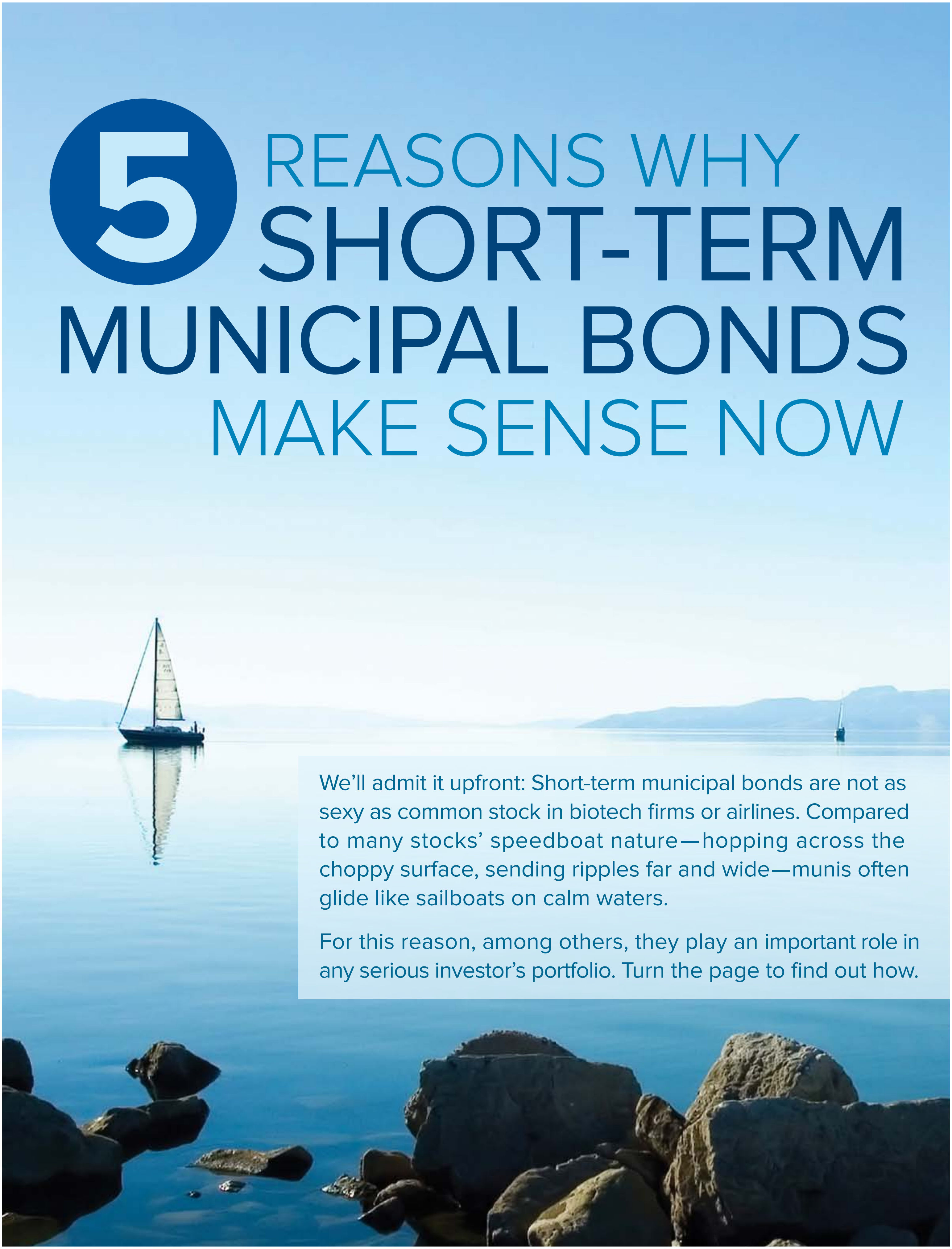


5 REASONS WHY SHORT-TERM MUNICIPAL BONDS MAKE SENSE NOW

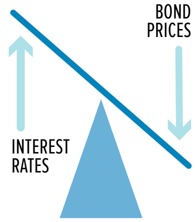
We'll admit it upfront: Short-term municipal bonds are not as sexy as common stock in biotech firms or airlines. Compared to many stocks' speedboat nature—hopping across the choppy surface, sending ripples far and wide—munis often glide like sailboats on calm waters.

For this reason, among others, they play an important role in any serious investor's portfolio. Turn the page to find out how.

