

# U.S. Global Investors Funds



## Annual Report

June 30, 2006



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# Nasdaq Symbols

<b>U.S. Treasury Securities Cash Fund</b>	<b>USTXX</b>
<b>U.S. Government Securities Savings Fund</b>	<b>UGSXX</b>
<b>Near-Term Tax Free Fund</b>	<b>NEARX</b>
<b>Tax Free Fund</b>	<b>USUTX</b>
<b>All American Equity Fund</b>	<b>GBTFX</b>
<b>China Region Opportunity Fund</b>	<b>USCOX</b>
<b>Global Resources Fund</b>	<b>PSPFX</b>
<b>World Precious Minerals Fund</b>	<b>UNWPX</b>
<b>Gold Shares Fund</b>	<b>USERX</b>



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## **Dear Shareholder**

It has been another good year for the U.S. Global Investors Funds, and we thank you for the confidence you have placed in us. We work hard every day to keep that confidence.



Naturally, past performance is no guarantee of future results. We will, however, work with passion to capture opportunities and manage risks with our matrix of investment models.

Our goal is to keep all of our funds in the top half of their peer group on a consistent basis. The wind continues to hit our sails, and this is important for performance, but we have also built a sturdy boat and have a well-trained crew. Our team-based approach, which integrates qualitative analysis and quantitative processes, has helped us attain our performance leadership.

Three of the five Investors Funds' equity funds are ranked by Lipper in the nation's top 50 mutual funds in total return for the year ended June 30, 2006. When you look at the last five years, the news is even more dramatic - three of the Investor Funds are in the top five, and one of those funds is also on the top-performing list for the 10-year period.

The Gold Shares Fund (USERX) has continued its strong performance by posting a 104.2 percent total return for the year ended June 30, 2006, making it #2 among all funds as ranked by Lipper. For the five-year period, Gold Shares' 41.0 percent annualized return ranks it #3 out of more than 7,300 domestic funds in the time period. The Gold Shares Fund ranked 2 out of 54, 2 out of 48, 2 out of 39, and 23 out of 24 gold-oriented funds for total return for the one-, three-, five- and ten-year periods ended June 30, 2006.

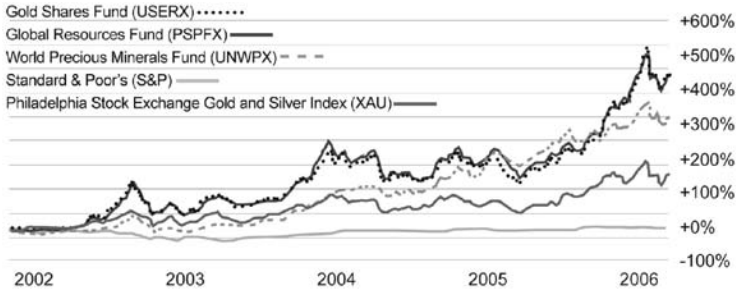
The World Precious Minerals Fund (UNWPX), also gold-oriented, joins Gold Shares at the top of the charts. The fund gained 96.2 percent for the one year ended June 30, 2006, according to Lipper, which ranked it third among all domestic funds for that period in total return. For the five-year period, the World Precious Minerals Fund is the #1 overall performer with an annualized total return of 46.8 percent. The World Precious Minerals Fund ranked 3 out of 54, 1 out of 48, 1 out of 39, and 14 out of 24 gold oriented funds for total return for the one-, three-, five- and ten-year periods ended June 30, 2006.

These funds are not a flash in the pan, as many skeptics pronounced when gold's rally began. Of course, the Gold Shares and World Precious Minerals Funds have benefited from the upsurge in prices, but the funds'

## U.S. Global Investors Funds

strategies have enabled them to significantly outperform the S&P 500 and their gold-sector peers since mid-2001.

### Five-Year Total Return Comparison as of 6/30/06



Source: Big Charts

Our Global Resources Fund (PSPFX) had another stellar year. The fund, which invests in energy, metals and other natural resources, was the top-performing fund in its sector for the first six months of 2006, as well as for the five-year period ended June 30, 2006, according to Lipper. The fund is also ranked #5 among all domestic funds in total returns for the five-year period, and its consistent returns have earned the Global Resources Fund a spot among the top 50 overall funds for the ten-year period. The Global Resources Fund ranked 16 out of 101, 1 out of 74, 1 out of 69, and 12 out of 29 natural resources funds for total return for the one-, three-, five- and ten-year periods ended June 30, 2006. Investors have recognized the quality of the Global Resources Fund, helping the fund to grow to more than \$1.2 billion in assets at June 30, 2006.

## U.S. Global Investors Funds

### Total Annualized Return as of 6/30/06

Fund/Ticker	One-Year	Three-Year	Five-Year	Ten-Year
Gold Shares Fund (USERX)	104.15%	44.97%	41.02%	(0.85%)
World Precious Minerals Fund (UNWPX)	96.21%	53.18%	46.79%	6.27%
Global Resources Fund (PSPFX)	48.91%	58.06%	38.89%	15.27%
S&P 500 Index	8.63%	11.21%	2.49%	8.31%
Philadelphia Stock Exchange Gold and Silver Index (XAU)	56.14%	23.62%	23.59%	2.93%

*Performance data quoted above is historical. Past performance is no guarantee of future results. 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 fees described in the fund's prospectus (e.g. short-term trading fees) which, if applicable, would lower your total returns. Obtain performance data current to the most recent month-end at [www.usfunds.com](http://www.usfunds.com) or 1-800-US-FUNDS, option 5. Please keep in mind that high double-digit and triple-digit returns are highly unusual and cannot be sustained. Recent returns were achieved during favorable market conditions, especially within the gold and natural resources sectors.*

The China Region Opportunity Fund (USCOX) turned in strong performance during the past year, despite struggling in the final quarter. The fund's 30.0 percent total return for the one year ended June 30, 2006, placed it in the top half of China region funds according to Lipper. This fund has an outstanding track record in recent years. It ranks #1 in its sector for the latest three-year period and in the top handful over five years. The China region Opportunity Fund ranked 19 out of 38, 1 out of 22, 7 out of 22, and 3 out of 7 China region funds for total return for the one-, three-, five- and ten-year periods ended June 30, 2006.

The All American Equity Fund (GBTFX) has done very well compared to its peers in the large-cap sector. The fund's 15.3 percent return for the year ended June 30, 2006, ranks it in the top 3 percent of funds in that sector, which did not perform as well as the commodities, energy and emerging markets sectors over that time period. The All American Equity Fund ranked 26 out of 848, 43 out of 725, 201 out of 609, and 190 out of 241 large-cap core funds for total return for the one-, three-, five- and ten-year periods ended June 30, 2006.

## U.S. Global Investors Funds

### Total Annualized Return as of 6/30/06

Fund/Ticker	One-Year	Three-Year	Five-Year	Ten-Year
China Region Opportunity Fund (USCOX)	30.03%	30.21%	13.36%	4.00%
All American Equity Fund (GBTFX)	15.25%	13.76%	2.09%	5.25%

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And finally, U.S. Global Investors Fund's bond and money market funds generally fared well against their peers. The Federal Reserve raised interest rates by 2 percent during the past year, driving up yields for the U.S. Government Securities Savings Fund (UGSXX) and the U.S. Treasury Securities Cash Fund (USTXX). Conditions were tougher for our municipal bond funds, the Tax Free Fund (USUTX) and the Near-Term Tax Free Fund (NEARX), due to higher long-term yields spurred by rising interest rates.

