



U.S. Global Investors family of funds Mutual Fund Forms 1099R and 1099Q Guide for Tax Year 2008

U.S. Global Investors family of funds is committed to providing accuracy in reporting tax information related to your mutual fund account(s) and help in understanding how it is used.

In this guide you will find:

- A general overview of tax reporting requirements.
- The way the IRS treats income on your investments.
- Descriptions and explanations of tax forms related to your investments.

If applicable to your U.S. Global Investors family of funds account, you may have received Form(s) 1099-R and/or 1099-Q.

The information provided here is not legal or tax advice. We recommend that you consult your legal and tax advisor if you need advice regarding your specific situation.

REMINDER FOR THIS YEAR

2009 Combined Traditional and Roth IRA Contribution Limits:

If you are under 50 years of age at the end of 2009: The maximum contribution that can be made to a traditional or Roth IRA is the smaller of \$5,000 or the amount of your taxable compensation for 2009. This limit can be split between a traditional IRA and a Roth IRA but the combined limit is \$5,000. The maximum deductible contribution to a traditional IRA and the maximum contribution to a Roth IRA may be reduced depending on your modified adjusted gross income.

If you are 50 years of age or older before 2010: The maximum contribution that can be made to a traditional or Roth IRA is the smaller of \$6,000 or the amount of your taxable compensation for 2009. This limit can be split between a traditional IRA and a Roth IRA but the combined limit is \$6,000. The maximum deductible contribution to a traditional IRA and the maximum contribution to a Roth IRA may be reduced depending on your modified adjusted gross income.

See *Individual Retirement Arrangements (IRAs)*, Publication 590, for additional information.

This information does not constitute tax advice and is provided for informational purposes only. Please consult your tax advisor, financial advisor or local taxing authority for more information.

Form 1099-R

FORM 1099-R • Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. • 2008		
PAYER'S Name, Street Address, City, State, Zip Code, and Telephone Number BANK OF TEXAS CUST NEAR-TERM TAX FREE FUND 7900 CALLAGHAN RD SAN ANTONIO TX 78229 1 (800) 873-8637		
RECIPIENT'S Name, Street Address (including apt. no.), City, State, and Zip Code		
OMB NO. 1545-0119		
Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.		
Account number		
RECIPIENT'S identification number	PAYER'S federal identification number	
1 Gross distribution	2a Taxable amount	
2,600.00	2,600.00	
2b Taxable amount not determined <input checked="" type="checkbox"/>	4 Federal income tax withheld	
Total distribution <input type="checkbox"/>	0.00	
7 Distribution code(s)	IRA/SEP/SIMPLE	10 State tax withheld
7	<input checked="" type="checkbox"/>	0.00
11 State/payer's state no.	12 State distribution	
NY/	0.00	
Corrected (if checked) <input type="checkbox"/>		
FORM 1099-R Department of the Treasury—Internal Revenue Service		
MAY08 10-17-2008		

Form 1099-R: What is it?

Form 1099-R provides information regarding distributions from:

- IRA Accounts (Traditional, Rollover, ROTH, SEP and SIMPLE)
- 403b7 Accounts

Who Receives it?

A Form 1099-R will be generated for all retirement accounts that had total or partial distributions in 2008. Conversions and recharacterizations are also shown on Form 1099-R.

Conversion – is a distribution of money from a traditional, SEP, or SIMPLE IRA that is rolled over to a ROTH IRA

Recharacterization – refers to the treatment of a contribution to one type of IRA as having been made to a different type of IRA, or the treatment of a conversion to a ROTH IRA as though it had not occurred.

Where is it reported?

Shareholders will use this information from Form 1099-R when completing IRS Form 1040 or 1040A, and they also may need to report it on one or more of the following IRS Forms:

- Form 8606 (Nondeductible IRAs)
- Form 4972 (Tax on Lump Sum Distributions)
- Form 5329 (Additional taxes on Qualified Plans [Including IRAs] and Other Tax-Favored Accounts)

This information does not constitute tax advice and is provided for informational purposes only. Please consult your tax advisor, financial advisor or local taxing authority for more information.

