Global Resources Fund (PSPFX)

U.S. Global Investors

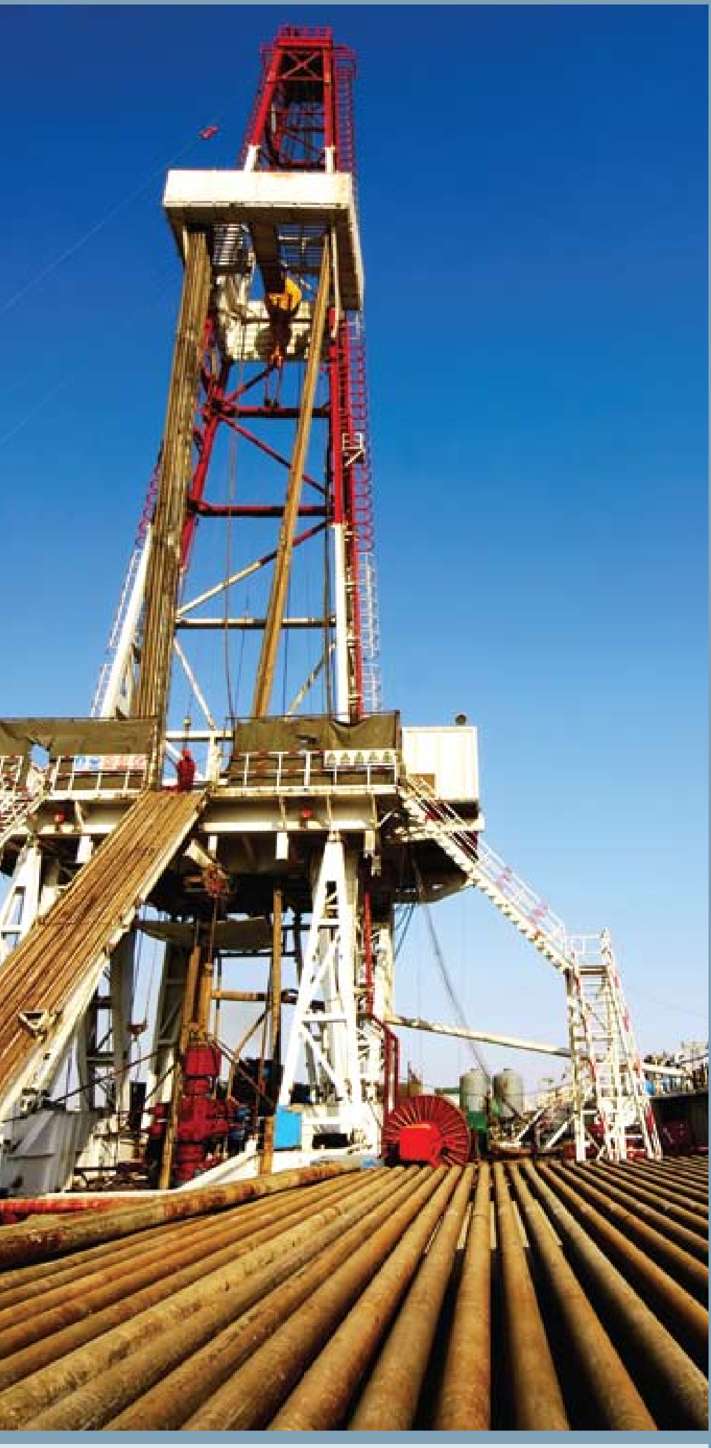
Global Resources are the building blocks of the world we live in.

As the world's population grows and emerging regions develop a more vibrant infrastructure for commerce, the demand and scarcity of these building blocks will increase.

Did You Know?