### Total Annualized Return as of 6/30/06

Fund/Ticker	One-Year	Three-Year	Five-Year	Ten-Year
U.S. Government Securities Savings Fund (UGSXX)	3.69%	2.00%	1.86%	3.57%
U.S. Treasury Securities Cash Fund (USTXX)	3.11%	1.42%	1.26%	2.82%
Near-Term Tax Free Fund (NEARX)	0.75%	1.22%	3.03%	3.91%
Tax Free Fund (USUTX)	1.30%	1.90%	3.84%	4.73%

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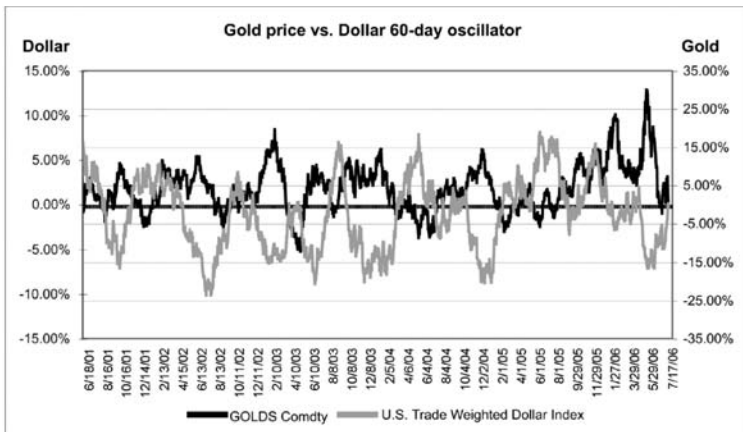
We believe we are in the middle stage of a secular bull market for commodities, though there continue to be periods of great volatility. We work to manage that volatility with our quantitative models.

## U.S. Global Investors Funds

In the spring of 2006, as money flooded into the commodities sector, we spotted the inevitable correction early and amassed large cash positions in our resource-based funds, in some cases more than 30 percent. That helped us in two ways. Our funds dipped during the correction, but not as much as their peers that were more fully invested. We also had a ready supply of cash to take advantage of buying opportunities.

Asia's rapid growth is driving this secular bull market for commodities. Its 3 billion people now consume about 20 million barrels of oil daily, while 300 million Americans consume 22 million barrels per day. The difference is that Asia has been growing at 6 percent per year, twice the U.S. rate. Since 2000 there have not been enough new discoveries of oil, gas and precious metals to meet Asia's demand as it builds infrastructure.

Since commodities are priced in dollars, volatility for gold and other natural resources is exaggerated by swings in the dollar's value. As you can see from the graph below, most of the time gold performs well when the dollar is struggling, and vice versa. In May 2006, gold was unusually strong and the dollar was unusually weak, which according to our models indicated a high probability for the power of mean reversion to take place. That's when overextended prices revert back to their long-term average.



We believe that gold and natural resource markets will continue to offer exceptional opportunities to investors. We always remind investors, however, that it's important to diversify between various asset classes and to rebalance portfolios at least once a year.

As optimistic as we are, I have seen some global risk issues that can impact business. Each Monday, we track government policies for the G-7 and the E-7 to discover new opportunities and risks. The E-7 are the largest emerging economies for which consistent data is available: China, India, Russia, Brazil, Pakistan, Indonesia and Mexico. We also rely on a SWOT process to analyze the *strengths* and *weaknesses* of these policies, along with the *opportunities* and *threats* they present.



We have seen several governments in developing countries begin to change policies toward international mining companies. These changes include harsh taxation and efforts to override previous agreements on natural resource projects. In other countries, including Germany, we are seeing anti-American feelings that could hurt sales of our mighty multinational firms.

Foreign direct investment in the United States is an important component of our economy that is threatened by the reach of regulators in Washington. The Sarbanes-Oxley Act has now been extended to foreign companies listed on U.S. exchanges, and we are seeing signs that this may be hurting U.S. capital markets. A number of companies are opting to delist from the U.S. exchanges because the cost of compliance is so onerous. Last year, 19 U.S.-based companies went public on the London Stock Exchange, as did many others that might have come to America if not for the regulatory burden and costs.

Trying to subject the world to American laws such as Sarbanes-Oxley brings to mind the “Law of Unintended Consequences.” Good intentions when drafting federal policies can backfire when policymakers have not thoroughly analyzed the complexities of the industries or issues they are trying to address.

The potential threat for the future is growing resentment of the U.S. government’s application of our laws overseas. Such actions could be perceived as arrogant outside America, and could hurt our economy by closing off overseas markets to American businesses and blocking access to natural resources.

How important are international markets to U.S. businesses? According to figures from the ISI Group, foreign sales account for more than half of the total sales of companies in the S&P 500’s energy and technology sectors. For the S&P 500 as a whole, foreign sales are more than a third of total sales.

U.S. Global Investors prides itself on being a reliable source of information for its shareholders on market cycles, global trends and the benefits of diversification, mean reversion and rebalancing. We are always working to educate our shareholders about the critical drivers that influence the various asset classes. You may wish to take a moment to visit [www.usfunds.com](http://www.usfunds.com) to sign up for our Investor Alert, a weekly SWOT analysis of key market sectors.

Again, thank you for investing with us.

Sincerely,



Frank E. Holmes  
CEO and Chief Investment Officer  
U.S. Global Investors, Inc.

*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](http://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. An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*

Foreign and emerging market investing involves special risks such as currency fluctuation and less public disclosure, as well as economic and political risk. Gold funds may be susceptible to adverse economic, political or regulatory developments due to concentrating in a single theme. The price of gold is subject to substantial price fluctuations over short periods of time and may be affected by unpredicted international monetary and political policies. We suggest investing no more than 3% to 5% of your portfolio in gold or gold stocks. Diversification does not protect an investor from market risks and does not assure a profit. The Philadelphia Stock Exchange Gold and Silver Index (XAU) is a capitalization-weighted index that includes the leading companies involved in the mining of gold and silver. The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. 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. Bond funds are subject to interest-rate risk; their value declines as interest rates rise. The U.S. Trade Weighted Dollar Index provides a general indication of the international value of the U.S. dollar.

## **Management Team's Perspective**

### **INTRODUCTION**

The U.S. Treasury Securities Cash Fund seeks to obtain a high level of current income while maintaining the highest degree of safety of principal and liquidity. The U.S. Government Securities Savings Fund seeks to achieve a consistently high yield with safety of principal.

### **PERFORMANCE**

<b>U.S. Treasury Securities Cash Fund</b>	<i>As of June 30, 2006</i>
7-Day Yield	4.14%
7-Day Effective Yield	4.23%
Weighted Average Days to Maturity	56

<b>U.S. Government Securities Savings Fund</b>	<i>As of June 30, 2006</i>
7-Day Yield	4.52%
7-Day Effective Yield	4.62%
Weighted Average Days to Maturity	57

*An investment in either the U.S. Government Securities Savings Fund or the U.S. Treasury Securities Cash Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or by any other government agency. Although the funds seek to preserve the value of your investments at \$1.00 per share, it is possible to lose money by investing in the funds.*

### **PERFORMANCE COMMENTARY**

The U.S. Government Securities Savings Fund outperformed the Lipper government-only money market funds for the year ending June 30, 2006, returning 3.69 percent. The U.S. Treasury Securities Cash Fund underperformed the Lipper treasury money market funds for the year ending June 30, 2006, returning 3.11 percent.

### **THE YEAR IN REVIEW - ECONOMIC AND POLITICAL ISSUES THAT AFFECTED THE FUNDS**

The economy continued to show solid economic growth even in the face of two devastating hurricanes. Once the final revisions are implemented, Gross Domestic Product (GDP) growth in the last twelve months should end up in the 3.5 - 4.0 percent range, which is solid economic growth for

the largest economy in the world. Employment gains have been less robust but are still improving. Over the past year, the average gain in non-farm payrolls averaged about 150,000, which is only modest job growth in an otherwise strong economy. Inflation concerns have increased over the past year driven predominantly by sustained higher energy and commodity prices. The Federal Reserve (Fed) continued its path of “normalizing” interest rates for the past year. Over the past year, the Fed has raised interest rates eight times, bringing the Fed Funds rate to 5.25 percent as of June 30, 2006. Since the beginning of this tightening cycle in June 2004, the Fed has increased interest rates 17 times, and by 4.25 percent. Short-term bond yields moved up in-line with the rate increases. Over the past year, yields on the three-month T-Bill increased 184 basis points to 4.93 percent and yields on the six-month T-Bills moving up 190 basis points at 5.16 percent. One-year agency discount note yields moved up 185 basis points to 5.56 percent.