Form 1099-R

FORM 1099-R • Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. • 2008

PAYER'S Name, Street Address, City, State, and Zip Code, and Telephone Number
**BANK OF TEXAS CUST
 NEAR-TERM TAX FREE FUND
 7900 CALLAGHAN RD
 SAN ANTONIO TX 78229
 1 (800) 873-8637**

RECIPIENT'S Name, Street Address (including apt. no.), City, State, and Zip Code

OMB NO. 1545-0119

Copy B
 Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.

Account number			
RECIPIENT'S identification number		PAYER'S federal identification number	
1 Gross distribution	2a Taxable amount		
A 2,600.00	2,600.00		
2b Taxable amount not determined <input checked="" type="checkbox"/>	4 Federal income tax withheld		
Total distribution <input type="checkbox"/>	0.00		
7 Distribution code(s) IRA/SEP/SIMPLE <input checked="" type="checkbox"/>	10 State tax withheld		
7	0.00		
11 State/payer's state no. NY	12 State distribution		
	0.00		

Corrected (if checked)

FORM 1099-R Department of the Treasury—Internal Revenue Service

Form 1040

Form **1040** Department of the Treasury—Internal Revenue Service **2008** (99) IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2008, or other tax year beginning , 2008, ending , 20 OMB No. 1545-0074

Label (See instructions on page 14.) Use the IRS label. Otherwise, please print or type. Presidential Election Campaign

Your first name and initial Last name
 If a joint return, spouse's first name and initial Last name
 Home address (number and street). If you have a P.O. box, see page 14. Apt. no.
 City, town or post office, state, and ZIP code. If you have a foreign address, see page 14.

Your social security number
 Spouse's social security number

Checking a box below will not change your tax or refund.
 You Spouse

Single Married (with qualifying person). (See page 15.) If Head of household (with dependent, enter dependent's SSN on line 7) Joint filer (with dependent, enter dependent's SSN on line 7)

d Total number of exemptions claimed Add numbers on lines above

Income	7 Wages, salaries, tips, etc. Attach Form(s) W-2	7	
	8a Taxable interest. Attach Schedule B if required	8a	
	b Tax-exempt interest. Do not include on line 8a	8b	
	9a Ordinary dividends. Attach Schedule B if required	9a	
	b Qualified dividends (see page 21)	9b	
	10 Taxable refunds, credits, or offsets of state and local income taxes (see page 22)	10	
	11 Alimony received	11	
	12 Business income or (loss). Attach Schedule C or C-EZ	12	
	13 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	
	14 Other gains or (losses). Attach Form 4797	14	
	15a IRA distributions	15a	
	b Taxable amount (see page 23)	15b	
	16a Pensions and annuities	16a	
	b Taxable amount (see page 24)	16b	
	17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	

Account Distributions

The amount in box 1 of Form 1099-R should be reported on line 15a of IRS Form 1040 or line 11a of IRS Form 1040A. (Special reporting rules may apply for direct distributions to qualified charities made by taxpayers age over 70 ½ or over. See IRS instructions for Form 1040 or 1040A.)

This information does not constitute tax advice and is provided for informational purposes only. Please consult your tax advisor, financial advisor or local taxing authority for more information.

Form 1099-R

FORM 1099-R • Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. • 2008
 PAYER'S Name, Street Address, City, State, Zip Code, and Telephone Number
**BANK OF TEXAS CUST
 NEAR-TERM TAX FREE FUND
 7900 CALLAGHAN RD
 SAN ANTONIO TX 78229
 1 (800) 873-8637**
 OMB NO. 1545-0119
 RECIPIENT'S Name, Street Address (including apt. no.), City, State, and Zip Code

Copy B
 Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.

Account number			
RECIPIENT'S identification number		PAYER'S federal identification number	
1 Gross distribution	2a Taxable amount		
A 2,600.00	2,600.00		
2b Taxable amount not determined <input checked="" type="checkbox"/>	4 Federal income tax withheld		
Total distribution <input type="checkbox"/>	0.00		
7 Distribution code(s): 7 <input checked="" type="checkbox"/>	10 State tax withheld		
	0.00		
11 State/payer's state no. NY/	12 State distribution		
	0.00		

Corrected (if checked)
 FORM 1099-R Department of the Treasury—Internal Revenue Service
 MAR08 10-17-2008

Form 8606

Form **8606** **Nondeductible IRAs**
 Department of the Treasury Internal Revenue Service (99)
 OMB No. 1545-0074
2008
 Attachment Sequence No. 48
 ▶ See separate instructions.
 ▶ Attach to Form 1040, Form 1040A, or Form 1040NR.
 Name. If married, file a separate form for each spouse required to file Form 8606. See page 5 of the instructions.
 Your social security number

Fill in Your Address Only If You Are Filing This Form and Not
 Home address (number and street, or P.O. box if mail is not delivered to your home) Apt. no.
 City, town or post office, state, and ZIP code

make a Rollover from a Traditional IRA to line 4.

