rates.

The funds' yields will vary as the short-term securities in their portfolios mature and the proceeds are reinvested in securities with different interest rates. Over time, the real value of a fund's yield may be eroded by inflation.

There is a possibility that an issuer of a security could be unable to make interest payments or repay principal. Changes in an issuer's financial strength or in a security's credit rating may affect a security's value.

Other Types of Investments, Related Risks and Considerations

While not principal strategies, the funds may invest, to a limited extent, in other types of investments as discussed under "Common Investment Practices and Related Risks" on page 41.

Portfolio Holdings

A description of the funds' policies and procedures with respect to the disclosure of the funds' portfolio securities is available in the funds' Statement of Additional Information (SAI) and on the funds' website (www.usfunds.com).

Fund Management

Investment Adviser

U.S. Global Investors, Inc., 7900 Callaghan Road, San Antonio, Texas 78229, furnishes investment advice and manages the business affairs of U.S. Global Investors Funds (Trust). The Adviser was organized in 1968. Each fund will pay the following percentages of its average net assets to the Adviser for advisory services:

	Base Advisory Fee	Benchmark	Hurdle Rate	Base Advisory Fee Range With Performance Fee Adjustment
All American Fund	0.80%	S&P 500 Index	+/- 5%	0.55%-1.05%
Holmes Growth Fund	1.00%	S&P Composite 1500 Index	+/- 5%	0.75%-1.25%
Global MegaTrends Fund	1.00%	S&P 500 Index	+/- 5%	0.75%-1.25%
Gold and Precious Metals Fund	0.90%	FTSE Gold Mines Index	+/- 5%	0.65%-1.15%
World Precious Minerals Fund	1.00%	NYSE Arca Gold Miners Index	+/- 5%	0.75%-1.25%
Global Resources Fund	0.95%	Morgan Stanley Commodity Related Equity Index	+/- 5%	0.70%-1.20%
Eastern European Fund	1.25%	MSCI Emerging Markets Europe 10/40 Index (Net Total Return)	+/- 5%	1.00%-1.50%
Global Emerging Markets Fund	1.375%	MSCI Emerging Markets Net Total Return Index	+/- 5%	1.125%-1.625%
China Region Fund	1.25%	Hang Seng Composite Index		1.00%-1.50%
Tax Free Fund	0.75%	n/a		0.75%
Near-Term Tax Free Fund	0.50%	n/a		0.50%
Government Securities Savings Fund	0.50%	n/a		0.50%
Treasury Securities Cash Fund	0.50%	n/a		0.50%

The advisory fees for the Tax Free Fund, Near-Term Tax Free Fund, Government Securities Savings Fund, and Treasury Securities Cash Fund do not have a performance fee adjustment.

A performance fee, or fulcrum fee, is designed to reward the Adviser for fund performance that exceeds a fund's designated benchmark or penalize the Adviser for fund performance which is lower than a fund's designated benchmark. A fund's cumulative performance is compared to that of its designated benchmark over a 12-month rolling period. When the difference between a fund's performance and the performance of its designated benchmark is less than 5% (this is known as the hurdle rate), there will be no adjustment to the base advisory fee. This is often referred to as the null zone. If a fund's cumulative performance exceeds by 5% or more (hurdle rate) the performance of its designated benchmark, the base advisory fee will be increased by 0.25%. If a fund's cumulative performance falls below its designated benchmark by 5% or more, the base advisory fee will be decreased by 0.25%. The chart reflects the minimum and maximum advisory fee applicable to each fund. Certain funds are subject to breakpoints in the advisory fee. Please see the funds' SAI for more information on the breakpoints.

The performance fee adjustment will be effective October 1, 2009.

The following example illustrates the application of the performance adjustment to the Gold and Precious Metals Fund:

For the rolling 12-month period	Fund's investment performance	Index's cumulative change	Fund's performance relative to the Index
January 1	$50.00	$100.00	
December 31	$57.60	$110.20	
Absolute change	+$7.60	+$10.20	
Actual change	+15.20%	+10.20%	+5.00%

Based on these assumptions, the Gold and Precious Metals Fund calculates the Adviser's management fee rate for the month ended December 31 as follows:

- The portion of the annual basic fee rate of 0.90% applicable to that month is multiplied by the fund's average daily net assets for the month. This results in the dollar amount of the base fee.
- The 0.25% rate (adjusted for the number of days in the month) is multiplied by the fund's average daily

net assets for the performance period. This results in the dollar amount of the performance adjustment.

- The dollar amount of the performance adjustment is added to the dollar amount of the basic fee, producing the adjusted management fee.

The Adviser, U.S. Global Brokerage, Inc., or its affiliates (U.S. Global) may pay additional compensation, out of profits derived from the Adviser's management fee and not as an additional charge to the funds, to certain financial institutions (which may include banks, securities dealers and other industry professionals) for the sale and/or distribution of fund shares or the retention and/or servicing of fund investors and fund shares ("revenue sharing"). These payments are in addition to any distribution or servicing fees payable under a Rule 12b-1 plan of the funds, any record keeping or sub-transfer agency fees payable by the funds, or other fees described in the fee table or elsewhere in the prospectus or SAI. Examples of "revenue sharing" payments include, but are not limited to, payment to financial institutions for "shelf space" or access to a third party platform or fund offering list or other marketing programs, including, but not limited to, inclusion of the funds on preferred or recommended sales lists, mutual fund "supermarket" platforms and other formal sales programs; granting U.S. Global access to the financial institutions sales force; granting U.S. Global access to the financial institution's conferences and meetings; assistance in training and educating the financial institution's personnel; and obtaining other forms of marketing support. The level of revenue sharing payments made to financial institutions may be a fixed fee or based upon one or more of the following factors: gross sales, current assets and/or number of accounts of the funds attributable to the financial institution, or other factors as agreed to by U.S. Global and the financial institution or any combination thereof. The amount of these revenue sharing payments is determined at the discretion of U.S. Global from time to time, may be substantial, and may be different for different financial institutions depending upon the services provided by the financial institution. Such payments may provide an incentive for the financial institution to make shares of the funds available to its customers and may allow the funds greater access to the financial institution's customers.

A discussion regarding the basis for the board of trustees' approval of the investment advisory contract of the funds is available in the funds' annual report to shareholders.

Effective February 28, 1997, the Adviser and the Eastern European Fund contracted with Regent Fund Management Limited Barbados ("Regent") to serve as subadviser for the fund. Regent was wholly owned by Regent Pacific Group Limited, which was established in 1990. Regent Pacific Group Limited spun off Charlemagne Capital (UK) Limited in the summer of 2000; however, the controlling ownership of Charlemagne Capital (UK) Limited has remained the same. Effective January 25, 2002, the Adviser and the Eastern European Fund contracted with Charlemagne Capital (UK) Limited to serve as subadviser for the Eastern European Fund. In 2003, Charlemagne Capital Limited, the parent company of Charlemagne Capital (UK) Limited, transferred the subadvisory duties to a wholly-owned subsidiary, Charlemagne Capital (IOM) Limited. Effective November 7, 2008, the Adviser took over the day-to-day management of the Eastern European Fund, and Charlemagne continues to provide non-discretionary advisory services to the Adviser, but is not responsible for the investment or management of the fund's assets.

Effective January 28, 2005, the Adviser and the Global Emerging Markets Fund contracted with Charlemagne Capital (IOM) Limited to serve as subadviser for the Global Emerging Markets Fund. Effective November 7, 2008, the Adviser took over the day-to-day management of the Global Emerging Markets Fund, and Charlemagne continues to provide non-discretionary advisory services to the Adviser, but is not responsible for the investment or management of the fund's assets.

Charlemagne Capital (IOM) Limited is located at St. Mary's Court, 20 Hill Street, Douglas, Isle of Man, IM1 1EU, British Isles.

Adviser investment personnel may invest in securities for their own accounts according to a code of ethics that establishes procedures for personal investing and restricts certain transactions.

Portfolio Managers

The All American Equity Fund is managed by a team consisting of Mr. Frank Holmes, Mr. Romeo Dator, and Mr. John Derrick. Mr. Holmes is Chief Executive Officer and Chief Investment Officer of the Adviser and has been the majority shareholder of the Adviser since 1989. Mr. Holmes has served as Chief Investment Officer since June of 1999. Mr. Dator has served as a portfolio manager of the Adviser since 2002, and an analyst with USAA from 1999 to 2001. Mr. Derrick has served as a portfolio manager of the Adviser since 1999.

The Holmes Growth Fund is managed by a team consisting of Mr. Holmes, Mr. Dator, and Mr. Derrick.

The Global MegaTrends Fund is managed by a team consisting of Mr. Holmes, Mr. Dator, and Mr. Derrick.

The Gold and Precious Metals Fund and World Precious Minerals Fund are managed by a team consisting of Mr. Holmes and Mr. Ralph Aldis. Mr. Aldis has served as a portfolio manager of the Adviser since 2001.