### **INVESTMENT HIGHLIGHTS**

For much of the period, the U.S. Government Securities Savings Fund took a laddered approach by buying fixed rate securities across the money market spectrum. The fund averaged a weighted average maturity of 53 days, which was longer than the peer group average. This proved beneficial as the Fed took a measured approach to rate increases, which met market expectations. The fund took advantage of these progressively higher yields by selectively extending its ladder. The U.S. Treasury Securities Cash Fund followed a similar laddered strategy, averaging a weighted average maturity of 40 days. The fund took advantage of relatively high overnight rates, keeping the weighted average maturity lower than the U.S. Government Securities Savings Fund.

### **CURRENT OUTLOOK**

The Fed is two years into this interest rate cycle and is nearing the end of its tightening campaign. Core inflation measures have accelerated in recent months, and concerns over slowing economic growth are building. The housing market appears to be slowing much faster than the Fed expected, posing a significant risk to the health of the economy. GDP growth is likely to slow from the current 3.5 - 4.0 percent range to the 2.5 percent range by the end of 2006. Worldwide growth has been unexpectedly strong but is also likely to slow as we continue through the remainder of 2006. As the economy slows, inflation is likely to slow with it, implying that the Fed’s work in normalizing interest rates has likely been completed. With the backdrop of a slowing economy and moderating inflation, the second half of 2006 has the potential to be friendlier to the bond market than the first half.

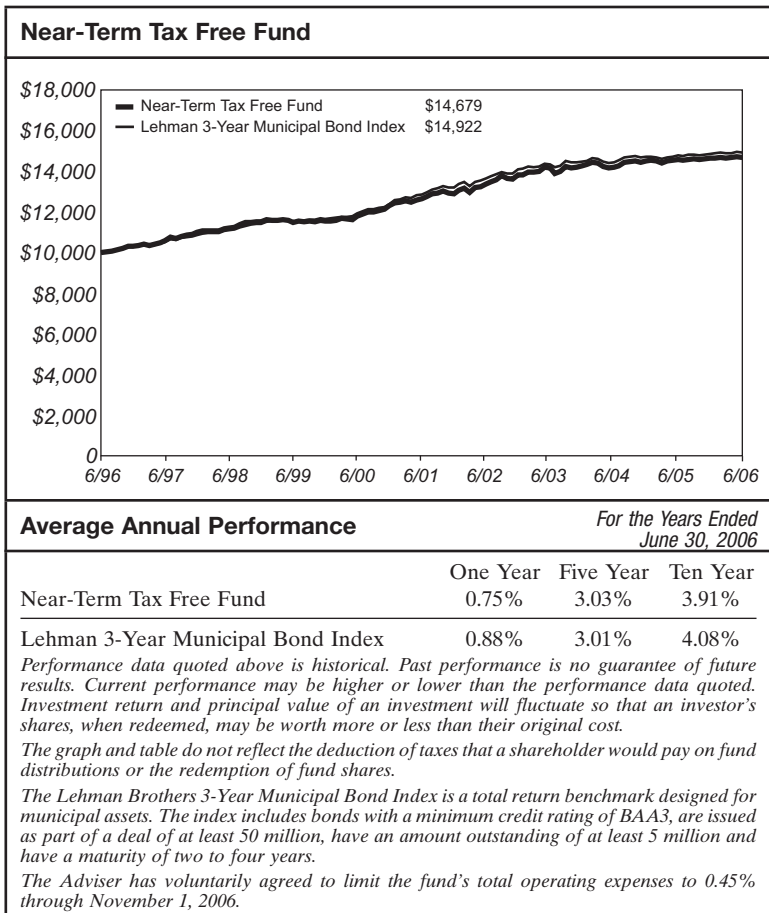
## Tax Free Funds

# Management Team's Perspective

### INTRODUCTION

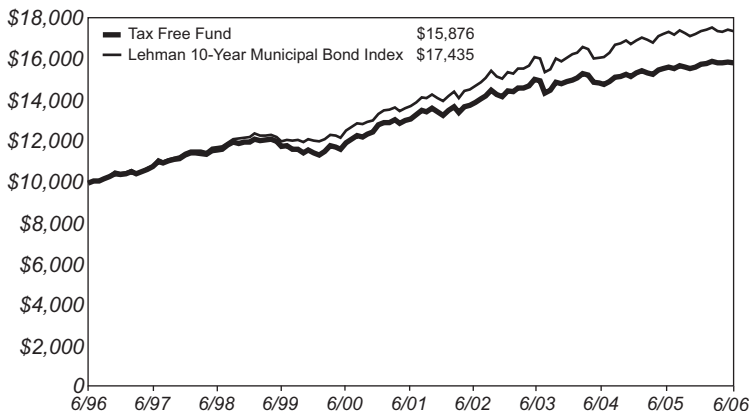
Our Tax Free Fund and Near-Term Tax Free Fund seek to provide a high level of current income that is exempt from federal income taxation and to preserve capital. The Near-Term Tax Free Fund will maintain a weighted average maturity of less than five years, while the Tax Free Fund will generally maintain a longer weighted average maturity.

### PERFORMANCE GRAPHS



## Tax Free Funds

### Tax Free Fund



### Average Annual Performance

*For the Years Ended  
June 30, 2006*

	One Year	Five Year	Ten Year
Tax Free Fund	1.30%	3.84%	4.73%
Lehman 10-Year Municipal Bond Index	0.15%	4.86%	5.71%

*Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.*

*The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*

*The 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 Adviser has voluntarily agreed to limit the fund's total operating expenses to 0.70% through November 1, 2006.*

## **PERFORMANCE COMMENTARY**

Near-Term Tax Free posted a 0.75 percent return in the past year compared to the Lipper Short-Intermediate Municipal Debt Funds Peer Group return of 0.75 percent. The Tax Free Fund returned 1.30 percent for the past year compared to the Lipper General Municipal Debt Funds Peer Group return of 0.71 percent.

## **THE YEAR IN REVIEW - ECONOMIC AND POLITICAL ISSUES THAT AFFECTED THE FUNDS**

Municipals generated only modest total returns over the past year, with the very short and very long ends of the yield curve the best performers.

The municipal yield curve rose across the board and flattened considerably - yields on 1-year municipals rose about 110 basis points, while 30-year municipal yields rose by about 30 basis points. Bond yields were driven higher by rising inflation concerns starting with the energy price spikes witnessed after Hurricanes Katrina and Rita. Higher energy prices have only recently filtered down into core inflation indicators, which have pressured bond prices in the past several months. The economy has remained remarkably resilient, pressuring the Fed to continue to increase interest rates. Over the past year, the Fed has increased interest rates by 2 percent on eight different occasions. In the municipal market, the best performing sector was the industrial development sector. The sector is leveraged to volatile tobacco-backed municipals, which received favorable court rulings over the past year. The housing and hospital sectors also posted strong relative performance during this time. The high yield portion of the municipal market, which is tied to airline-backed bonds, also posted very strong returns over the past year.

## **INVESTMENT HIGHLIGHTS**

### **Strengths**

- The Tax Free Fund maintained an overweight position in long dated municipals, which significantly outperformed during the past year.
- The Tax Free Fund was also significantly overweight in the medical/hospital sector which outperformed during the year.

### **Weaknesses**

- In the past year, both funds were underweighted in California municipals, which outperformed.
- The funds' lack of exposure to risky airline and tobacco-backed bonds was detrimental to performance as these two sectors were by far the best performers over the past twelve months.
- The funds' conservative credit profile detracted from performance as lower rated credits generally outperformed.