4 Enter those contributions included on line 1 that were made from January 1, 2009, through April 15, 2009 4

5 Subtract line 4 from line 3 5

6 Enter the value of **all** your traditional, SEP, and SIMPLE IRAs as of December 31, 2008, plus any outstanding rollovers. Subtract any repayments of qualified disaster recovery assistance distributions. If the result is zero or less, enter -0- (see page 6 of the instructions) 6

7 Enter your distributions from traditional, SEP, and SIMPLE IRAs in 2008. **Do not** include rollovers (other than repayments of qualified disaster recovery assistance distributions), qualified charitable distributions, a one-time distribution to fund an HSA, conversions to a Roth IRA, certain returned contributions, or recharacterizations of traditional IRA contributions (see page 6 of the instructions) 7

8 Enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2008. **Do not** include amounts converted that you later recharacterized (see page 7 of the instructions). Also enter this amount on line 16 8

9 Add lines 6, 7, and 8 9

10 Divide line 5 by line 9. Enter the result as a decimal rounded to at least two places. If the result is 1.000 or more, enter "1.000" 10

This is the nontaxable portion of the distribution.

Nondeductible IRA Contributions

If you made a nondeductible IRA contribution for 2008 or in previous years, report the amount of these contributions on IRS Form 8606 (Nondeductible IRAs) to determine the taxable portion of your distribution. Report the distribution amount from box 1 of Form 1099-R on line 7 or 8 of Form 8606.

This information does not constitute tax advice and is provided for informational purposes only. Please consult your tax advisor, financial advisor or local taxing authority for more information.

FORM 1099-R • Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. • 2008
 PAYER'S Name, Street Address, City, State, Zip Code, and Telephone Number
**BANK OF TEXAS CUST
 NEAR-TERM TAX FREE FUND
 7900 CALLAGHAN RD
 SAN ANTONIO TX 78229
 1 (800) 873-8637**
 OMB NO. 1545-0119
 RECIPIENT'S Name, Street Address (including apt. no.), City, State, and Zip Code

Copy B
 Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.

Account number			
RECIPIENT'S identification number		PAYER'S federal identification number	
1 Gross distribution		2a Taxable amount	
2,600.00		2,600.00	
2b Taxable amount not determined <input checked="" type="checkbox"/>		4 Federal income tax withheld	
Total distribution <input type="checkbox"/>		0.00	
7 Distribution code(s)	IRA SEP/SIMPLE <input checked="" type="checkbox"/>	10 State tax withheld	
7		0.00	
11 State/payer's state ab.		12 State distribution	
NY/		0.00	

FORM 1099-R Department of the Treasury-Internal Revenue Service Corrected (if checked) 10/17/2008

Form 5329
 Department of the Treasury Internal Revenue Service (99)
Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts
 Attach to Form 1040 or Form 1040NR.
 See separate instructions.
 OMB No. 1545-0074
2008
 Attachment Sequence No. 29

Name of individual subject to additional tax. If married filing jointly, see instructions.
 Your social security number

Home address (number and street), or P.O. box
 Apt. no.

Complete this part only if you are reporting a distribution from a qualified retirement plan (including an IRA) or modified endowment contract. If you are reporting this tax directly on Form 1040 or Form 1040NR—see above. You may also have to complete this part to indicate that you qualify for an exception to the additional tax on early distributions or for certain Roth IRA distributions (see instructions).

1 Early distributions included in income. For Roth IRA distributions, see instructions	1		
2 Early distributions included on line 1 that are not subject to the additional tax (see instructions). Enter the appropriate exception number from the instructions: _____	2		
3 Amount subject to additional tax. Subtract line 2 from line 1	3		

tax 10% (.10) of line 3. Include this amount on line 1 of Form 1040 or Form 1040NR.