- The world's population doubled from 3 to 6 billion from the time we landed on the moon until the turn of the century.
- Demand for copper in Asia surged from 455,000 metric tons in 1960 to 18 million tons in 2006.
- If you collected all the gold ever mined in the history of the world, it would fit into two Olympic-size swimming pools.
- By 2015, emerging markets are expected to account for three-quarters of the world's urban population.
- China's per capita power consumption is only 16 percent of the United States. India's is only 4 percent.
- Saudi Arabia sits on more than 25 percent of the world's known oil reserves and is capable of producing more than 10 million barrels per day.
- Over 70 percent of Russian crude oil production is exported, most of that via pipeline to Asia and Western Europe.
- Western Europe's reliance on Russian exports increased from 12 percent to 29 percent in just 10 years.
- Nigeria holds the largest reserves of oil and natural gas in Africa but lacks sufficient infrastructure to develop the industry.

The Global Resources Fund (PSPFX)



The Global Resources Fund is a diversified natural resources fund that seeks long-term growth of capital, while providing protection against inflation and monetary instability. The fund invests in companies involved in the exploration, production and processing of petroleum, natural gas, coal, alternative energies, chemicals, mining, iron and steel, and paper and forest products around the globe.

A Global Investment Universe

The fund seeks out natural resources opportunities in financially sound but underappreciated commodities, industries, regions and countries. The fund's management team seeks these opportunities both in North America and abroad. At least 40 percent of the fund's assets are invested in companies from outside the United States. This includes both mature and developing markets like Asia, Latin America and Europe.

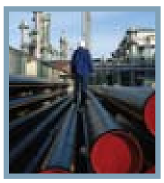
Broad Diversification Across the Natural Resources Sector

The Global Resources Fund is unique because of its focus on a broad diversification of resources instead of a single commodity or industry. In addition to investments in energy and basic materials, the fund also invests in industrials, transports and other individual areas to target areas of strength around the world. The fund's management looks for growth-oriented companies of all sizes with a special focus on medium-sized companies with strong growth profiles. This broad spectrum allows for broader portfolio differentiation and selective equity evaluation.

About U.S. Global: Expertise in Natural Resources Fund Management

U.S. Global Investors is an investment management firm specializing in gold, natural resources, emerging markets and global infrastructure opportunities around the world. The company's San Antonio, Texas, headquarters serves as home base for our portfolio managers who travel the earth researching opportunities and evaluating risk, all in the pursuit of exceptional performance for our funds. With the majority of the world's easy resources on their way to depletion or already there, a specific set of qualities and skills is needed to appraise assets in the farthest corners of the world. U.S. Global's team of engineers, analysts and portfolio managers have built a reservoir of these skills and qualities through firsthand research.

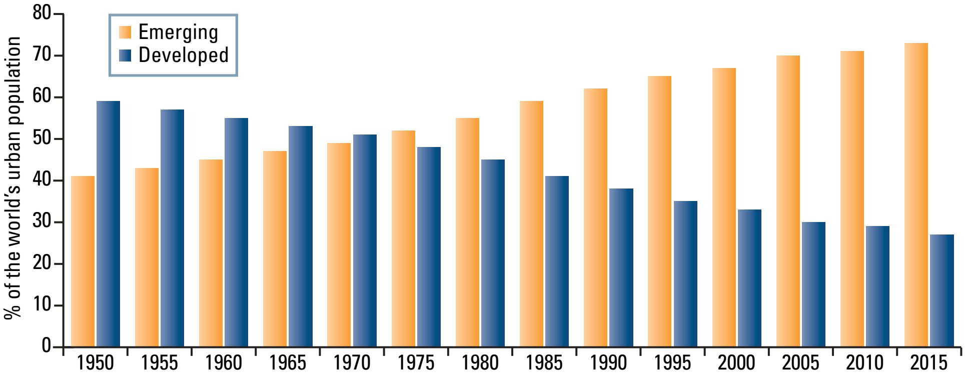
The International Energy Agency (IEA) projects the world will need to increase global oil production by 64 million barrels a day by 2030 — that's six times the production rate of Saudi Arabia.



About the Cover:
Oil refineries are large sprawling industrial complexes with extensive piping running throughout, carrying streams of liquids between large chemical processing units. They transform crude oil into useful petroleum products such as gasoline, heating oil, diesel fuel, wax, tar and asphalt. The world's largest refinery complexes are in Venezuela, South Korea and India.