## **CURRENT OUTLOOK**

### **Opportunities**

- The Fed is at or near the end of its tightening cycle, which would likely allow bonds to rally.

## Tax Free Funds

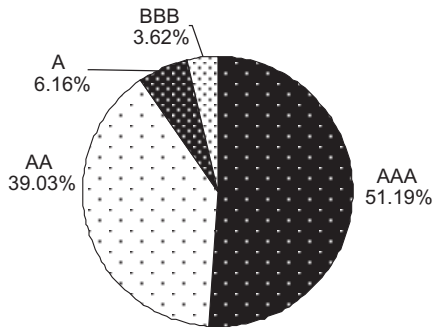
- With the strong outperformance of high yield-related securities, odds favor a reversal, so issues with higher-quality credit may outperform over the next year.

### Threats

- Inflation still remains a threat to the market and potential Fed response.
- A stronger than expected global economy could pose a threat to long dated municipals.
- If the Fed were to continue raising interest rates to 6 percent or more, this would be negative for municipals across the board.

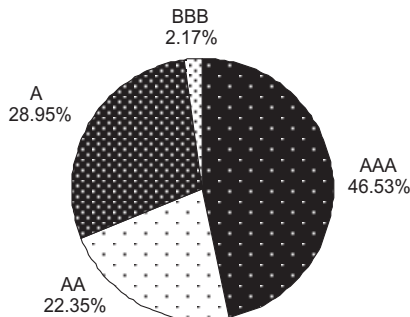
### Near-Term Tax Free Fund Municipal Bond Ratings (Based on Total Municipal Bonds)

June 30, 2006



### Tax Free Fund Municipal Bond Ratings (Based on Total Municipal Bonds)

June 30, 2006



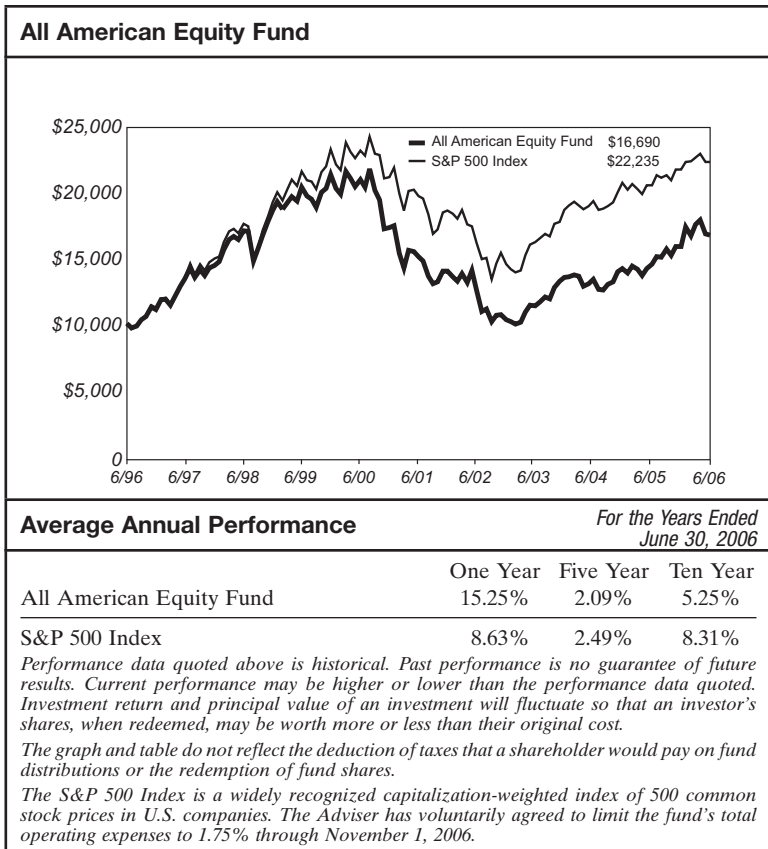


## Management Team's Perspective

### INTRODUCTION

The principal objective of the All American Equity Fund is to seek capital appreciation by investing primarily in a broadly diversified portfolio of domestic common stocks. The fund invests in large-capitalization stocks, while retaining the flexibility to seek out promising individual stock opportunities. The fund seeks capital appreciation and does not emphasize income.

### PERFORMANCE GRAPH



## **PERFORMANCE COMMENTARY**

The fund finished the year ending June 30, 2006 with a gain of 15.25 percent. The fund outperformed the S&P 500 Index and the Lipper Large Cap Core Peer Group. The benchmark S&P 500 Index was up 8.63 percent for the year, while the peer group gained 7.47 percent during the year.

## **THE YEAR IN REVIEW - ECONOMIC AND POLITICAL ISSUES THAT AFFECTED THE FUND**

Critical drivers that drove the market higher include the following:

- The Fed increased the Fed Funds rate eight times to finish the fiscal year at 5.25 percent.
- The price of oil moved from the mid-\$50 range to the low-\$70 area as strong global economies, hurricanes and Mideast tensions all served to drive the commodity price higher.
- Gold prices moved significantly higher and at one point crossed the \$700 threshold.
- Earnings, on a top-down basis on the S&P 500, are estimated to grow 13 percent on a year over year basis.

The domestic equity markets performed well in the past 12 months as a stronger than expected economy coupled with good corporate profit growth helped drive the markets higher. Despite higher interest rates and rising energy prices, consumer spending remained robust. Towards the end of the period, the housing market had clearly slowed down and the markets were dealing with a new Federal Reserve Chairman as Alan Greenspan retired and the position was handed over to Ben Bernanke. Consumer confidence recovered after taking a hit from Hurricanes Katrina and Rita.

Areas of particular strength in the market included energy, materials and industrials, which all benefited from strong U.S. economic growth.

On the political front, President Bush's approval ratings hit new lows. An unresolved situation in Iraq and increasing tensions in Iran and North Korea served to weaken the President even more politically.

## **INVESTMENT HIGHLIGHTS**

### **Strengths**

- The energy sector was the best performing sector during the twelve-month period. Strong worldwide economic growth and the effects of Hurricanes Katrina and Rita helped to move crude oil higher.

## **All American Equity Fund**

- Materials were the second best performing sector as many precious and base metals hit new highs as inventory levels fell.
- An energy-related sector that performed well was agricultural products as there was renewed focus on ethanol as oil prices moved to record highs.

### **Weaknesses**

- Healthcare was the worst performing sector as supply companies suffered from a contact lens solution recall as well as continued weakness from hospital companies.
- Homebuilding was also one of the worst performing industries as higher interest rates served to weaken the housing markets.
- The videogame makers also performed poorly as Sony Corp.'s<sup>(1)</sup> new game console was pushed back towards the end of 2007. Concerns over the steep price of new game consoles also contributed to weakness in this group.

## **CURRENT OUTLOOK**

### **Opportunities**

- Stock selection will be the key to performance over the next 12 months. In an environment of slower growth, the markets tend to favor companies that can provide strong, consistent growth.
- Our use of statistical models will allow for timely accumulation of stock as well as opportune profit taking.
- Recent language from the Fed may indicate that the cycle of Fed tightening may be close to an end.

### **Threats**

- A global slowdown could weigh on the equity markets.
- Global tensions could serve to roil the markets. The situation in Iraq is unresolved and potential new problem areas include Iran and North Korea.
- The weakening housing markets could dampen consumer spending, which has propelled the U.S. economy the past few years.

<sup>(1)</sup>The fund did not hold this security as of June 30, 2006.