Distribution Type

Box 7 of Form 1099-R identifies the distribution type. See the instructions on the back of the 1099-R for an explanation of the code(s).

For example, code 1 indicates distributions made before the age of 59½ and that they are, in general subject to a 10% additional tax. However, as explained in Form 1040 instructions, certain exceptions to the additional tax apply with respect to qualified withdrawals for first-time homebuyer's expense, higher education expense, medical insurance premiums and deductible medical expense.

Distribution Code 1

If your Form 1099-R has a distribution code 1 in box 7 and you qualify for an exception to the additional tax, you may be required to file Form 5329 (Additional Tax on Qualified Plans [Including IRAs] and Other Tax-Favored Accounts). The amount in box 1 of Form 1099-R is reported on line 1 on Form 5329.

This information does not constitute tax advice and is provided for informational purposes only. Please consult your tax advisor, financial advisor or local taxing authority for more information.

Form 1099-Q

PAYER'S/TRUSTEE'S Name, Street Address, City, State, Zip Code, and Telephone Number UNITED SHAREHOLDER SERVICES, INC. 7900 CALLAGHAN RD. SAN ANTONIO, TX 78229 1 (800) 873-8637		TAX YEAR 2008 Payments From Qualified Education Programs (Under Sections 529 and 530) <small>(OMB No. 1545-1760)</small> Form 1099-Q Copy B For Recipient Department of the Treasury-Internal Revenue Service (Keep for your Records)					
RECIPIENT'S Name, Street Address (including apt. no.), City, State, and Zip Code _____		This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.					
Corrected (if Checked) <input type="checkbox"/>		RECIPIENT'S social security number _____	PAYER'S/TRUSTEE'S federal identification number _____				
FORM 1099-Q • 2008 PAYMENTS FROM QUALIFIED EDUCATION PROGRAMS (UNDER SECTIONS 529 AND 530)							
Account number	(1) Gross distribution*	(2) Earnings**	(3) Basis	(4) Trustee-to-trustee transfer	(5) Program type	(6) If this box is checked, the recipient is not the designated beneficiary	Coverdell ESA fair market value (FMV) as of 12-31-08*
Fund: ALL AMERICANEQUITY FUND	1,926.07			<input type="checkbox"/>	Coverdell ESA	<input type="checkbox"/>	0.00

Form 1099-Q: What is it?

Form 1099-Q provides information to you and the IRS regarding distributions or Trustee-to-trustee transfers from Coverdell ESA's (Education Savings Accounts).

Who Receives it?

Form 1099-Q is delivered to shareholders who had total or partial distributions in 2008 from these types of accounts.

Where is it reported?

You will use this information from Form 1099-Q when completing IRS Form 1040 or 1040A, and they also may need to report it on Form 5329 (Additional taxes on Qualified Plans [Including IRAs] and Other Tax-Favored Accounts).

This information does not constitute tax advice and is provided for informational purposes only. Please consult your tax advisor, financial advisor or local taxing authority for more information.

PAYER'S/TRUSTEE'S Name, Street Address, City, State, Zip Code, and Telephone Number UNITED SHAREHOLDER SERVICES, INC. 7900 CALLAGHAN RD. SAN ANTONIO, TX 78229 1 (800) 873-8637							
RECIPIENT'S Name, Street Address (including apt. no.), City, State, and Zip Code _____							
TAX YEAR 2008 Payments From Qualified Education Programs (Under Sections 529 and 530) <small>(OMB No. 1545-1760)</small> Form 1099-Q Copy B For Recipient Department of the Treasury-Internal Revenue Service (Keep for your Records)							
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.							
RECIPIENT'S social security number				_____			
PAYER'S/TRUSTEE'S federal identification number				_____			
Corrected (if Checked) <input type="checkbox"/>							
FORM 1099-Q • 2008 PAYMENTS FROM QUALIFIED EDUCATION PROGRAMS (UNDER SECTIONS 529 AND 530)							
Account number	(1) Gross distribution*	(2) Earnings**	(3) Basis	(4) Trustee-to-trustee transfer	(5) Program type	(6) If this box is checked, the recipient is not the designated beneficiary	Coverdell ESA fair market value (FMV) as of 12-31-08*
Fund: ALL AMERICANEQUITY FUND	1,926.07			<input type="checkbox"/>	Coverdell ESA	<input type="checkbox"/>	0.00