Rising Urban Populations in Developing World Expected to Increase Demand For Commodities

Emerging Markets expected to account for nearly three-quarters of the world's urban population by 2015



Source: United Nations World Population Prospects 2005 Revision, Morgan Stanley Research

Long-Term Trends Driving Commodities Demand

U.S. Global Investors approaches natural resources investing through a careful understanding of global macroeconomic trends in addition to small-scale factors that have the ability to change markets. This means tracking items like governments' monetary and fiscal policies to gauge if the right policies are in place for growth going forward. It also means studying historical patterns to spot price, output or production trends among others. The most important trends for the Global Resources Fund are:

Global Urbanization

The world's urban population is growing by 70 million people per year and soon over half of the world's population is expected to live in urban areas. By 2015, it's projected that the number of people living in urban areas will exceed the entire globe's population in 1965. An estimated 500 million people are expected to migrate to cities and towns during the next few decades in China alone.

As populations migrate from rural areas into urban settings, additional schools, roads and other infrastructure will be required to accommodate them. This rising demand for essential infrastructure is expected to propel demand for natural resources for many years to come.

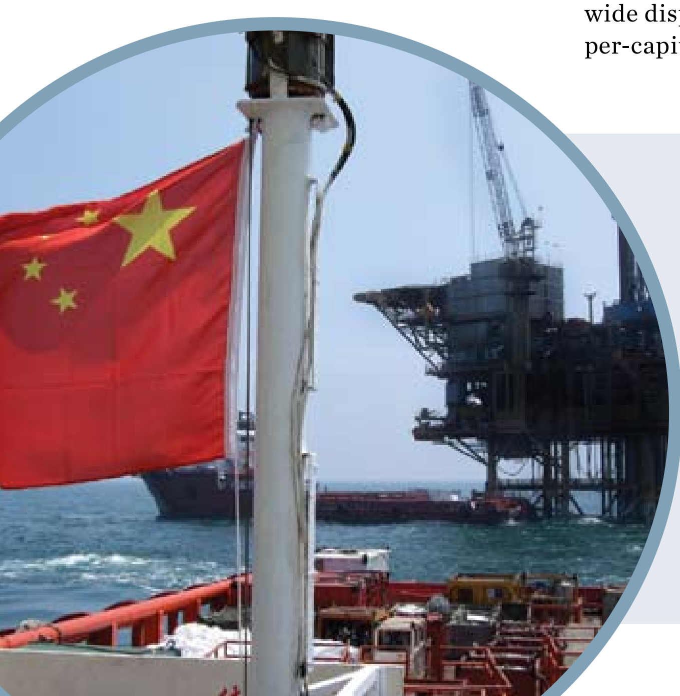
Emerging Markets' Share of World GDP Now Outpacing Developed Markets'

In 2006, we reached a pivotal point in history where emerging markets' share of world output outpaced developing markets in nominal GDP terms. However, wide disparity still exists on a GDP per-capita basis between residents of the Western World and major emerging economies like the BRIC countries — Brazil, Russia, India and China.

For example, oil usage per person has historically risen dramatically once a country reaches the $5,000-to-$10,000 annual per capita GDP threshold. As emerging markets' share of global GDP grows beyond this tipping point, the supply of the world's resources will tighten as higher-income consumers in new parts of the world increase their usage. This creates a number of opportunities to invest in the companies best positioned to meet these demands for the world's resources.

The China Factor

No single country is driving demand for global commodities more than China. To meet its still-growing consumer and industrial demand, China imports large



Currently consuming 8 million barrels of oil per day, China is expected to increase that figure to 20-to-30 million barrels per day by 2025

— *PIRA*

quantities of gold, platinum, silver, nickel, oil, copper and iron ore. The country's need for large amounts of steel for constructing highways and building its infrastructure has led to increased demand for basic materials. A recent government effort to stimulate China's economy through government stimulus and infrastructure improvements has kept demand for many commodities high despite the global downturn.

Declining Oil Production and Rising Cost of Exploration

Many of the world's mature oilfields are producing less than they were just a few years ago. Without a breakthrough in technology, fields like Mexico's Cantarell field are unlikely to return to their past glory.