The Global Resources Fund is managed by a portfolio team consisting of Mr. Holmes, Mr. Brian Hicks, and Mr. Evan Smith. Mr. Hicks has served as a portfolio manager of the Adviser since 2004, an analyst with A.G. Edwards & Company from 2001 to 2004 and a trader with Charles Schwab & Co. from 2000 to 2001. Mr. Smith has served as a portfolio manager of the Adviser since 2004, and an analyst with Sanders Morris Harris Group from 1998 to 2004.

The Eastern European Fund is managed by a portfolio team consisting of Mr. Holmes, Mr. Derrick, and Mr. Tim Steinle. Mr. Steinle has served as a portfolio manager for the Adviser since November, 2008; a risk manager of Valero Energy Corp. from 2001-2008; and a manager for Enron from 1999-2001 where he was responsible for a team that developed a fixed income and foreign exchange trading system.

The Global Emerging Markets Fund is managed by a portfolio team consisting of Mr. Holmes, Mr. Derrick, Mr. Steinle, and Mr. Dator.

The China Region Fund is managed by a portfolio team consisting of Mr. Holmes and Mr. Dator.

The Tax Free Fund and Near-Term Tax Free Fund are managed by a team consisting of Mr. Holmes and Mr. Derrick.

The SAI provides additional information about the portfolio managers' compensation, other accounts managed, and ownership of securities in the funds they manage.

Distribution Plan

The U.S. Global Investors Funds have adopted Rule 12b-1 plans for the following funds: All American Fund, Holmes Growth Fund, Global MegaTrends Fund, Gold and Precious Metals Fund, World Precious Minerals Fund, Global Resources Fund, Eastern European Fund, Global Emerging Markets Fund and China Region Fund. The 12b-1 plan provides a 0.25% to be paid by the funds to the Distributor to pay the Distributor, its affiliates and others for distribution and promotional expenses. Because this fee is continually paid out of each fund's assets, over time it will increase the cost of your investment and may potentially cost you more than other types of sales charges.

Common Investment Practices and Related Risks

The following investment practices and related risks apply to the All American Fund, Holmes Growth Fund, Global MegaTrends Fund, Gold and Precious Metals Fund, World Precious Minerals Funds, Global Resources Fund, Eastern European Fund, Global Emerging Markets Fund, and China Region Fund (collectively, Equity Funds), Tax Free Fund, Near-Term Tax Free Fund, Government Securities Savings Fund, and Treasury Securities Cash Fund.

Illiquid and Restricted Securities

Each Fund may invest up to 15% of its net assets (up to 10% in the case of the money market funds) in illiquid securities. Illiquid securities are those securities that cannot be disposed of in seven days or less at approximately the value at which a fund carries them on its balance sheet.

Each Equity Fund may make direct equity investments. 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 a fund can liquidate these securities. In addition to financial and business risks, issuers whose securities are not listed will not be subject to the same disclosure requirements applicable to issuers whose securities are listed. For additional risks, see "Small Companies."

Repurchase Agreements

Each fund may enter into repurchase agreements. A repurchase agreement is a transaction in which a fund purchases a security from a commercial bank or recognized securities dealer and has a simultaneous commitment to sell it back at an agreed upon price on an agreed upon date. This date is usually not more than seven days from the date of purchase. The resale price reflects the original purchase price plus an agreed upon market rate of interest, which is unrelated to the coupon rate or maturity of the purchased security.

In effect, a repurchase agreement is a loan by a fund collateralized with securities, usually securities issued by the U.S. Treasury or a government agency. The repurchase agreements entered into by each money market fund are collateralized with cash and securities of the type in which that fund may otherwise invest.

Repurchase agreements carry several risks, including the risk that the counterparty defaults on its obligations. For example, if the seller of the securities underlying a repurchase agreement fails to pay the agreed resale price on the agreed delivery date, a fund may incur costs in disposing of the collateral and may experience losses if there is any delay in its ability to do so.

When-Issued and Delayed-Delivery Securities

Each Equity Fund may purchase securities on a when-issued or delayed-delivery basis. This means the fund purchases securities for delivery at a later date and at a stated price or yield. There is a risk that the market price at the time of delivery may be lower than the agreed upon purchase price. In that case, the fund could suffer an unrealized loss at the time of delivery.

Temporary Investments

The Adviser may take a temporary defensive position when the securities trading markets or the economy are experiencing excessive volatility, a prolonged general decline, or other adverse conditions. Under these circumstances, each fund may invest up to 100% of its assets in:

- U.S. government securities, short-term indebtedness, money market instruments, or other investment grade cash equivalents, each denominated in U.S. dollars, or any other freely convertible currency; or
- Repurchase agreements.

In addition, the China Region Fund, Eastern European Fund and Global Emerging Markets Fund may invest in money market investments, deposits, or other investment grade short-term investments in a fund's local region currencies as may be appropriate at the time.

When the funds are in a defensive investment position, they may not achieve their investment objectives.

Borrowing

Each fund may not borrow money except for temporary or emergency purposes in an amount not exceeding 33⅓% of the fund's total assets (including the amount borrowed) less liabilities (other than borrowings). To the extent that a fund borrows money before selling securities, the fund may be leveraged. At such times, the fund may appreciate or depreciate more rapidly than an unleveraged portfolio.

Foreign Securities

The Equity Funds may invest in foreign securities and may be subject to greater risks than when investing in U.S. securities. The risks of investing in foreign securities are generally greater when they involve emerging markets. These risks include:

- **Currency Risk.** The value of a foreign security will be affected by the value of the local currency relative to the U.S. dollar.

When a fund sells a foreign denominated security, its value may be worth less in U.S. dollars even if the security increases in value in its home country. U.S. dollar-denominated securities of foreign companies may also be affected by currency risk.

- **Political, Social, and Economic Risk.** Foreign investments may be subject to heightened political, social, and economic risks, particularly in emerging markets, which may have relatively unstable governments, immature economic structures, national policies restricting investments by foreigners, different legal systems, and economies based on only a few industries. In some countries, a risk may exist that the government may take over the assets or operations of a company or that the government may impose taxes or limits on the removal of the fund's assets from that country.

- **Regulatory Risk.** There may be less government supervision of foreign securities markets. As a result, foreign companies may not be subject to the uniform accounting, auditing and financial reporting standards and practices applicable to domestic companies, and there may be less publicly available information about foreign companies.

- **Market Risk.** Foreign securities markets, particularly those of emerging markets, may be less liquid and more volatile than domestic markets. Certain markets may require payment for securities before delivery and delays may be encountered in settling securities transactions. In some foreign markets, there may not be protection against failure by other parties to complete transactions.

The Equity Funds may invest in sponsored or unsponsored American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs) representing shares of companies in foreign countries. ADRs are depositary receipts typically issued by a U.S. bank or trust company, which evidence ownership of underlying securities issued by a foreign corporation. Foreign banks or trust companies typically issue GDRs, although U.S. banks or trust companies may issue them also. They evidence ownership of underlying securities issued by a foreign or a United States corporation.

- **Transaction Costs.** Costs of buying, selling, and holding foreign securities, including brokerage, tax, and custody costs, may be higher than the costs involved in domestic transactions.

Convertible Securities

The Equity Funds may invest in lower rated convertible securities. A convertible security is generally a debt obligation or preferred stock that may be converted within a specified period into a certain amount of common stock of the same or a different issuer. As with a typical fixed-income security, a convertible security tends to increase in market value when interest rates decline and decrease in value when interest rates rise. Like a common stock, the value of a convertible security also tends to increase as the market value of the underlying stock rises, and it tends to decrease as the market value of the underlying stock declines. Because its value can be influenced by both interest rate and market movements, a convertible security is not as sensitive to interest rates as a similar fixed-income security, nor is it as sensitive to changes in share price as its underlying stock.

Small Companies

The Equity Funds may invest in small companies for which it is difficult to obtain reliable information and financial data. The securities of these smaller companies may not be readily marketable, making it difficult to dispose of shares when it may otherwise be advisable. In addition, certain issuers in which a fund may invest may face difficulties in obtaining the capital necessary to continue in operation and may become insolvent, which may result in a complete loss of the fund's investment in such issuers.

Derivative Securities

The Equity Funds may, but are not required to, invest in derivative securities, which include purchasing and selling exchange-listed and over-the-counter put and call options or LEAPS on securities, equity and fixed-income indexes, and other financial instruments. A fund will not purchase an option if, immediately thereafter, the aggregate market value of all options purchased by the fund would exceed 5% of the fund's total assets. In addition,

the Equity Funds may purchase and sell financial futures contracts and options thereon, and enter into various currency transactions such as currency forward contracts, or options on currencies or currency futures. The Equity Funds may, but are not required to, invest in derivative securities for hedging, risk management or portfolio management purposes. Derivative securities may be used to attempt to protect against possible changes in the market value of securities held in, or to be purchased for, the portfolio. The ability of the Equity Funds to use derivative securities successfully will depend upon the Adviser's ability to predict pertinent market movements, which cannot be assured. Investing in derivative securities will increase transaction expenses and may result in a loss that exceeds the principal invested in the transaction. The Equity Funds will comply with applicable regulatory requirements when investing in derivative securities. For more information on derivative securities and specific fund limitations, see the SAI.