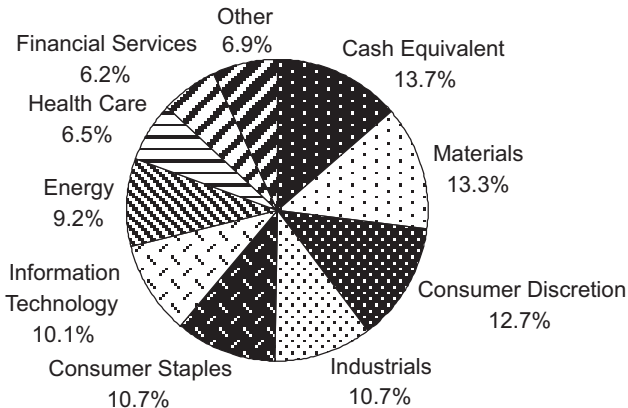
**All American Equity Fund**

**Top 10 Equity Holdings Based on Total Investments** *June 30, 2006*

<b>GOLDCORP, INC.</b> GOLD MINING	<b>9.65%</b>
<b>CAMPBELL SOUP CO.</b> FOOD	<b>2.59%</b>
<b>J.C. PENNEY CO., INC.</b> RETAIL	<b>2.35%</b>
<b>KELLOGG CO.</b> FOOD	<b>2.25%</b>
<b>LAS VEGAS SANDS CORP.</b> CASINO HOTELS	<b>2.17%</b>
<b>MICROSOFT CORP.</b> APPLICATIONS SOFTWARE	<b>2.16%</b>
<b>THE WALT DISNEY CO.</b> MULTIMEDIA	<b>2.09%</b>
<b>DIAMONDS TRUST, SERIES 1</b> INDEX FUND	<b>2.08%</b>
<b>BELLSOUTH CORP.</b> TELEPHONE - INTEGRATED	<b>2.02%</b>
<b>CITIGROUP, INC.</b> FINANCIAL SERVICES	<b>2.02%</b>

**Portfolio Allocation By Industry Sector**  
**Based on Total Investments**

*June 30, 2006*



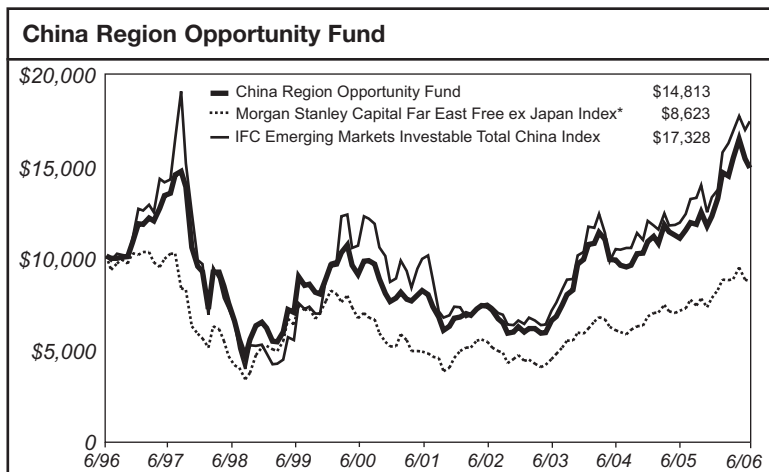
## China Region Opportunity Fund

# Management Team's Perspective

### INTRODUCTION

The China Region Opportunity Fund seeks to achieve capital appreciation by focusing on the economic growth in the China region, including China, Hong Kong, Singapore, Korea, Taiwan, and other Asian countries. The fund emphasizes a long-term growth approach over current income.

### PERFORMANCE GRAPH



#### Average Annual Performance

*For the Years Ended  
June 30, 2006*

	One Year	Five Year	Ten Year
China Region Opportunity Fund	30.03%	13.36%	4.00%
Hang Seng Composite Index	22.84%	n/a	n/a
Morgan Stanley Capital Far East Free ex Japan Index*	20.42%	12.95%	(1.47)%
IFC Emerging Markets Investable Total China Index	41.14%	11.54%	5.64%

\* These are not total returns. These returns reflect simple appreciation only and do not reflect dividend reinvestment.

Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

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 twelve months. The index commenced January 2000; it is not included in the graph as it had less than ten years of data. The Morgan Stanley Capital Far East Free ex Japan Index is an index in a series representing both the developed and the emerging markets for a particular region. The IFC Emerging Markets Investable Total China Index represents the S&P China Investable Total Return series. The term "investable" indicates that the stocks and the weights in the S&P index represents the amount that the foreign institutional investors might buy by the virtue of the foreign institutional restrictions, plus factoring in minimum market capitalization and liquidity screens.

## **PERFORMANCE COMMENTARY**

For the twelve-month period ending June 30, 2006, the China Region Opportunity Fund outperformed its benchmark, the Hang Seng Composite Index, with a total return of 30.03 percent compared to a 22.84 percent return on the Hang Seng Composite Index. For the period in review, the China Shanghai B share market<sup>(1)</sup> was the best performing market with a 45.52 percent gain while the Taiwan market was the worst, with an advance of 8.93 percent.

## **THE YEAR IN REVIEW - ECONOMIC AND POLITICAL ISSUES THAT AFFECTED THE FUND**

Critical drivers for the year include:

- A reacceleration of China's economy that led to strong inflows into Chinese listed company shares.
- A continued challenging relationship between Taiwan and Mainland China as Taiwan's President sought independence while it appears that this is less of a concern to a majority of the population.
- Rising tensions in the region as North Korea talked of testing long-range missiles.
- More pressure placed on China to revalue its currency as trade balances seemed to hit new records every month.

The last year has been very rewarding for investors in China. The reacceleration of the Chinese economy helped to drive the markets to new highs. Much of the growth was driven by fixed asset investment and exports. Despite revaluing its currency in July 2005, export growth was unabated, and China reported record trade surpluses almost every month. The move in July was a very small move but does represent a first step towards a flexible currency regime.

Even with acceleration in growth, inflation remained in check as the Consumer Price Index did not rise above 1.9 percent and ended the period at 1.5 percent. China also unveiled its eleventh five-year plan, and some of the features included improving the livelihood of the rural population, a better environment and the creation of social benefits such as healthcare.

## **INVESTMENT HIGHLIGHTS**

### **Strengths**

- The fund benefited from its exposure to the H-share market, as evidenced by the Hang Seng China Enterprises Index<sup>(2)</sup> being the best performing index during the time period.

- The fund was overweight in the Korean market, which performed extremely well in the last six months of 2005.
- To illustrate China's growing importance and influence in the world economy, President Bush, Federal Reserve Chairman Alan Greenspan and Treasury Secretary Snow visited China in the last half of 2005. Greenspan and Snow have since been replaced in their positions by Ben Bernanke and Henry Paulson, respectively.
- Tensions between Taiwan and the Mainland appear to be lessening despite rhetoric by Taiwan's President, Chen Shui-bian.
- China took a small step in moving towards a flexible currency regime when it revalued the Yuan in July 2005.

### **Weaknesses**

- The fund was hurt by its underweight position in information technology. Information technology was the best-performing sector in the Hang Seng Composite Index.
- The Shanghai B-Share Stock Price Index<sup>(1)</sup> was the best performing country index, but the fund had no exposure to this index as it is extremely speculative and has very poor liquidity.

## **CURRENT OUTLOOK**

### **Opportunities**

- The long-term growth outlook remains intact. A slowdown in China's growth would be better to achieve a more sustainable economy with less chance of overheating.
- There appears to be improved relations between Taiwan and the Mainland. The less tension there, the better the outlook for the Taiwan markets.
- The most recent five-year plan addresses the inequality between the rural and urban areas and should be sufficient to maintain social stability as we approach the Olympic Games in Beijing in 2008.

### **Threats**

- The political tension between the U.S. and China may only get worse in the future, especially as China assumes a larger role in world affairs in the future.
- A revaluation of the Chinese currency could hurt the employment situation in China as many of the jobs there are export dependent. A stronger currency could hurt exports.