Here are five reasons why investing in municipal bonds makes sense now more than ever:

1 Short-term, investment-grade municipal bonds are less volatile in a climate of rising interest rates.

Interest rates are currently at 50-year lows, but they can't stay there forever. When rates do rise, bond prices will fall. At first glance, this inverse relationship might seem illogical, but it makes sense. If newly issued bonds carry a higher yield, the value of existing bonds with lower rates fall.



Let's imagine the Federal Reserve raises rates tomorrow. What potential implications would that have on the yield curve and bond prices? As you can see in this hypothetical example using a two-year, 10-year and 30-year Treasury, the farther out the maturity date and higher the rate hike, the more your security would be affected. Remember, these are Treasuries, not municipal bonds, but munis could be similarly affected.

Potential Interest Rate Increase of...		Potential Price Movement		
		2-Year Treasury	10-Year Treasury	30-Year Treasury
0.25%	=	-0.50%	-0.99%	-1.99%
0.50%	=	-2.18%	-4.36%	-8.72%
1.00%	=	-4.79%	-9.58%	-19.15%

Source: Bloomberg, U.S. Global Investors

What this indicates is that investors should take advantage of short-term bonds, which are less sensitive to rate increases than longer-term bonds that are locked into rates for greater periods of time.

When the Fed raises rates in 2015, as many economists and analysts speculate, it will most likely be done incrementally over the course of several months rather than in one fell swoop. Just as deep sea divers risk getting the bends when they surface too fast, there's economic risk in allowing rates to rise too much too quickly. The Fed is well aware of this.

2 Investment-grade munis have had a low default risk.

Although past performance is no guarantee of future results, there's a greater likelihood that an issuer won't default the higher its rating and the shorter its maturity. The chances of a municipal bond defaulting in 2013 were only about 0.1 percent. Out of more than 21,000 bonds in the S&P Municipal Bond Index, only 23 failed to meet their payment obligations.

3 Municipal bonds are tax-free at the federal level.

Munis are typically exempt from federal income taxes and often from state and local income taxation as well. This fact is especially appealing to high net worth individuals who want to minimize the tax impact on their investments.

4 Munis help diversify your portfolio.

It's prudent to have a diversified portfolio of both equity and debt securities, not to mention cash and commodities such as gold. Stocks can offer you growth and capital gains while bonds provide income. They can also help protect your assets during more volatile times.

Even within the bond allocation of your portfolio, it's important to diversify the types of debt securities you're investing in. Our Near-Term Tax Free Fund (NEARX) holds a wide range of municipal bonds, from school districts to transportation to utilities.

"We're buying high-quality municipals, GOs [general obligations] and essential service revenue," John Derrick, U.S. Global Investors Director of Research, says. "We operate in a very conservative manner, probably much more so than most of our peers."

5 Municipal bonds help make America strong.

One of the most compelling reasons to invest in short-term, investment-grade munis is that they help state and local governments build, repair and improve essential services at the state and local levels.

Below you can see what some of the largest bond issuances are earmarked for. Without exception, the revenue that bonds generate goes toward services that make America's states, counties and cities attractive places to live.

Bonds do precisely what they're designed to do, namely, fund projects such as hospitals and roads that benefit all citizens, young and old, rich and poor.

Municipal Bond Issuances for the Top 5 Largest Infrastructure Purposes

Schools $514.1 Billion

Hospitals $287.9 Billion

Water and Sewer Facilities $257.9 Billion

Roads $178.0 Billion

Public Power Utilities $147.0 Billion

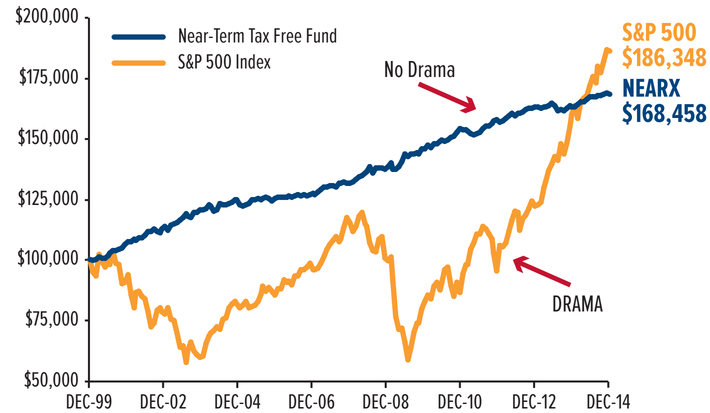
TAKE A LOOK AT NEARX

MORNINGSTAR® ★★★★★

Our Near-Term Tax Free Fund has received the coveted five-star overall rating from Morningstar, among 173 Municipal National Short-Term funds as of 12/31/2014, based on risk-adjusted return. The turnover of NEARX is very low, and it has performed well against its peers. Additionally, the fund seeks preservation of capital and its net asset value (NAV) has historically demonstrated minimal fluctuation in its share price, floating in the $2 range.