In addition the Equity Funds may invest in warrants. Warrants are different from options in that they are issued by a company as opposed to a broker and typically have a longer life than an option. When the underlying stock goes above the exercise price of the warrant, the warrant is "in the money." If the exercise price of the warrant is above the value of the underlying stock, it is "out of the money." Out-of-the-money warrants tend to have different price behaviors than in-the-money-warrants. As an example, the value of an out-of-the-money warrant with a long time to expiration generally declines less than a drop in the underlying stock price because the warrant's value is primarily derived from its time component.

Most warrants are exchange traded. The holder of a warrant has the right, until the warrant expires, to sell an exchange traded warrant or to purchase a given number of shares of a particular issue at a specified price. Such investments can provide a greater potential for profit or loss than an equivalent investment in the underlying security. Prices of warrants do not necessarily move, however, in tandem with prices of the underlying securities, particularly for shorter periods of time, and, therefore, may be considered speculative investments. The key driver to the movements in warrants are the fundamentals of the underlying company. Warrants, unlike options, may allow the holder to vote on certain issues and often are issued with certain anti-dilutive rights. Warrants pay no dividends. If a warrant held by a fund were not exercised by the date of its expiration, a fund would incur a loss in the amount of the cost of the warrant.

Currency Hedging

The Equity Funds may, but are not required to, invest in derivative securities in an attempt to hedge a particular fund's foreign securities investments back to the U.S. dollars when, in their judgment, currency movements affecting particular investments are likely to harm performance. Possible losses from changes in currency exchange rates are a primary risk of unhedged investing in foreign securities. While a security may perform well in a foreign market, if the local currency declines against the U.S. dollar, gains from the investment can decline or become losses. Typically, currency fluctuations are more extreme than stock market fluctuations. Accordingly, the strength or weakness of the U.S. dollar against foreign currencies may account for part of a fund's performance even when the Adviser attempts to reduce currency risk through hedging activities. While currency hedging may reduce portfolio volatility, there are costs associated with such hedging, including the loss of potential profits, losses on derivative securities and increased transaction expenses.

Portfolio Turnover

The length of time a fund has held a particular security is not generally a consideration in investment decisions. It is the policy of each fund to effect portfolio transactions without regard to a holding period if, in the judgment of the Adviser, such transactions are advisable. Portfolio turnover generally involves some expense, including brokerage commissions, dealer mark-ups, or other transaction costs on the sale of securities and reinvestment in other securities. Such sales may result in realization of taxable capital gains for shareholders. Portfolio turnover rates for the funds are described in the Financial Highlights section.

Investments in Exchange Traded Funds (ETFs) or Other Investment Companies

The Equity Funds may invest in exchange traded funds (ETFs) or other investment companies, provided the investments in these securities do not exceed 3% of the total voting stock of any such investment company, do not

individually exceed 5% of the total assets of the fund and do not, in total, exceed 10% of the fund's total assets. If a fund invests in an ETF or other investment company, the fund will pay its proportionate share of expenses of the ETF or other investment company (including management and administrative fees) as well as the fund's own management and administrative expenses.

Securities Ratings

The Adviser will use the ratings provided by independent rating agencies in evaluating the credit quality of a debt security and in determining whether a security qualifies as eligible for purchase under a fund's investment policies. If a security is not rated, the Adviser may determine that the security is comparable in quality to a rated security for purposes of determining eligibility. In the event that an agency downgrades the rating of a security below the quality eligible for purchase by a fund, the fund reserves the right to continue holding the security if the Adviser believes such action is in the best interest of shareholders.

How to Invest

Opening an Account

You may open an account by calling an Investor Representative at 800-873-8637 and requesting an application or by downloading an application from our website at www.usfunds.com. A signed, completed application with your initial investment must be mailed to U.S. Global Investors Funds to open your initial account. However, after you open your initial account, you will not need to fill out another application to invest in another fund within the U.S. Global Investors family of funds unless the account registration is different or we need further information to verify your identity.

As required by federal law, we must obtain certain information from you prior to opening an account. If we are unable to verify your identity, we may refuse to open your account or hold your application for up to 30 days in order to verify your identity.

An account must have a valid physical U.S. address and each registered owner must provide a valid Social Security number or other taxpayer identification to avoid possible backup withholding by the Internal Revenue Service. The funds do not open fund accounts with a foreign address.

Funding an Account

We do not accept the following instruments: money orders, cashier's checks, starter checks, credit card checks, traveler's checks, third party checks or other similar instruments. In addition, we do not accept cash or coins. Exceptions to this policy may be made in limited circumstances. To purchase fund shares with a check, the check must be written in U.S. dollars and drawn on a U.S. bank.

To fund your initial account by a wire transfer, please send the completed account application to the address below and reference that you will be funding the account by wire. An Investor Representative will contact you once the initial account has been established to provide the proper wiring instructions and new account number.

Minimum Investments

Initial Purchase

• Regular accounts	$5,000
• Regular money market accounts	$1,000
• UGMA/UTMA accounts	$100
• IRAs	$100

Additional Purchases

- $30 minimum per transaction, per fund account

Automatic Investing—ABC Investment Plan®

- $100 initial investment if you elect to have monthly automated investments of at least $30 per transaction, per fund account. The $100 initial investment must be made by check or wire.

How to Purchase Shares

When you make a purchase, your purchase price will be the next calculated NAV per share after we receive your request in good order. A fund's NAV is determined as of the close of the regular trading session (generally 4 p.m. Eastern Time) of the New York Stock Exchange (NYSE) each day the NYSE is open. If we receive your request and payment in good order prior to that time,

your purchase price will be the NAV per share determined for that day. If we receive your request or payment after that time, the purchase will be effective on the next day the funds are open for business.

Purchases received by check or ACH are not available for redemption until the lesser of ten business days or our receipt of written confirmation from the issuing bank that your check or ACH draft has cleared. Purchases received by wire or ACH will not be considered complete until the wire or ACH is received and accepted by the funds. The funds will not be responsible for any processing delay by the bank.

By Internet Access—www.usfunds.com

You can use your computer to perform certain mutual fund transactions by accessing our website. Once your application has been processed and your account has been created, you can access your account by logging onto www.usfunds.com and clicking the "Access My Account" link to establish Internet access. Once your account has been accessed, you will be able to review account activity, make exchanges between existing funds, check balances and purchase additional shares if your banking information has already been provided. If your banking information has not been provided, please complete the Account Options Form to add this privilege. Purchases into a new fund in which you are not currently invested cannot be made on the website. Please call an Investor Representative for assistance.

By Telephone—800-873-8637

Any registered account owner can call toll free to speak with an Investor Representative. Our hours of operation are Monday – Friday, 7:30 a.m. to 7 p.m. Central Time.

Before any discussion regarding your account, we will obtain certain information from you to verify your identity. As long as we take reasonable steps to ensure that an order to purchase shares is genuine, we are not responsible for any losses that may occur. We recommend you verify the accuracy of your confirmation statements immediately after you receive them.

By Mail

To open an account, send your application and check to:

- **Regular Mail**
  Shareholder Services
  U.S. Global Investors Funds
  P.O. Box 781234
  San Antonio, TX 78278-1234

- **Overnight Mail**
  Shareholder Services
  U.S. Global Investors Funds
  7900 Callaghan Road
  San Antonio, TX 78229

To add to your account, send your check and the appropriate deposit stub that accompanies your fund's transaction confirmation to either address stated above.

For purchases into a new fund in which you are not currently invested, please mail your check for the initial investment amount and note the fund name you wish to open.

By Bank Wire

To add to your account, visit our website at www.usfunds.com or call 800-873-8637 for instructions before wiring. This helps to ensure that your account will be credited promptly and correctly.

By Automated Clearing House (ACH)

Additional purchases can be deducted from your bank account if your banking information was provided when the account was opened. To add banking information to an existing account, please complete the Account Options Form to add this privilege. ACH purchases can be performed by accessing your account on our website or by calling an Investor Representative.

ABC Investment Plan®

You may purchase shares through the ABC Investment Plan®, by completing the appropriate sections on the initial application or by completing the ABC Investment Plan® Enrollment Form. Purchases received through the ABC Investment Plan® are not available for redemption until the lesser of ten business days or our receipt of written confirmation from the issuing bank that your

draft has cleared. Please call an Investor Representative at 800-873-8637 for further instructions.

Fax/Email

The funds do not accept purchase instructions via fax or email.

The funds will charge you $25 if a check or ACH investment is returned unpaid due to insufficient funds, stop payment or other reasons, and you will be responsible for any loss incurred by the fund. To recover any such loss or charge, the funds reserve the right to redeem shares of any U.S. Global Investors funds that you own.

How to Redeem Shares

You may redeem fund shares by any of the methods described below on any day the NAV per share is calculated. Redemptions are effective on the day instructions are received in good order. However, if instructions are received after the close of the NYSE regular trading session (generally 4 p.m. Eastern Time), your redemption will be effective on the next day the funds are open for business. Full liquidation of shares will result in a $10 closing fee per fund account.

We will send your proceeds within seven calendar days after the effective date of the redemption. For federal income tax purposes, a redemption is a taxable event; as such you may realize a capital gain or loss. Such capital gains or losses are based upon the difference between your cost basis in the shares originally purchased and the price of the shares received upon redemption.