## China Region Opportunity Fund

- Kim Jong Il remains a threat so long as he remains the leader of North Korea. There seldom appears to be any rationale for some of his rhetoric or actions.
- Historically, China's boom periods have been followed by bust periods. The reacceleration of the economy and the government's response to such strong growth could lead to problems in later time periods.

<sup>(1)</sup>The Shanghai B-Share Stock Price Index is a capitalization-weighted index. The index tracks the daily price performance of all shares listed on the Shanghai Stock Exchange that are available for investment by foreign investors. The index is priced in US dollars.

<sup>(2)</sup>The Hang Seng China Enterprises Index is a capitalization-weighted index comprised of state-owned Chinese companies (H-Shares) listed on the Hong Kong Stock Exchange and included in HSMLCI index.

<b>Top 10 Equity Holdings Based on Total Investments</b>		<i>June 30, 2006</i>
<b>PETROCHINA CO., LTD.</b> OIL & GAS - INTEGRATED	<b>3.06%</b>	
<b>FOCUS MEDIA HOLDING LTD.</b> ADVERTISING	<b>3.00%</b>	
<b>HSBC HOLDINGS PLC</b> BANKS	<b>2.97%</b>	
<b>CTRIP.COM INTERNATIONAL LTD.</b> E-COMMERCE / SERVICES	<b>2.89%</b>	
<b>HONG KONG &amp; CHINA GAS CO., LTD.</b> GAS DISTRIBUTION	<b>2.80%</b>	
<b>KEPPEL CORP., LTD.</b> DIVERSIFIED OPERATIONS	<b>2.63%</b>	
<b>SILVERCORP METALS, INC.</b> SILVER MINING	<b>2.49%</b>	
<b>CATHAY FINANCIAL HOLDING CO., LTD.</b> FINANCIAL SERVICES	<b>2.48%</b>	
<b>CHINA MOBILE (HONG KONG) LTD.</b> CELLULAR TELECOMMUNICATIONS	<b>2.43%</b>	
<b>HYUNDAI HEAVY INDUSTRIES CO., LTD.</b> SHIPBUILDING	<b>2.38%</b>	



## China Region Opportunity Fund

### Portfolio Profile

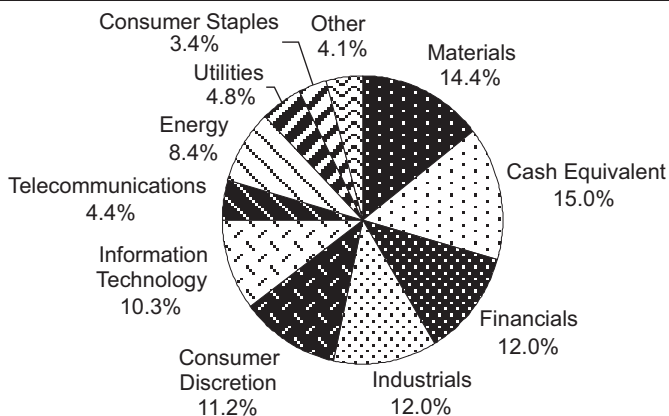
June 30, 2006

Country Distribution*	% of Investments
United States	19.74%
Hong Kong	17.95%
People's Republic of China	15.25%
Cayman Islands	12.67%
Canada	8.53%
Bermuda	7.08%
Taiwan	6.98%
Korea, Republic Of	4.61%
Singapore	3.70%
Other Foreign	3.49%

\* Country distribution shown is based on domicile and not intended to conform to the China region definition in the prospectus.

### Portfolio Allocation By Industry Sector Based on Total Investments

June 30, 2006

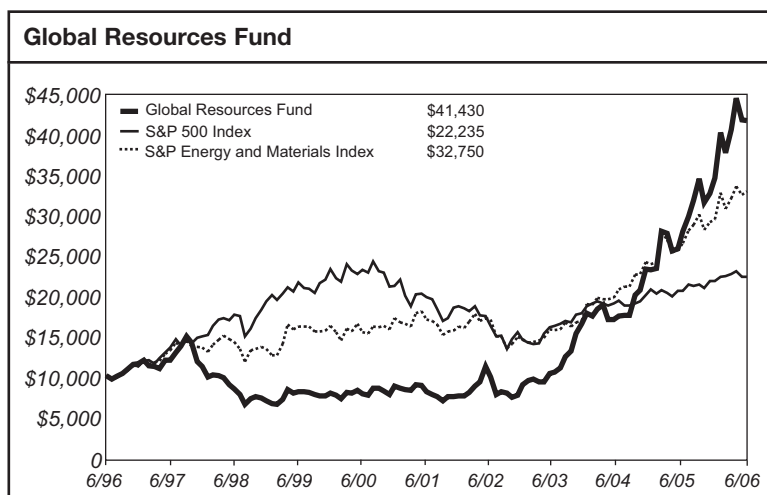


## Management Team's Perspective

### INTRODUCTION

The Global Resources Fund is a diversified natural resources fund with the principal objective of achieving long-term growth of capital, while providing protection against inflation and monetary instability. The fund invests in companies involved in the exploration, production, transportation, and processing of petroleum, natural gas, industrial commodities, metals, minerals, paper and forest products and can invest in any part of the world.

### PERFORMANCE GRAPH



#### Average Annual Performance

For the Years Ended  
June 30, 2006

	One Year	Five Year	Ten Year
Global Resources Fund	48.91%	38.89%	15.27%
S&P 500 Index	8.63%	2.49%	8.31%
S&P Energy and Materials Index	24.17%	14.11%	12.59%

*Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.*

*The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*

*The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The S&P Energy and Materials Index is a combination of the S&P Energy Index and the S&P Materials Index calculated on a 70% and 30% weighting, respectively, with monthly rebalancing of weights.*

**PERFORMANCE COMMENTARY**

For the fiscal year ending June 30, 2006, the Global Resources Fund returned 48.91 percent. In comparison, the S&P Energy Index and the S&P Basic Materials Index rose by 24.57 percent and 21.62 percent, respectively. The fund's strong relative performance was the product of the investment team's disciplined process of analyzing global economic conditions, monitoring commodity price trends and identifying undervalued equities.

**THE YEAR IN REVIEW - ECONOMIC AND POLITICAL ISSUES THAT AFFECTED THE FUND**

Critical drivers for the year included:

- Another year of strong economic growth, particularly from China, pushed the demand for commodities to record levels despite significantly higher prices.
- Pensions and hedge fund buying in the commodities market accelerated over the past twelve months; as investors sought higher returns, portfolio diversification and a hedge against the inflationary effects of a depreciating U.S. Dollar.
- The inability of OPEC and non-OPEC crude oil producers to increase global spare production capacity continues to magnify geo-political tensions in exporting countries, which has helped drive oil prices to new highs.
- Interest rate tightening by the world's central banks and a \$175 billion reduction in the Japanese money supply effectively curbed global money flows out of commodities and emerging markets during the second quarter of calendar 2006.
- Populist elections in Latin America and labor strife in the mining industry has threatened or delayed new projects and contributed to already tight supplies.

Global economic growth over the past year has been surprisingly strong. In April, the International Monetary Fund (IMF) reported that 2005 global GDP growth came in at a very robust 4.8 percent, half a percentage point higher than projected last September. Moreover, the IMF increased its forecast for growth in 2006 by a 0.6 percent to 4.9 percent. Not surprisingly, emerging market countries continued to fuel the global economy, as China, India and Russia accounted for two-thirds of the revisions to global growth. In fact, despite expectations for a decline in 2006, China's economy increased by a very impressive 10.9 percent in the first half of the year, driven largely by a 30 percent gain in fixed asset investment involving roads, factory equipment and other infrastructure projects. Looking

ahead, we expect the U.S. and global economy to slow moderately in 2007 mainly due to the lagged effects of global monetary tightening and higher oil prices; however, we expect growth will be more than sufficient to drive further demand for commodities.