As you can see in the chart, NEARX has been a steady grower over the years, in times of rising and falling interest rates as well as extreme market downturns. It's taken nearly a decade and a half for the S&P 500 Index to surpass NEARX using a hypothetical $100,000 investment back in 2000.

Near-Term Tax Free Fund vs. S&P 500 Index
Growth of $100,000 from 12/31/1999 to 12/31/2014



Past performance does not guarantee future results. **Source:** Bloomberg, U.S. Global Investors

Naturally, past performance doesn't guarantee future results, and you shouldn't reasonably expect the fund to keep pace with an index of equity securities like the S&P 500 over the next 10, 15 and 20 years. However, NEARX has historically shown a greater likelihood of dodging the dramatic swings the equity market has often experienced in times of uncommonly high volatility, such as we saw in the first decade of the century. To see the latest 1-, 5- and 10-year returns, see the performance information at the bottom of this page.

NEARX has been an emotionally stable, no drama fund.

To request additional information about NEARX, visit www.usfunds.com/Explore-NEARX

Total Annualized Returns as of 12/31/2014

	One-Year	Five-Year	Ten-Year	Gross Expense Ratio	Expense Cap
Near-Term Tax Free Fund (NEARX)	3.07%	2.64%	2.98%	1.21%	0.45%
S&P 500 Index	13.69%	15.45%	7.67%	n/a	n/a

Expense ratio as stated in the most recent prospectus. The expense ratio after waivers is a contractual limit through December 31, 2015, for the Near-Term Tax Free Fund, on total fund operating expenses (exclusive of acquired fund fees and expenses, extraordinary expenses, taxes, brokerage commissions and interest). Performance data quoted above is historical. Past performance is no guarantee of future results. Results reflect the reinvestment of dividends and other earnings. For a portion of periods, the fund had expense limitations, without which returns would have been lower. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance does not include the effect of any direct fees described in the fund's prospectus which, if applicable, would lower your total returns. Performance quoted for periods of one year or less is cumulative and not annualized. Obtain performance data current to the most recent month-end at www.usfunds.com or 1-800-US-FUNDS.

The chart illustrates the performance of a hypothetical $100,000 investment made in the fund during the depicted time frame. Figures include reinvestment of capital gains and dividends, but the performance does not include the effect of any direct fees described in the fund's prospectus which,if applicable, would lower your total returns.

DID YOU KNOW?

Out of **25,000** equity and bond mutual funds, only **30** of them have had **consecutive, positive annual returns for the past 20 years.**

THE NEAR-TERM TAX FREE FUND IS ONE OF THEM.

Source: Lipper

Bond funds are subject to interest-rate risk; their value declines as interest rates rise. Tax-exempt income is federal income tax free. A portion of this income may be subject to state and local income taxes, and if applicable, may subject certain investors to the Alternative Minimum Tax as well. The Near-Term Tax Free Fund may invest up to 20% of its assets in securities that pay taxable interest. Income or fund distributions attributable to capital gains are usually subject to both state and federal income taxes. The Near-Term Tax Free Fund may be exposed to risks related to a concentration of investments in a particular state or geographic area. These investments present risks resulting from changes in economic conditions of the region or issuer. Though the Near-Term Tax Free Fund seeks minimal fluctuations in share price, it is subject to the risk that a decline in the credit quality of a portfolio holding could cause a fund's share price to decline.

The Barclays Municipal Bond Index is an unmanaged index representative of the tax-exempt bond market. The S&P 500 Stock Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies.

Morningstar ratings for the Near-Term Tax Free Fund, based on risk-adjusted returns, in the Municipal National Short-term fund category, through 12/31/2014: five stars in the three-year period out of 173 funds, five stars in the five-year period out of 142 funds, and four stars in the 10-year period out of 103 funds. Morningstar Ratings are based on risk-adjusted return. The Morningstar Rating for a fund is derived from a weighted-average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Past performance does not guarantee future results. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Users acknowledge that they have not relied upon any warranty, condition, guarantee, or representation made by Lipper. Any use of the data for analyzing, managing, or trading financial instruments is at the user's own risk. This is not an offer to buy or sell securities. 15-025