A Medallion Signature Guarantee is required for all redemptions if:

- The redemption is greater than $50,000;
- The redemption proceeds are being sent to a bank not already on file;
- The redemption proceeds are being sent to an address other than the address of record;
- The redemption proceeds are being sent to a payee other than the registered owner(s); or
- The address of record for the fund account has been updated within the last 30 days.

The funds reserve the right to request a Medallion Signature Guarantee for any situation regarding a shareholder's account. You may obtain a Medallion Signature Guarantee from a financial institution such as a commercial bank, savings bank, credit union, or broker dealer. A Medallion Signature Guarantee cannot be obtained from a notary public.

Additional documents may be required for redemptions by corporations, executors, administrators, trustees, and guardians. For instructions, please call an Investor Representative at 800-873-8637.

By Telephone—800-873-8637

Any registered account owner can call toll free to speak with an Investor Representative. Our hours of operation are Monday – Friday, 7:30 a.m. to 7 p.m. Central Time.

Telephone redemption privileges are automatically established when you complete your application. Before any discussion regarding your account, we will obtain certain information from you to verify your identity. As long as we take reasonable steps to ensure that an order to redeem shares is genuine, we are not responsible for any losses that may occur. We recommend you verify the accuracy of your confirmation statements immediately after you receive them.

By Mail

Send your written instructions or Redemption Authorization Form to:

- **Regular Mail**
  Shareholder Services
  U.S. Global Investors Funds
  P.O. Box 781234
  San Antonio, TX 78278-1234

- **Overnight Mail**
  Shareholder Services
  U.S. Global Investors Funds
  7900 Callaghan Road
  San Antonio, TX 78229

Each registered shareholder(s) must sign the request, with the signature(s) appearing exactly as on your account application.

By Bank Wire

If your banking information has already been provided, redemptions from your account can be sent electronically by bank wire by calling an Investor Representative at 800-873-8637. If your banking information has not been provided, please complete the Account Options Form to add this privilege. A $10 wire fee will apply for all domestic wires. Please call an Investor Representative at 800-873-8637 for information on international wire fees.

By Automated Clearing House (ACH)

Redemptions from your account can be sent electronically by ACH by calling an Investor Representative at 800-873-8637 if your banking information has already been provided. If your banking information has not been provided, please complete the Account Options Form to add this privilege.

By Money Market Checkwriting Redemption

Checkwriting privileges are available on the Government Securities Savings Fund and the Treasury Securities Cash Fund. If checkwriting was not originally established on your account with your application, please complete the Checkwriting Privilege Form to add this privilege.

Checks may be written for $500 or more from your Government Securities Savings Fund account or for any amount from your Treasury Securities Cash Fund account. All checks are subject to the terms and conditions of the bank identified on the face of the check. Checkwriting drafts will be returned as NSF if shares are not available and a $25 fee per check will be charged to your account.

Retirement Account Distributions

For any distribution from a retirement account [traditional IRA, Roth IRA, SEP IRA, SIMPLE IRA, 403(b)], please mail a completed and signed IRA Distribution Form to the address above.

Fax/Email

The funds do not accept redemption instructions via fax or email.

How to Exchange Shares

The exchange privilege is automatic when you complete your application unless you elected to opt out of this privilege. If you elected to not have this privilege and wish to add this privilege to your profile of accounts, you can complete an Account Options Form or call an Investor Representative at 800-873-8637. The investment minimums applicable to share purchases also apply to exchanges, and exchanges can only be performed between identically registered accounts. For federal income tax purposes, an exchange between funds is a taxable event; as such, you may realize a capital gain or loss. Such capital gains or losses are based on the difference between your cost basis in the shares originally purchased and the price of the shares received upon exchange.

You may exchange fund shares by any of the methods described below on any day the NAV per share is calculated. Exchanges are effective on the day instructions are received, in good order, in a manner as described below. However, if instructions are received after the close of the NYSE regular trading session (generally 4 p.m. Eastern Time), your exchange will be effective on the next business day.

By Internet Access—www.usfunds.com

You can use your personal computer to perform certain mutual fund transactions by accessing our website. Once your application has been processed and your account has been created, you can access your account by logging onto www.usfunds.com and clicking the "Access My Account" link to establish internet access. Once your account has been accessed, you will be able to review account activity, make exchanges between existing funds, check balances and purchase additional shares if your banking information has already been provided. If your banking information has not been provided, please complete the Account Options Form to add this privilege. Exchanges into a new fund in which you are currently not invested cannot be made on the website. Please call an Investor Representative for assistance.

By Automated Telephone System—800-873-8637

In addition to obtaining account balance information, last transactions, current fund prices, and performance information for your fund, you can use our self-service telephone system to make exchanges between existing funds. Please call an Investor Representative to establish this privilege. Exchanges into a new fund in which you are currently not invested cannot be made on the automated telephone system. Please call an Investor Representative for assistance.

By Telephone—800-873-8637

Any registered account owner can call toll free to speak with an Investor Representative. Our hours of operation are Monday – Friday, 7:30 a.m. to 7 p.m. Central Time.

Before any discussion regarding your account, we will obtain certain information from you to verify your identity. As long as we take reasonable steps to ensure that an order to exchange shares is genuine, we are not responsible for any losses that may occur. We recommend you verify the accuracy of your confirmation statements immediately after you receive them.

Shares that are exchanged by an Investor Representative will be charged a fee of $5 per exchange. IRA accounts are allowed up to three exchanges per quarter at no charge. The funds reserve the right to waive, modify, or eliminate the exchange fee at any time.

By Mail

Send your written instructions to:

- **Regular Mail**
  Shareholder Services
  U.S. Global Investors Funds
  P.O. Box 781234
  San Antonio, TX 78278-1234

- **Overnight Mail**
  Shareholder Services
  U.S. Global Investors Funds
  7900 Callaghan Road
  San Antonio, TX 78229

Each registered shareholder must sign the request, with the signature(s) appearing exactly as on your account application.

Fax/Email

The funds do not accept exchange instructions via fax or email.

Important Shareholder Information

If your fund shares are purchased, exchanged, or redeemed through a retirement account or an investment professional, the policies and procedures on these purchases, exchanges, or redemptions may vary. Additional fees or different account minimums may also apply to your investment, including a transaction fee, if you buy or sell shares of the fund through a broker/dealer or other investment professional. For more information on these fees, check with your broker/dealer or investment professional.

Funds' Rights

The funds reserve the right to:

- Reject or restrict purchase, redemption or exchange orders when in the best interest of a fund;
- Limit or discontinue the offering of shares of a fund without notice to the shareholders;
- Calculate the NAV per share and accept purchases, exchange, and redemption orders on a business day that the NYSE is closed;
- Require a Medallion Signature Guarantee for transactions or changes in account information;
- Redeem an account with less than the required fund account minimum, with certain limitations;
- Restrict or liquidate an account when necessary or appropriate to comply with federal law;
- Charge a fee for any historical information request regarding your fund account. Please call an Investor Representative at 800-873-8637 for more information regarding this fee; and
- Accept purchase orders for fund shares.

Effective Time and Date

When you make a purchase, redemption or exchange, your transaction price will be the next calculated NAV per share after we receive your transaction request in good order. A fund's NAV is determined as of the close of the regular trading session (generally 4 p.m. Eastern Time) of the New York Stock Exchange (NYSE) each day it is open. If we receive your transaction request prior to that time, your purchase price will be the NAV per share determined for that day. If we receive your transaction request after that time, the purchase will be effective on the next day the funds are open for business.

When a fund calculates its NAV, it values the securities it holds at market value. Foreign securities are usually valued on the basis of the most recent closing price of the foreign markets on which such securities principally trade. When market quotes are not available or do not fairly represent market value, or if a security's value has been materially affected by events occurring after the close of a foreign market on which the security principally trades, the securities may be fair valued. Fair value will be determined in good faith using consistently applied procedures that have been approved by the trustees. Money market instruments maturing within 60 days will be valued at amortized cost, which approximates market value. To maintain a constant per share price of $1.00 for money market funds, portfolio investments are valued at amortized cost. Assets and liabilities expressed in foreign currencies are converted into U.S. dollars at the prevailing market rates quoted by one or more banks or dealers at the close of the NYSE.

Certain funds invest in portfolio securities that are primarily listed on foreign exchanges or other markets that trade on weekends and other days when the funds do not price their shares. As a result, the market value of these investments may change on days when you will not be able to purchase or redeem shares.

Transactions received prior to the close of the NYSE by a financial intermediary that has been authorized to accept orders on the funds' behalf will be deemed accepted by a fund the same day and will be executed at that day's closing share price. Each financial intermediary's agreement with the funds permits the financial intermediary to transmit orders received by the financial intermediary prior to the close of regular trading on the New York Stock Exchange to the funds after that time and allows those orders to be executed at the closing share price calculated on the day the order was received by the financial intermediary.

Purchases of shares require payment by check, wire or ACH at the time the transaction is received in good order.

