



Tax Free Fund

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

2nd Quarter 2009

Fund Objective

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

Fund Strategy

Management uses a combination of a top-down and bottom-up strategy. Some of the factors used to look at the top-down macro portion of the strategy include the strength of the economy, the forecast direction of interest rates and the outlook for income tax rates. When reviewing a bond from a bottom-up micro-perspective, management tends to look at such things as credit ratings and the financial strength of the issuer. When these two strategies are combined with an actively managed municipal bond fund, management should be able to achieve its goal of consistent superior performance in the municipal arena. The Tax Free Fund will invest in bonds that management believes will perform well in the long run, with a focus on providing a higher tax-free return.

Portfolio Team

Frank Holmes, Chief Investment Officer

Years of investment experience: 30

Education: BA, University of Western Ontario

John Derrick, CFA

Years of investment experience: 14

Education: BBA, University of Texas at Arlington

For the latest commentary from the portfolio team, visit www.usfunds.com/fundcommentary.

5 Lipper Leader
Total Return

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

5 Lipper Rating
Consistent Return

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

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

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

Portfolio Statistics

Total Net Assets	\$18.8 Million
NAV	\$11.90
YTD Distributions (\$ per share)	\$0.226
Lipper Category	General Municipal Debt Funds

Year-End Fund Data Fund Calendar Year Total Return (%)

2004	2.14
2005	2.78
2006	4.51
2007	3.33
2008	0.54

¹The Barclays Capital 10-Year Municipal Bond Index is a total return benchmark designed for long-term municipal assets. The index includes bonds with a minimum credit rating BAA3, are issued as part of a deal of at least \$50 million, have an amount outstanding of at least \$5 million and have a maturity of 8 to 12 years. ²Portfolio holdings will change. ³Fund assets can include, but are not limited to, bonds, cash, receivables, pre-paid expenses and other miscellaneous assets. Fund composition represents key components only and should not be considered a complete financial picture of a fund's assets. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Lipper ratings are subject to change every month and are based on an equal-weighted average of percentile ranks for the Total Return and Consistent Return metrics over three-, five-, and ten-year periods (if applicable). The highest 20% of funds in each peer group are named Lipper Leader or a score of 5, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2, and the lowest 20% are scored 1. Tax Free Fund, in Lipper's General Municipal Debt classification, received the following ratings for the 3-, 5-, and 10-year periods, respectively: Total Return: 5 (218 funds), 5 (202 funds) and 4 (157 funds). Consistent Return: 5 (212 funds), 5 (196 funds) and 4 (151 funds). Lipper ratings are not intended to predict future results, and Lipper does not guarantee the accuracy of this information. More information is available at www.lipperweb.com. Lipper Leader Copyright 2009, Reuters, All Rights Reserved. There is no guarantee that the investment objectives will be met. 09-446

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All information is unaudited and, unless otherwise indicated, is as of 6/30/09

Average Annual Returns

	Average Annual							Expense Ratio		
	1-month	3-month	Year to Date	1-year	3-year	5-year	10-year	Since Inception (10/17/94)	Gross	Capped
Tax Free Fund	-1.00%	0.57%	3.47%	3.69%	3.79%	3.68%	4.18%	6.03%	1.92%	0.70%
Barclays Capital 10-Year Municipal Bond Index ¹	-1.41%	0.94%	4.38%	5.58%	5.01%	4.54%	5.32%	n/a	n/a	n/a

The Adviser for the Tax Free Fund has contractually limited total fund operating expenses (as a percentage of net assets) to not exceed 0.70% on an annualized basis through September 30, 2009. These contractual limitations, however, may be revised at any time by the funds' Board of Trustees. Performance data quoted above is historical. Past performance is no guarantee of future results. Results reflect the reinvestment of dividends and other earnings. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance does not include the effect of any direct fees described in the fund's prospectus which, if applicable, would lower your total returns. Obtain performance data current to the most recent month-end at www.usfunds.com or 1-800-US-FUNDS.

Tax-exempt income is federal income tax free. A portion of this income may be subject to state and local income taxes, and if applicable, may subject certain investors to the Alternative Minimum Tax as well. Each tax-free fund may invest up to 20% of its assets in securities that pay taxable interest. Income or fund distributions attributable to capital gains are usually subject to both state and federal income taxes. Bond funds are subject to interest-rate risk; their value declines as interest rates rise.

Please consider carefully the fund's investment objectives, risks, charges and expenses. For this and other important information, obtain a fund prospectus by visiting www.usfunds.com or by calling 1-800-US-FUNDS (1-800-873-8637). Read it carefully before investing. Distributed by U.S. Global Brokerage, Inc.

Top 10 Holdings²

State of California	4.25%
Kansas Development Finance Authority	4.07%
University of Kansas Hospital Authority	3.41%
Rhode Island Health & Educational Building Corp	3.05%
Utah State Building Ownership Authority/UT	3.02%
Duncanville Independent School District/TX	2.93%
County of Du Page IL	2.93%
City of Forney TX	2.70%
Atlanta Development Authority	2.69%
County of St Lucie FL	2.46%

Quality

AAA	38%
AA	29%
A	23%
BBB	9%
Other	0%

Top Sectors

General Obligation	24%
Medical	22%
School District	20%
General	10%
Water	4%
Higher Education	3%

Fund Composition³ as a percentage of total investments

Bonds	97.39%
Cash Equivalents	2.61%
Equities	0.00%

Top 5 States as a percentage of net assets

Texas	21.36%
California	10.38%
Illinois	8.59%
Kansas	7.48%
Alabama	7.12%

Maturity

<1 Year	5%
1-3 Years	17%
3-5 Years	16%
5-10 Years	36%
10-20 Years	16%
20+ Years	10%
Average Maturity	8.05
Average Duration	5.91