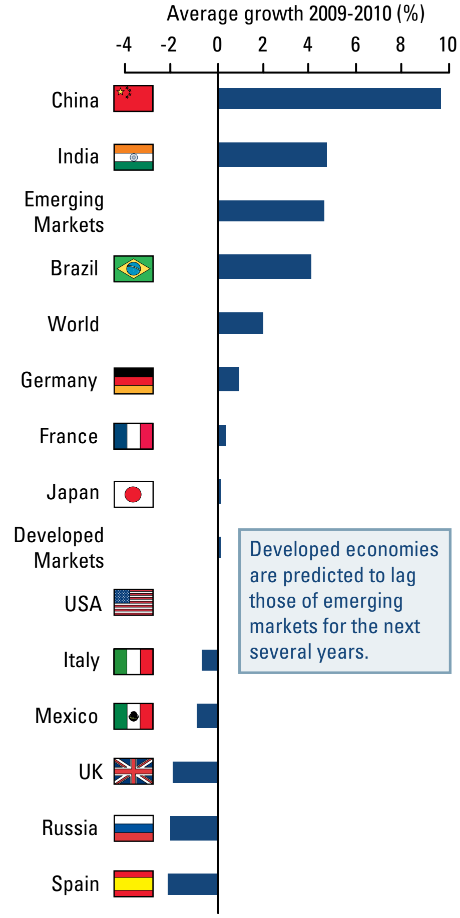
Finding new sources of oil and energy has become more difficult. In the wake of the financial crisis, many companies have either eliminated or dramatically reduced their exploration budgets. In addition, many of the large reserves that have been discovered reside in places that are either difficult to maneuver politically like Iran and the Sudan or under thousands of feet of water, rock and sand offshore. Because of these headwinds meaningful production increases over the next several years will likely be minimal.

Growing U.S. Deficit and Weaker U.S. Dollar

The federal government has spent large amounts to keep the U.S. economy afloat during the financial crisis and is soon expected to see a $1.8 trillion gap between revenue and expenditure. These massive federal deficits undercut the dollar's value.

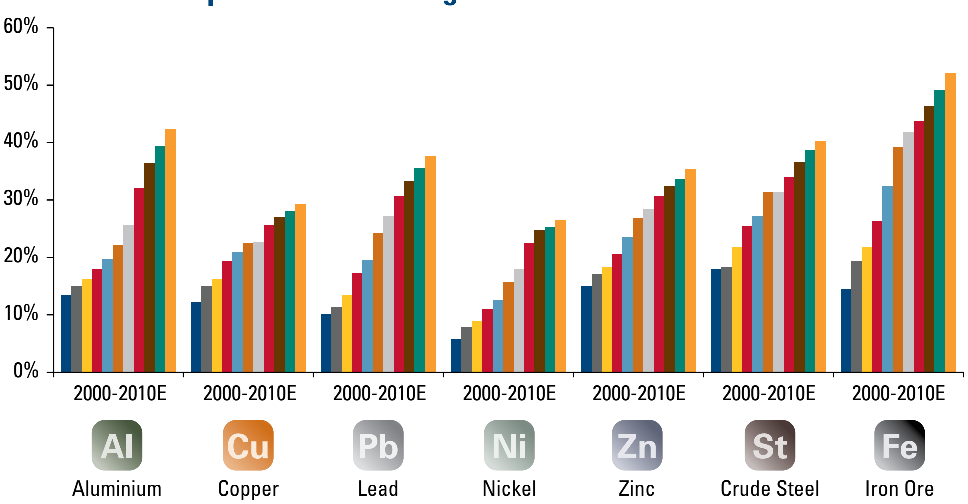
Natural resources are generally priced in dollars meaning these pressures on the dollar, plus a growing movement by emerging economies to diversify away from it, will be a driver for oil and commodity prices.

Emerging Markets Leading Growth Around the World



Source: Goldman Sachs Global ECS Research

Chinese Consumption as a Percentage of World Demand



Source: Deutsche Bank, CEIC, Brook Hunt

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 call 1-800-US-FUNDS (1-800-873-8637). Read it carefully before investing. Distributed by U.S. Global Brokerage, Inc. 09-694