Use of Fair Value Pricing

When market quotations are readily available for portfolio securities which trade on an exchange or market, the market values used to price these securities will generally be the closing prices of the securities on the exchange or market (whether foreign or domestic) on which the securities principally trade. When market quotations are not readily available or when the Adviser believes that a readily available market quotation is not reliable, fair value pricing procedures will be used to determine the fair valuation. In particular, the funds' Board has determined to fair value foreign securities when necessary to, among other things, avoid stale prices and make the funds less attractive to short-term trading.

The funds may use a systematic fair valuation model provided by an independent third party to value its foreign securities. When a security is fair valued, there is no guarantee that the security will be sold at the price at which the fund is carrying the security.

While fair value pricing cannot eliminate the possibility of short-term trading, the Adviser and the Board believes it helps protect the interests of the funds.

The Adviser will monitor domestic and foreign markets and news information for any developing events that may have an impact on the valuation of fund securities.

Account Balance

The funds may assess a quarterly small account fee of $6 to each shareholder fund account (non money market) with a balance of less than $5,000 at the time of assessment. Money market accounts will be assessed a small account fee of $5 per month to each account if the balance drops below $1,000 at any time during the month. Accounts exempt from the fee include: (1) any

account regularly purchasing additional shares each month through an automatic investment plan (ABC Investment Plan®); (2) any account registered under the Uniform Gifts/Transfers to Minors Act (UGMA/UTMA); (3) any account whose registered owner has an aggregate balance of $25,000 or more invested in the funds (excluding money market funds); and (4) all IRAs. The funds reserve the right to waive, modify, or eliminate the small account fee at any time.

Statements

You will receive a quarterly statement on all non-money market fund accounts and a monthly statement if you have an active money market fund account. Any fund account that is linked to a money market fund account will generate a monthly statement for that fund.

If you think that your statement is incorrect or if you need more information about a transaction on the statement, contact us promptly by mail or phone at the address or phone number indicated on the front of the statement. To dispute any transaction on your statement you must contact us no later than 60 days after we send you the first statement on which the disputed transaction occurred.

Purchase Orders

Payment for purchase orders must be received within seven business days of the time of purchase and may not exceed ten times the value of the collected balance of all like-registered accounts on the date the order is placed. Telephone purchase orders are not available for retirement accounts or money market funds. The funds will cancel unpaid telephone orders and you will be responsible for any decline in price of the shares. To recover any such loss or charge, the fund or transfer agent reserves the right to redeem shares of any U.S. Global Investors funds you own, and you could be prohibited from placing further orders unless full payment by wire accompanies the investment request.

Excessive Short-Term Trading

The funds, except the money market funds, are not intended as short-term investment vehicles but are designed for long-term investing. However, some investors may use short-term trading strategies in an attempt to take an unfair advantage of mutual funds. These investors may trade in and out of strategically targeted mutual funds over a short time period in order to take advantage of the way those funds are managed and/or priced or simply as a trading vehicle that has lower transaction costs.

Mutual fund arbitrage may occur, for example, when a fund has in its portfolio particular holdings, such as foreign or thinly traded securities, that are valued on a basis that does not include the most updated information available. Frequent purchases and redemptions of fund shares may be detrimental to long-term fund investors in numerous ways:

- It may lower overall fund performance;
- It may create increased transaction costs to the fund, which are passed along to long-term shareholders;
- Frequent redemptions by market timers may increase taxable capital gains; and
- It may disrupt a portfolio manager's ability to effectively manage fund assets.

The funds' Board has adopted policies and procedures with respect to frequent purchases and redemptions of fund shares by fund shareholders. The policies and procedures are designed to discourage, to the extent possible, frequent purchases and redemptions of fund shares by fund shareholders in all funds except the money market funds. The money market funds are designed for liquidity needs and are not actively monitored for frequent purchases and redemption of fund shares. The funds' Board has determined that it would not be appropriate for the funds to adopt policies and procedures with respect to frequent purchases and redemption of shares of the money market funds. Nevertheless, the money market funds reserve the right to refuse any application, investment or exchange for any reason, including short-term or other abusive trading practices which may disrupt portfolio management strategies and lower overall fund performance.

Short-Term Trading Fee

The short-term trading fees are applicable to fund shares purchased either directly or through a financial intermediary, such as a broker-dealer. Transactions through financial intermediaries typically are placed with a fund on

an omnibus basis and include both purchase and sale transactions placed on behalf of multiple investors. These purchase and sale transactions are generally netted against one another and placed on an aggregate basis; consequently, the identities of the individuals on whose behalf the transactions are placed generally are not known to a fund. For this reason, each fund has undertaken to notify financial intermediaries of their obligation to assess the short-term trading fee on customer accounts and to collect and remit the proceeds to the fund. However, there can be no assurance that intermediaries will properly track, calculate or remit the fee in accordance with the fund's requirements. In addition, the fund may approve a waiver of short-term trading fees in the following circumstances: (i) redemptions of shares held in certain omnibus accounts, including retirement, pension, profit sharing and other qualified plans, as well as bank or trust company accounts; (ii) redemptions of shares held through firm-sponsored, discretionary asset allocation or wrap programs that utilize a regularly scheduled automatic rebalancing of assets and that the fund determines are not designed to facilitate short-term trading; (iii) redemptions of shares due to the death or disability of a shareholder; (iv) redemptions of shares in connection with required distributions and certain other transactions in an individual retirement account or qualified retirement plan; and (v) redemptions of shares by certain other accounts in the absolute discretion of the fund when a shareholder can demonstrate hardship. The funds reserve the right to modify or eliminate these waivers at any time. In addition to the circumstances noted above, the funds reserve the right to grant additional waivers based on such factors as operational limitations, contractual limitations and further guidance from the Security and Exchange Commission or other regulators.

Omnibus Account

The Adviser has implemented procedures to monitor shareholder activity, including activity at the sub-account and account level for omnibus relationships, to identify potential market timers and to determine whether further action is warranted. There can be no assurance that these monitoring activities will successfully detect or prevent all excessive short-term trading. It may be difficult to identify whether particular orders placed through banks, brokers, investment representatives or other financial intermediaries may be excessive in frequency and/or amount or otherwise potentially disruptive to an affected fund.

Accordingly, the Adviser may consider all the trades placed in a combined order through a financial intermediary on an omnibus basis as a part of a group and such trades may be restricted in whole or in part.

The Adviser will seek the cooperation of broker-dealers and other third-party intermediaries by requesting information from them regarding the identity of investors who are trading in the funds, and by requesting that the intermediary restrict access to a fund by a particular investor.

The Adviser may reject any purchase or exchange from any investor it believes has a history of market timing, or whose trading, in its judgment, has been or may be disruptive to the funds. The Adviser may consider the trading history of accounts under common ownership or control at U.S. Global or at other mutual fund companies to determine whether to restrict future transactions. The delivery of a known market timer's redemption proceeds may be delayed for up to seven business days or the redemption may be honored with securities rather than cash.

Householding

Unless you instruct the funds otherwise, the funds will mail only one prospectus or shareholder report(s) to your household even if more than one person in your household has an account. If you do not want the mailing of the prospectus and the shareholder report(s) to be combined with other members of your household, please call 1-800-873-8637.

Lost Accounts

The transfer agent will consider your account lost if correspondence to your address of record is returned as undeliverable on two consecutive occasions and it is unable to determine your new address. When an account is lost, all distributions on the account will be reinvested in additional fund shares and any systematic purchase or redemption will be stopped. In addition,

the amount of any outstanding checks (unpaid for 180 days or more) or checks that have been returned by the postal service will be reinvested at the then-current NAV and the checks will be cancelled. However, checks will not be reinvested into accounts with a zero balance. Unclaimed accounts may be subject to state escheatment laws, and the fund and the transfer agent will not be liable to the shareholders or their representatives for compliance with those laws in good faith. A Medallion Signature Guarantee is required to update an account from lost status.

Retirement Plans

The funds are offered through the following Adviser sponsored IRA plans. Each fund account will be charged an annual custodial fee as follows:

Annual Custodial Fee	
Traditional IRA	$10
Roth IRA	$10
Coverdell Education Savings Account (ESA)	$10
SEP IRA	$15
SIMPLE IRA	$15

The funds offer many other services, such as payroll deductions, direct deposit, and systematic withdrawal plans. Please call an Investor Representative at 800-873-8637 for more information.

Distributions and Taxes

Unless you elect to have your distributions in cash by check, they will automatically be reinvested in fund shares. The funds generally distribute capital gains, if any, annually in December. The funds generally declare and pay income dividends, if any, as follows:

- All American Fund, Holmes Growth Fund, Global MegaTrends Fund, Gold and Precious Metals Fund, World Precious Minerals Fund, Global Resources Fund, Eastern European Fund, Global Emerging Markets Fund and the China Region Fund—dividends are declared and paid annually, usually in December.
- Tax Free Fund and Near-Term Tax Free Fund—dividends are declared and paid monthly.
- Government Securities Fund and Treasury Securities Cash Fund—all net income is declared and accrued as a daily dividend and paid monthly. Shares of the money market funds are eligible to receive dividends beginning on the first business day after the effective date of the purchase. Shares of the money market funds receive dividends on the day shares are redeemed. However, redemptions by check writing draft do not earn dividends on the day shares are redeemed.