One area of concern going forward is the recent acceleration in inflation during the second half of the year. The core Consumer Price Index (excluding food and energy) posted its fourth consecutive monthly gain of 0.3 percent in June, its strongest pace since the first quarter of 1995. Additionally, the overall annual rate of inflation climbed to 4.3 percent by June. These factors raise the concern that the Fed may have to increase rates considerably more than the current 5.25 percent. However, there are signs that Fed Chairman Ben Bernanke may be forced to end the current rate tightening campaign given recent weakness in housing and expectations for slower consumer spending this fall.

## **INVESTMENT HIGHLIGHTS**

### **Strengths**

- Precious metals hit multi-year highs with gold up 41 percent and silver gaining 57 percent over the past 12 months. Strong performance of the metals was the key driver for precious metals equities - the Philadelphia Stock Exchange Gold & Silver Index<sup>(1)</sup> gained 56 percent.
- Base metal prices hit record highs in the Spring of 2006 on strong demand and declining global inventories. Annual price gains for copper, nickel, and zinc were 123 percent, 46 percent and 162 percent respectively. As a result, the S&P/TSX Metals & Mining Index<sup>(2)</sup> gained 77 percent.
- Crude oil prices gained 30 percent over the past year to \$73.93 on increasing global demand growth of 1.3 percent and rising geo-political tensions that have curtailed or threaten to curtail supply growth; the AMEX Major Oil Index<sup>(3)</sup> increased 30 percent.
- The fund built a significant position in oil service and equipment equities, which gained 44 percent during the period due to a rising rig count, higher day-rates and improving margins.
- World export steel prices climbed 49 percent over the past year as steel consumption in China surged. The fund did not fully participate in the strong rally for steel stocks during the period, mainly due to rapidly growing steel capacity in China, which could have weakened prices.

### **Weaknesses**

- Natural gas prices in North America fell 13 percent over the past year and declined 46 percent in the first half of 2006 on lower demand for natural gas due to a mild winter in North America.
- New housing starts declined 11 percent year-over-year to 1.85 million units as the cost of financing homes increased.
- Poor industry fundamentals limited the fund's exposure to forest and paper stocks, which outperformed briefly in the calendar fourth quarter of 2005 due to merger and acquisition activity.

### **CURRENT OUTLOOK**

#### **Opportunities**

- In its annual regional economic outlook, the IMF provided a bullish forecast for economic growth in 2006 and 2007 for Asia of 6.6 percent and 6.9 percent respectively.
- At the World Nuclear Fuel Cycle 2006 in Hong Kong, several countries reviewed significant nuclear power capacity targets including Russia's plans to supply 25 percent of its energy with nuclear power by 2030, a 56 percent increase from 16 percent today. China currently has 9 reactors (1.3 percent of energy) with plans to build 30 100 megawatt reactors in the next 15 years.
- During China's eleventh five-year plan for the period 2006-2010, total power investment is expected to reach \$375 billion. As a result, by 2010 annual copper use in the electric cable and wire industry will likely approach 4.5 million metric tons, which is up from the 3.64 million metric tons consumed in 2005, according to a senior official from the state-run nonferrous metals information service.
- According to a recent industry survey, oil and gas exploration and production (E&P) spending growth will exceed last year's record levels, with expenditures expected to rise by about 20 percent in 2006 vs. 2005.

#### **Threats**

- There is a risk that the new Fed Chairman Ben Bernanke could become overly aggressive and raise short term interest too much, which would negatively impact U.S. housing/consumption and China's export led economy.
- China's record 11.3 percent GDP growth in the second quarter of 2006 likely led to the Chinese central bank's recent statement that it will raise the reserve ratio by 50 basis points to 8.5 percent starting on August 15. The central bank wants to "restrain credit growth" and restrict the

circulation of capital, the statement said. The ratio was last raised on June 16, 2006, by 0.5 basis points.

- U.S. natural gas storage inventories at 2,542 billion cubic feet, which is 32 percent ahead of normal levels and 20 percent ahead of last year. This could weigh on natural gas prices through the end of the storage injection season until winter weather begins.
- The Energy Information Administration reported coal stocks at domestic utilities rose to 133.2 million tons (up 6 percent from 125.1 in April 2006). Mild winter weather and a positive supply response have driven the increasing stockpiles which could weigh on coal prices.
- Rising commodity prices and higher corporate profits are garnering more attention from labor unions and developing countries who are demanding higher wages and stronger production sharing contracts and increased tax rates.

<sup>(1)</sup>The Philadelphia Stock Exchange Gold & Silver Index (XAU) is a capitalization-weighted index that includes the leading companies involved in the mining of gold and silver.

<sup>(2)</sup>The S&P/TSX Metals & Mining Index is a modified capitalization-weighted index, whose equity weights are capped 25 percent and index constituents are derived from a subset stock pool of S&P/TSX Composite Index stocks.

<sup>(3)</sup>The AMEX Major Oil Index is a price-weighted index, measuring the performance of the oil industry through changes in the sum of the prices of component stocks.

**Global Resources Fund****Top 10 Equity Holdings Based on Total Investments***June 30, 2006*

<b>GOLDCORP, INC.</b> GOLD MINING	<b>3.05%</b>
<b>PETROLEO BRASILEIRO S.A.</b> OIL & GAS - INTEGRATED	<b>2.21%</b>
<b>VALERO ENERGY CORP.</b> OIL & GAS REFINING & MARKETING	<b>1.96%</b>
<b>DAO GAZPROM</b> OIL & GAS - INTEGRATED	<b>1.89%</b>
<b>SUNCOR ENERGY, INC.</b> OIL & GAS - INTEGRATED	<b>1.81%</b>
<b>WHITE NILE LTD.</b> OIL & GAS EXPLORATION & PRODUCTION - JUNIOR	<b>1.76%</b>
<b>ENCANA CORP.</b> OIL & GAS EXPLORATION & PRODUCTION - SENIOR	<b>1.69%</b>
<b>SCHLUMBERGER LTD.</b> OIL & GAS EQUIPMENT & SERVICES	<b>1.68%</b>
<b>MCDERMOTT INTERNATIONAL, INC.</b> OIL & GAS EQUIPMENT & SERVICES	<b>1.66%</b>
<b>SILVER WHEATON CORP.</b> SILVER MINING	<b>1.61%</b>

**Portfolio Profile***June 30, 2006*

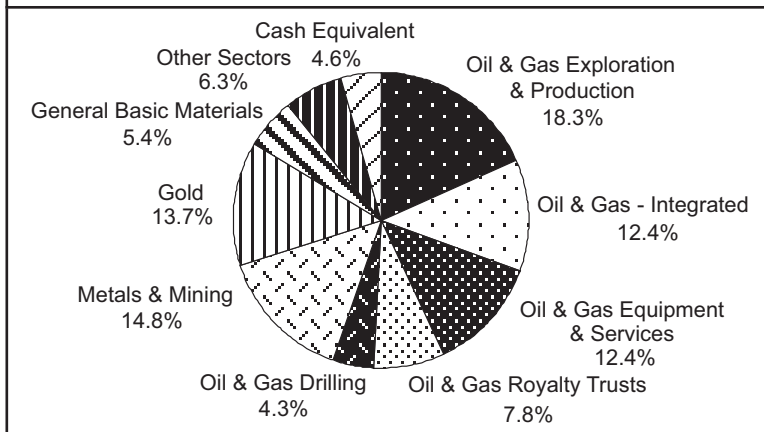
Country Distribution*	% of Investments
Canada	48.69%
United States	29.95%
Russian Federation	3.36%
Brazil	3.03%
Bermuda	2.55%
Cayman Islands	2.15%
Other Foreign	10.27%

\* Country distribution shown is based on domicile and the locale of company operations may be different.