Taxable Distributions

IRS Publication 970 (Tax Benefits for Education) provides information to recipients for figuring and reporting the taxable portion of a withdrawal, if any, reported on Form 1099-Q. Shareholders should consult their tax advisor regarding:

- The benefits and taxable events of ESAs and qualified tuition programs
- The restrictions that apply to designating a beneficiary
- The calculations of taxable amounts

In general, part or all of the amount shown in box 1 is taxable to the beneficiary, who should report the taxable amount on Form 1040, line 21 (Other Income). *U.S. Global Investors family of funds is not required to and does not compute the taxable amount of any ESA distribution.*

Non-Taxable Distributions

Distributions that meet certain criteria are not taxable and need not be reported on Form 1040. These distributions may include:

- One transfer or rollover per beneficiary in a 12-month period to another education program, completed within 60 days of the distribution.
- Qualified education expenses totaling at least as much as the amount withdrawn.

This information does not constitute tax advice and is provided for informational purposes only. Please consult your tax advisor, financial advisor or local taxing authority for more information.

Form **1040** Department of the Treasury—Internal Revenue Service **2008** U.S. Individual Income Tax Return (99) IRS Use Only—Do not write or staple in this space.

OMB No. 1545-0074

For the year Jan. 1–Dec. 31, 2008, or other tax year beginning _____, 2008, ending _____, 20

Label (See instructions on page 14.) Use the IRS label. Otherwise, please print or type.

L A B E L H E R E

Your first name and initial _____ Last name _____ Your social security number _____

If a joint return, spouse's first name and initial _____ Last name _____ Spouse's social security number _____

Home address (number and street). If you have a P.O. box, see page 14. _____ Apt. no. _____

City, town or post office, state, and ZIP code. If you have a foreign address, see page 14. _____

Checking a box below will not change your tax or refund.

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 14) You Spouse

Single Married (with qualifying person). (See page 15.) If Filing jointly (even if only one spouse) If not your dependent, enter _____

If you did not get a W-2, see page 21.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

14	IRA distributions	15a	IRA distributions	15b	
15a	IRA distributions	16a	Pensions and annuities	16b	
16a	Pensions and annuities	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	18	Farm income or (loss). Attach Schedule F	18	
18	Farm income or (loss). Attach Schedule F	19	Unemployment compensation	19	
19	Unemployment compensation	20a	Social security benefits	20b	
20a	Social security benefits	20a	Social security benefits	20b	
20a	Social security benefits	21	Other income. List type and amount (see page 28)	21	
21	Other income. List type and amount (see page 28)	22	Add the amounts in the far right column for lines 7 through 21. This is your total income	22	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income		Expenses (see page 28)		

A

Form 5329

Form **5329** Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts

Department of the Treasury Internal Revenue Service (99)

Attachment Sequence No. **29**

OMB No. 1545-0074

2008

Attach to Form 1040 or Form 1040NR.

See separate instructions.

Name of individual subject to additional tax. If married filing jointly, see instructions. _____

Your social security number _____

Home address (number and street), or P.O. box _____ Apt. no. _____

1040NR, line 21

Caution: If any part of the amount on line 5 is a distribution from a SIMPLE IRA, you may have to include 25% of that amount on line 4 instead of 10% (see instructions).

Part II Additional Tax on Certain Distributions From Education Accounts

Complete this part if you included an amount in income, on Form 1040 or Form 1040NR, line 21, from a Coverdell education savings account (ESA) or a qualified tuition program (QTP).

5	Distributions included in income from Coverdell ESAs and QTPs	5	
6	Distributions included on line 5 that are not subject to the additional tax (see instructions)	6	
7	Amount subject to additional tax. Subtract line 6 from line 5	7	
8	Additional tax. 10% (10) of line 7. Include this amount on Form 1040 or Form 1040NR, line 4	8	

Additional Taxes

An additional 10% tax may apply to part or all of the amount included in income from an ESA. Publication 970 outlines in detail the exceptions to this tax. Generally, the amount of the taxable distribution is to be reported on line 5 of Form 5329 (Additional Taxes on Qualified Plans [Including IRAs] and Other Tax Favored Accounts).