Dividends and distributions elected to be paid by check will not be sent out unless the total amount of dividends and distributions received exceeds $10.00.

If you elect to receive distributions paid in cash by check and your check is returned undeliverable, your distribution option may be converted to the reinvestment option. You will not receive interest on amounts represented by uncashed distribution checks. We will invest in your account any dividend or other distribution payments returned to us. Dividend and other distribution checks become void six months from the date on the check. The amount of the voided check will be invested in your account at the then-current NAV per share. This may not apply to IRAs.

Taxes to You

Unless you hold your shares in a tax-deferred account, you will generally owe federal income taxes on amounts paid or distributed to you by the funds (other than exempt-interest dividends paid by the Tax Free Fund or Near-Term Tax Free Fund), whether you reinvest the distributions in additional shares or receive them in cash.

Distributions of gains from the sale of assets held by the funds for more than a year generally are taxable to you for federal income tax purposes at the applicable long-term capital gains rate, regardless of how long you have held fund shares. Distributions from other sources, except qualified dividend income, generally are taxed as ordinary income. For taxable years beginning before January 1, 2011, distributions of qualified dividend income generally will be taxable to individuals and other noncorporate shareholders at rates applicable to long-term capital gains, provided certain holding period

and other requirements are satisfied. It is not anticipated that the Tax Free Fund, Near-Term Tax Free Fund, Government Securities Savings Fund and Treasury Securities Cash Fund will make distributions that are treated as qualified dividend income. Dividends received by the funds from certain foreign corporations are not expected to qualify for treatment as qualified dividend income.

Dividends declared in October, November or December to shareholders of record as of a date in such month and paid during the following January are treated as if received on December 31 of the calendar year declared. Each year the fund will send you a statement that will detail distributions made to you for that year.

Dividends, interest and some capital gains received by the funds on foreign securities may be subject to foreign withholding or other foreign taxes. If a fund has more than 50% of the value of its total assets at the close of a taxable year consist of stock or securities of foreign corporations, the fund may make an election for the year to pass through such taxes to shareholders as a foreign tax credit. If such an election is not made, any foreign taxes paid or accrued by the fund will represent an expense to the fund. If an election is made, shareholders will generally be able to claim a credit or deduction on their federal income tax returns for, and will be required to treat as part of the amounts distributed to them, their pro rata portion of the taxes paid by the fund to foreign countries with respect to the investment income from such foreign stock or securities. Each fund expects to qualify to make such an election.

If you purchase shares of a fund just before a dividend or distribution, you will pay the full price for the shares and receive a portion of the purchase price back as a taxable distribution. This is referred to as "buying a dividend."

If you redeem fund shares in a non-retirement account, it is generally considered a taxable event for federal income tax purposes. Depending on the purchase price and the sale price of the shares you redeem, you may have a gain or loss on the transaction. The gain or loss will generally be treated as a long-term capital gain or loss if you held your shares for more than one year. If you held your shares for one year or less, the gain or loss will generally be treated as a short-term capital gain or loss. Short-term capital gain is taxable at ordinary federal income tax rates. Shareholders may be limited in their ability to utilize capital losses. Exchanges are treated as a redemption and purchase for federal income tax purposes. Therefore, you will also have a taxable gain upon exchange if the shares redeemed have gone up in value unless the exchange is between tax-deferred accounts.

Shareholders should consult with their own tax advisors concerning the federal, local and foreign tax consequences of owning fund shares in light of their particular tax situation.

When you open an account, Internal Revenue Service (IRS) regulations require that you provide your taxpayer identification number (TIN), certify that it is correct, and certify that you are not subject to backup withholding under IRS regulations. If you fail to provide your TIN or the proper tax certifications, each fund is required to withhold 28% of all the distributions (including dividends and capital gain distributions) and redemption proceeds paid to you. Each fund is also required to begin backup withholding on your account if the IRS instructs it to do so. Amounts withheld may be applied to your federal income tax liability and you may obtain a refund from the IRS if withholding results in an overpayment of federal income tax for such year.

Financial Highlights

The tables below are intended to show you each fund's financial performance for the past five years (or since inception, as applicable). Some of the information reflects financial results for a single fund share. The total returns represent the rate that an investor would have earned (or lost) on an investment in each fund. It assumes that all dividends and capital gains have been reinvested.

The funds have changed their fiscal year end from June 30, or October 31, to December 31. The information in the period ended December 31, 2008 column includes financial information for each fund's previous fiscal year end (either June 30 or October 31) to December 31, each fund's current fiscal year end.

The information presented below for each of the years or periods in the five-year period ended June 30, 2008, or October 31, 2008, and period ended December 31, 2008, has been audited by KPMG LLP, an independent registered public accounting firm. Their report and each fund's financial statements are included in the applicable annual report, which is available by request.

All American Equity Fund

	Six Months Ended December 31,	Year Ended June 30,				
	2008	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	(0.15)	(0.08)	(0.18)	(0.02)	(0.11)
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	(0.01)	(3.01)	(3.87)	(0.59)	—	—
From tax return of capital	—	(0.13)	—	—	—	—
Total distributions	(0.01)	(3.14)	(3.87)	(0.59)	—	—
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/Supplemental data						
Net assets, end of period (in thousands)	$16,234	$26,513	$23,479	$21,547	$19,253	$19,974
Ratios to average net assets(c):						
Total expenses	2.37%	1.98%	2.01%	2.20%	2.44%	2.31%
Expenses reimbursed(d)	(0.62)%	(0.23)%	(0.26)%	(0.44)%	(0.69)%	(0.56)%
Net expenses(e)	1.75%	1.75%	1.75%	1.76%	1.75%	1.75%
Net investment income (loss)	0.35%	(0.55)%	(0.28)%	(0.67)%	(0.09)%	(0.49)%
Portfolio turnover rate	205%	225%	223%	369%	262%	96%

* 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,	Year Ended June 30,				
	2008	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%.

	Two Months Ended December 31, 2008	Year Ended October 31, 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	(0.01)	(0.15)	(0.14)	(0.14)	(0.18)	(0.19)
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	0.82
Distributions	—	—	—	—	—	—
Short-term trading fees*	—(a)	—(a)	—(a)	—(a)	—(a)	0.01
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/Supplemental data						
Net assets, end of period (in thousands)	$32,488	$36,231	$68,881	$61,810	$65,065	$67,074
Ratios to average net assets(c):						
Total expenses	2.51%	1.74%	1.72%	1.74%	1.83%	1.82%
Expenses reimbursed(d)	(0.76)%	—	—	—	—	—
Net expenses(e)	1.75%	1.74%	1.72%	1.74%	1.83%	1.82%
Net investment loss	(0.27)%	(0.65)%	(0.62)%	(0.69)%	(0.98)%	(1.15)%
Portfolio turnover rate	20%	140%	98%	290%	268%	192%

* Based on average monthly shares outstanding.

** Effective June 1, 2004, U.S. Global Investors, Inc. assumed day-to-day management of the 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 had such reductions not occurred.

(e) The net 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 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:

	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)	—(f)	(0.01)%	—(f)	—(f)

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

Global MegaTrends Fund

	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)	(0.11)	(0.10)	(0.14)	(0.17)
Net realized and unrealized gain (loss)	(0.31)	(5.30)	2.63	1.18	1.24	1.24
Total from investment activities	(0.31)	(5.30)	2.52	1.08	1.10	1.07
Distributions						
From net investment income	—	—	—	—	—	(0.12)
From net realized gains	—	(0.85)	(0.84)	(0.31)	—	—
From tax return of capital	(0.01)	—	—	—	—	—
Total distributions	(0.01)	(0.85)	(0.84)	(0.31)	—	(0.12)
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/Supplemental data						
Net assets, end of period (in thousands)	$22,035	$25,387	$17,723	$17,077	$14,276	$13,239
Ratios to average net assets(c):						
Total expenses	2.96%	2.21%	2.49%	2.55%	2.83%	2.83%
Expenses reimbursed(d)	(1.11)%	(0.21)%	—	—	—	—
Net expenses(c)	1.85%	2.00%	2.49%	2.55%	2.83%	2.83%
Net investment loss	(0.20)%	(0.06)%	0.93)%	(0.89)%	(1.37)%	1.77)%
Portfolio turnover rate	29%	92%	65%	75%	54%	64%

* Based on average monthly shares outstanding.

** Effective October 1, 2007, U.S. Global Investors, Inc. assumed day-to-day management of the fund from the former sub-adviser.

(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 had such reductions not occurred.

(e) The net 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 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:

	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%.

Gold and Precious Metals Fund

	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)	(0.03)	(0.08)*	0.05	(0.01)*	(0.11)	(0.10)
Net realized and unrealized gain (loss)	(5.59)	4.69	(0.56)	7.88	0.79	1.91
Total from investment activities	(5.62)	4.61	(0.51)	7.87	0.68	1.81
Distributions from net realized gains	(0.73)	(2.43)	—	(0.12)	(0.05)	(0.03)
Short-term trading fees*	—(a)	0.01	0.02	0.06	0.04	0.04
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/Supplemental data						
Net assets, end of period (in thousands)	$192,206	$259,022	$178,762	$208,027	$63,816	$66,732
Ratios to average net assets:(c)						
Total expenses	1.54%	1.27%	1.29%	1.47%	1.97%	1.93%
Expenses reimbursed(d)	(0.15)%	—	—	—	—	—
Net expenses(e)	1.39%	1.27%	1.29%	1.47%	1.97%	1.93%
Net investment income (loss)	(0.66)%	(0.41)%	0.31%	(0.06)%	(1.13)%	(1.45)%
Portfolio turnover rate	61%	93%	72%	78%	66%	85%

* 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 period 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 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%.

	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)	(0.06)*	(0.13)*	—*	0.72	(0.22)	(0.17)*
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)	(0.67)	(0.46)	(1.86)
From net realized gains	(2.05)	(3.35)	(2.04)	(0.37)	—	—
Total distributions	(2.05)	(6.60)	(3.56)	(1.04)	(0.46)	(1.86)
Short-term trading fees*	—(a)	0.01	0.02	0.06	0.08	0.11
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/Supplemental data						
Net assets, end of period (in thousands)	$359,120	$949,014	$923,779	$920,249	$268,312	$246,852
Ratios to average net assets(c):						
Total expenses	1.36%	0.97%	0.99%	1.13%	1.48%	1.47%
Expenses reimbursed(d)	(0.11)%	—	—	—	—	—
Net expenses(e)	1.25%	0.97%	0.99%	1.13%	1.48%	1.47%
Net investment income (loss)	(0.80)%	(0.43)%	0.06%	0.05%	(1.01)%	(1.15)%
Portfolio turnover rate	27%	58%	54%	66%	55%	65%

* 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 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 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%.

	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)	(0.02)*	0.05*	0.21	0.29	0.25	0.12
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	—	(0.95)	(0.88)	(0.32)	(0.34)	(0.13)
From net realized gains	(1.32)	(2.14)	(1.71)	(1.05)	(0.30)	—
Total distributions	(1.32)	(3.09)	(2.59)	(1.37)	(0.64)	(0.13)
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/Supplemental data						
Net assets, end of period (in thousands)	$464,524	$2,010,581	$1,383,250	$1,281,664	$488,183	$135,574
Ratios to average net assets(c):						
Total expenses	1.20%	0.88%	0.95%	0.96%	1.30%	1.54%
Expenses reimbursed(d)	(0.12)%	—	—	—	—	—
Net expenses(e)	1.08%	0.88%	0.95%	0.96%	1.30%	1.54%
Net investment income (loss)	(0.34)%	0.28%	0.74%	1.07%	0.91%	0.74%
Portfolio turnover rate	100%	133%	122%	157%	116%	140%

* 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 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%.

	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)	(0.03)	(0.03)	(0.10)	0.13	(0.03)**	(0.01)
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	—	—	(0.29)	—	(0.09)	(0.02)
From net realized gains	—	(3.46)	(1.98)	(1.22)	(0.31)	(0.35)
Total distributions	—	(3.46)	(2.27)	(1.22)	(0.40)	(0.37)
Short-term trading fees**	—(a)	0.03	0.01	0.05	0.03	0.06
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/Supplemental data						
Net assets, end of period (in thousands)	$317,320	$415,494	$1,582,707	$1,347,149	$903,855	$279,545
Ratios to average net assets(c):						
Total expenses	2.37%	1.96%	1.98%	1.95%	2.00%	2.08%
Expenses reimbursed(d)	(0.27)%	—(f)	—	—	—	—
Net expenses(e)	2.10%	1.96%	1.98%	1.95%	2.00%	2.08%
Net investment income (loss)	(3.02)%	(0.15)%	(0.61)%	0.71%	(0.31)%	(0.23)%
Portfolio turnover rate	11%	82%	54%	68%	95%	89%

* The per share amounts shown for the 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 day-to-day management of the fund from Charlemagne.

(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 from the Adviser 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 exclude the effect of reductions to total expenses for any expenses offset and for fees rebated from Charlemagne. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. Through June 2006, Charlemagne provided advisory services to two closed-end investment companies that the above fund had invested in. Charlemagne rebated amounts to the above fund representing the portion of management fees paid by the two investment companies to Charlemagne based on the above fund's investment. Fees rebated by Charlemagne also reduce total expenses. 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 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 Charlemagne	n/a	n/a	n/a	(0.01)%	(0.02)%	(0.05)%

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

Global Emerging Markets Fund

	Two Months Ended December 31, 2008**	Year Ended October 31, 2008	2007	2006	2005(a)
Net Asset Value, Beginning of Period	**$ 5.94**	**$ 21.88**	**$ 13.93**	**$ 10.65**	**$ 10.00**
Investment activities					
Net investment income (loss)	(0.01)	(0.43)	(0.13)	0.02	0.06
Net realized and unrealized gain (loss)	(0.56)	(11.98)	9.18	3.50	0.56
Total from investment activities	(0.57)	(12.41)	9.05	3.52	0.62
Distributions					
From net investment income	—	(0.46)	—	(0.05)	—
From net realized gains	—	(3.11)	(1.13)	(0.26)	—
From tax return of capital	(0.08)	—	—	—	—
Total distributions	(0.08)	(3.57)	(1.13)	(0.31)	—
Short-term trading fees*	—(b)	0.04	0.03	0.07	0.03
Net Asset Value, End of Period	**$ 5.29**	**$ 5.94**	**$ 21.88**	**$ 13.93**	**$ 10.65**
Total return (excluding account fees)(c)	(9.59)%	(66.81)%	69.52%	34.16%	6.50%
Ratios/Supplemental data					
Net assets, end of period (in thousands)	$9,663	$11,708	$59,621	$29,029	$16,157
Ratios to average net assets(d):					
Total expenses	6.83%	2.80%	2.75%	3.07%	4.16%
Expenses reimbursed(e)	(4.33)%	(0.30)%	(0.39)%	(1.05)%	(2.16)%
Net expenses(f)	2.50%	2.50%	2.36%	2.02%	2.00%
Net investment income (loss)	(1.16)%	(1.01)%	(0.92)%	0.13%	1.08%
Portfolio turnover rate	21%	83%	125%	136%	93%

* Based on average monthly shares outstanding.

** Effective November 7, 2008, U.S. Global Investors, Inc. assumed day-to-day management of the fund from Charlemagne.

(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 from the Adviser 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 net expense ratios shown above reflect expenses after reimbursements from the Adviser but exclude the effect of reductions to total expenses for any expenses offset and for fees rebated from Charlemagne. Expense offset arrangements reduce total expenses, as discussed in the notes to the financial statements. Through June 2006, Charlemagne provided advisory services to a closed-end investment company that the above fund had invested in. Charlemagne rebated amounts to the above fund representing the portion of management fees paid by the investment company to the Charlemagne based on the above fund's investment. Fees rebated by Charlemagne also reduce total expenses. 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 and expenses rebated by Charlemagne are as follows:

	Two Months Ended December 31, 2008	Year Ended October 31, 2008	2007	2006	2005(a)
Ratios to average net assets(d):					
Expenses offset	—(g)	—(g)	n/a	n/a	n/a
Expenses rebated by Charlemagne	n/a	n/a	n/a	(0.02)%	—(g)

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

	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)	(0.02)*	(0.03)*	—*	(0.01)*	(0.06)	—*
Net realized and unrealized gain (loss)	(3.49)*	(0.27)*	3.98*	2.02	1.22	1.69
Total from investment activities	(3.51)	(0.30)	3.98	2.01	1.16	1.69
Distributions						
From net investment income	—	(0.10)	(0.16)	(0.19)	(0.16)	(0.05)
From net realized gains	—	(2.93)	—	—	—	—
From tax return of capital	—	(0.17)	—	—	—	—
Total distributions	—	(3.20)	(0.16)	(0.19)	(0.16)	(0.05)
Short-term trading fees*	0.01	0.04	0.02	0.02	0.01	0.05
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/Supplemental data						
Net assets, end of period (in thousands)	$38,348	$81,109	$93,805	$67,761	$30,511	$35,090
Ratios to average net assets(b):						
Total expenses	2.46%	1.95%	2.02%	2.31%	2.56%	2.25%
Expenses reimbursed(c)	(0.27)%	—	—	—	—	—
Net expenses(d)	2.19%	1.95%	2.02%	2.31%	2.56%	2.25%
Net investment income (loss)	(0.47)%	(0.26)%	0.02%	(0.08)%	(0.54)%	0.05%
Portfolio turnover rate	117%	208%	208%	292%	136%	126%

* Based on average monthly shares outstanding.

(a) Total returns for 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) 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 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 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(b):						
Expenses offset	—(e)	—(e)	—(e)	(0.01)%	—(e)	—(e)

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

Tax Free Fund

	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	0.23	0.47	0.50	0.52	0.44	0.43
Net realized and unrealized gain (loss)	(0.21)	(0.05)	—(a)	(0.36)	0.25	(0.58)
Total from investment activities	0.21	0.42	0.50	0.16	0.69	(0.15)
Distributions from net investment income	(0.23)	(0.47)	(0.50)	(0.51)	(0.44)	(0.42)
Net Asset Value, End of Period	**$ 11.72**	**$ 11.93**	**$ 11.98**	**$ 11.98**	**$ 12.33**	**$ 12.08**
Total return (excluding account fees)(b)	0.22%	3.54%	4.15%	1.30%	5.78%	(1.25)%
Ratios/Supplemental data						
Net assets, end of period (in thousands)	$16,946	$18,380	$15,940	$14,992	$22,433	$28,167
Ratios to average net assets(c):						
Total expenses	1.91%	1.94%	1.86%	1.69%	1.47%	1.09%
Expenses reimbursed(d)	(1.21)%	(1.24)%	(1.16)%	(0.99)%	(0.77)%	(0.39)%
Net expenses(e)	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Net investment income	3.92%	3.91%	4.09%	4.01%	3.50%	3.22%
Portfolio turnover rate	6%	11%	6%	19%	40%	54%

(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%.

Near-Term Tax Free Fund

	Six Months Ended December 31, 2008	Year Ended June 30, 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	0.03	0.07	0.07	0.07	0.07	0.06
Net realized and unrealized gain (loss)	0.02	0.02	—(a)	(0.05)	(0.01)	(0.06)
Total from investment activities	0.05	0.09	0.07	0.02	0.06	0.00
Distributions from net investment income	(0.03)	(0.07)	(0.07)	(0.07)	(0.06)	(0.06)
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%	0.75%	2.75%	0.20%
Ratios/Supplemental data						
Net assets, end of period (in thousands)	$13,989	$13,603	$13,383	$15,830	$18,706	$18,673
Ratios to average net assets(c):						
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)%	(0.80)%
Net expenses(e)	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
Net investment income	3.15%	3.41%	3.43%	3.08%	2.79%	2.73%
Portfolio turnover rate	8%	8%	22%	33%	5%	21%

* 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	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%.

U.S. Government Securities Savings Fund

	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	0.01	0.03	0.05	0.04	0.02	0.01
Net realized and unrealized gain	—(a)	—(a)	—(a)	—	—	—
Total from investment activities	0.01	0.03	0.05	0.04	0.02	0.01
Distributions from net investment income	(0.01)	(0.03)	(0.05)	(0.04)	(0.02)	(0.01)
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%	0.63%
Ratios/Supplemental data						
Net assets, end of period (in thousands)	$357,910	$446,208	$469,095	$435,417	$411,979	$441,722
Ratios to average net assets(c):						
Total expenses	0.73%	0.65%	0.62%	0.64%	0.65%	0.65%
Expenses reimbursed(d)	(0.26)%	(0.20)%	(0.17)%	(0.19)%	(0.20)%	(0.20)%
Net expenses(e)	0.47%(g)	0.45%	0.45%	0.45%	0.45%	0.45%
Net investment income	1.36%	3.42%	4.75%	3.64%	1.67%	0.61%

(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%.

(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. The cost to participate was without regard to the expense limitation.

U.S. Treasury Securities Cash Fund

	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)	0.02	0.04	0.03	0.01	—(a)
Net realized and unrealized gain	—	—	—	—	—	—
Total from investment activities	—(a)	0.02	0.04	0.03	0.01	—(a)
Distributions from net investment income	—(a)	(0.02)	(0.04)	(0.03)	(0.01)	—(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)	0.23%	2.46%	4.36%	3.11%	1.12%	0.08%
Ratios/Supplemental data						
Net assets, end of period (in thousands)	$121,410	$111,955	$116,012	$119,028	$124,058	$112,575
Ratios to average net assets(c):						
Total expenses	1.11%	1.09%	0.91%	0.92%	0.97%	1.00%
Expenses reimbursed(d)	(0.38)%	(0.09)%	(0.02)%	—	—	(0.04)%
Net recouped fees(e)	—	—(g)	—	0.03%	—	—
Net expenses(f)	0.73%	1.00%	0.89%	0.95%	0.97%	0.96%
Net investment income	0.44%	2.43%	4.27%	3.06%	1.11%	0.07%

(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 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%.

U.S. Global Investors

Privacy Policy

General Policy

U.S. Global Investors, Inc., U.S. Global Investors Funds. United Shareholder Services, Inc., and U.S. Global Brokerage, Inc. have created this privacy policy in order to demonstrate our firm commitment to the privacy of your personal information. These are our information gathering and dissemination practices.

Information Collected and Disclosed

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us;
- Information gathered from consumer reporting agencies;
- Information gathered by affiliated companies; and
- Information gathered through web site usage.

We do not disclose any nonpublic personal information about you to nonaffiliated parties, except as permitted or required by law. U.S. Global and its affiliates may use this information to service your account or provide you information about products or services that may be of interest to you. We may also disclose all of the information we collect (except for consumer reports), as described above, to companies that perform marketing or other services on our behalf or to other financial institutions with whom we have joint marketing agreements to service or administer your account(s), transaction(s), or request(s).

If you decide to close your account(s) or become an inactive investor, we will adhere to the privacy policies and practices as described in this notice.

We restrict access to your nonpublic personal and account information to those employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards to guard your nonpublic personal information.

Further, we will properly dispose of consumer report information that may be gathered about you. Steps have been taken to ensure that consumer reports are protected against unauthorized access to or use of the information in connection with its disposal.

Internet Policy

We protect our users' information. When you submit sensitive information via the website, your information is protected both online and offline with state-of-the-art technology. To access your account online, your computer's web browser must support this technology. More detailed information is available on our website, www.usfunds.com. If you are just "surfing," we collect and use IP addresses to analyze trends, administer the site, track user's movements and gather broad demographic information. IP addresses are not linked to personally identifiable information.

Registration: If you want to buy or trade a mutual fund on our site, you must register by filling out an application form. The form asks for information such as name, e-mail address, address, gender and age. We use this information to send you materials about U.S. Global and products offered through our site, and to contact you when necessary. We are required under federal law to keep records of the information you provide to us.

When you register at our site, U.S. Global uses a cookie (a small data file stored on your computer's hard drive) to store a unique, random user ID. We do not store passwords or any personal information about you. We use this ID to identify you anonymously in our database and to track information while you are on our site. Cookies also let you enter our site as a registered user without having to log on each time. You do not need to have cookies turned on to use our site. You can refuse cookies by turning them off in your browser, but if you do, you may not be able to use certain features of our site.

Linked Sites: Our site may contain links to other sites. We are not responsible for the privacy practices of other sites. You should read the privacy statements of each website you visit that collects personally identifiable information. This privacy statement applies only to information we collect on our site.

Children's Privacy: Our site is not directed at children under the age of 13 and does not knowingly collect personal information from them. If we learn that we have obtained personal information from a child under the age of 13, we will delete that information from our records.

E-mail: E-mail is not a secure means of transmitting sensitive information. We will never ask you to submit your investment or personal information via e-mail.

Changes to Privacy Policy

U.S. Global may occasionally change this privacy policy. If a revision is material, U.S. Global will mail a notice to all current shareholders and will post the revised policy on its website. The changes will take effect as soon as mailed and posted.

Contact Information

If you have a comment, question or request, or if you need to contact us for any other reason, there are four easy ways to do so.

E-mail

You can e-mail the transfer agent for U.S. Global at shsvc@usfunds.com.

Toll-Free Telephone Number

You may call an investor representative at 1-800-US-FUNDS or locally at (210) 308-1222. If you call after normal business hours, please leave a message and your telephone number. An Investor Representative will get back to you as quickly as possible. Normal business hours are Monday through Friday, 7:30 a.m. to 7 p.m. CST.

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More information on the funds is available at no charge, upon request:

Annual/Semi-Annual Report

Additional information about the funds' investments is available in the funds' annual and semi-annual reports to shareholders, which are available free of charge on the funds' website at www.usfunds.com. These reports describe the funds' performance, list holdings, and describe recent market conditions, fund investment strategies, and other factors that had a significant impact on each fund's performance during the last fiscal year.

Statement of Additional Information (SAI)

More information about the funds, their investment strategies, and related risks is provided in the SAI. The SAI and the funds' website (www.usfunds.com) include a description of the funds' policy with respect to the disclosure of portfolio holdings. There can be no guarantee that the funds will achieve their objectives. The current SAI is on file with the SEC and is legally considered a part of this prospectus and is available free of charge on the funds' website at www.usfunds.com.

To Request Information:

BY PHONE 1-800-US-FUNDS

BY MAIL Shareholder Services
U.S. Global Investors Funds
P.O. Box 781234
San Antonio, TX 78278-1234

BY INTERNET www.usfunds.com

The SEC also maintains a website at http://www.sec.gov that contains the Statement of Additional Information, material incorporated by reference and other information that the funds file electronically with the SEC. You may also visit or call the SEC's Public Reference Room in Washington, D.C. (1-202-942-8090) or send a request plus a duplicating fee to the SEC, Public Reference Section, Washington, D.C. 20549-0102 or by electronic request at the following e-mail address: publicinfo@sec.gov.

U.S. GLOBAL INVESTORS FUNDS
SEC Investment Company Act File No. 811-01800

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