**Global Resources Fund**

**Portfolio Allocation by Industry Sector  
Based on Total Investments**

June 30, 2006



*Energy:*

Oil & Gas Exploration & Production	18.3%
Oil & Gas - Integrated (includes Refining and Marketing)	12.4%
Oil & Gas Equipment & Services	12.4%
Oil & Gas Royalty Trusts	7.8%
Oil & Gas Drilling	4.3%
<b>Total Energy</b>	<b>55.2%</b>

*Basic Materials:*

Metals & Mining (includes Copper, Platinum Group Metals, Zinc, Nickel and Coal)	14.8%
Gold (includes Gold Mining, Silver Mining and Gold & Copper Mining)	13.7%
General Basic Materials	5.4%
<b>Total Basic Materials</b>	<b>33.9%</b>
Other Sectors	6.3%
Cash Equivalent	4.6%
<b>Total Investments</b>	<b><u>100.0%</u></b>

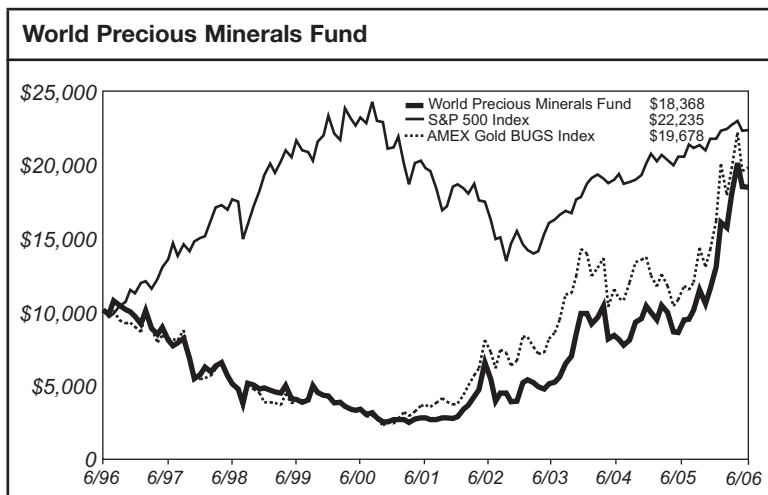


## Management Team's Perspective

### INTRODUCTION

The World Precious Minerals and Gold Shares Funds pursue an objective of long-term capital growth through investments in gold and precious metal companies. The Gold Shares Fund also pursues current income as a secondary objective and focuses on established, gold-producing mines. The World Precious Minerals Fund focuses on equity securities of companies principally engaged in the exploration, mining, and processing of precious minerals such as gold, silver, platinum, and diamonds. Although the fund has greater latitude to invest its assets in different precious minerals, it currently remains focused on the gold sector.

### PERFORMANCE GRAPHS



#### Average Annual Performance

For the Years Ended  
June 30, 2006

	One Year	Five Year	Ten Year
World Precious Minerals Fund	96.21%	46.79%	6.27%
S&P 500 Index	8.63%	2.49%	8.31%
AMEX Gold BUGS Index	68.89%	40.73%	7.00%

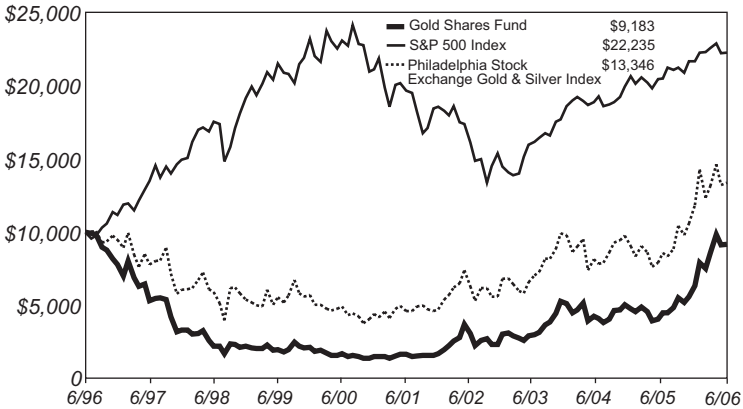
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*The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*

*The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The AMEX Gold BUGS Index is a modified equal-dollar weighted index of companies involved in major gold mining.*

## Gold and Precious Minerals Funds

### Gold Shares Fund



### Average Annual Performance

*For the Years Ended  
June 30, 2006*

	One Year	Five Year	Ten Year
Gold Shares Fund	104.15%	41.02%	(0.85)%
S&P 500 Index	8.63%	2.49%	8.31%
Philadelphia Stock Exchange Gold & Silver Index	56.14%	23.59%	2.93%

*Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.*

*The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*

*The S&P 500 Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies. The Philadelphia Stock Exchange Gold & Silver Index is a capitalization-weighted index which includes the leading companies involved in the mining of gold and silver.*

## PERFORMANCE COMMENTARY

For the year ending June 30, 2006, the World Precious Minerals Fund returned 96.21 percent and the Gold Shares Fund returned 104.15 percent. The AMEX Gold BUGS Index, World Precious Minerals Fund's benchmark, gained 68.89 percent, while the Philadelphia Stock Exchange Gold & Silver Index, Gold Shares Fund's benchmark, returned 56.14 percent. Spot gold closed at \$615.85, up \$180.35 or 41.41 percent for the same period. In contrast, the S&P 500 Index posted a modest gain of 8.63 percent while the U.S. Trade-Weighted Dollar Index<sup>(1)</sup> fell 4.41 percent over the past year. Over the same period, the yield on the 90-day Treasury

bill jumped almost 60 percent, tacking on 186 basis points to finish at 4.98 percent.

Our investment process is an active management style versus a more passive indexing approach. This is what has allowed us to create value for our shareholders. Over the past year, we have made several critical investment decisions which generated superior relative performance:

1. We focused on mid-cap unhedged gold producers.
2. We also concentrated our investments in companies that produced two metals, i.e., copper-gold porphyry deposits, such as Goldcorp, Inc.,<sup>(2)</sup> Northern Orion Resources, Inc.,<sup>(3)</sup> and Yamana Gold, Inc.<sup>(4)</sup> In addition, we believe silver deposits will be more strategic over time and have been an early investor in companies like Silver Wheaton Corp.<sup>(5)</sup> and Silvercorp Metals, Inc.<sup>(6)</sup>
3. We invested in companies reflecting the three critical growth drivers:
  - (a) Increasing reserves
  - (b) Increasing production
  - (c) Increasing cash flow
4. We looked for undervalued junior gold companies with inexpensive resource ounces in the ground.
5. We wanted to own companies wherein a rising gold price would greatly increase their reserve base and net asset value.
6. We searched for companies that were undervalued on a relative peer group basis for several fundamental metrics; i.e., ounce per share, production per share, net asset value per share, and cash flow multiples.
7. We used statistical models to manage the price risk of the portfolios, looking for significant moves where the probability of a price reversal is high, and adjusted our cash position accordingly.

**YEAR IN REVIEW - ECONOMIC AND POLITICAL ISSUES THAT AFFECTED THE FUNDS**

Critical drivers for the year include:

- Major gold producers are reporting a declining production profile. According to the South Africa's Chamber of Mines, their gold production fell to an 82-year low in 2005, further tightening worldwide supply.

- Total production costs are climbing due to currency effects, higher labor costs, rising general and administrative costs, higher royalties at higher gold prices, and bigger exploration budgets. This has contributed to lowering the profitability of the gold industry, particularly when investors have been looking for higher profits to be achieved.
- Resource and reserve quality has also fallen. Despite that greater volumes of ore have been processed at the mines; the average grade of the ore has fallen close to 20 percent over the last five years.
- Political changes in Peru, Bolivia and ongoing Chavez style politics in Venezuela combined with at least 12 countries going to the polls in Latin America in 2006 may signal a change for the worse in trying to advance new projects in the region.
- Investment demand for gold and silver has grown substantially over the past year. For the StreetTracks Gold Trust<sup>(7)</sup> ETF, assets invested in gold have climbed by 198 percent to \$7.33 billion in the last year with physical holdings of about 12 million ounces of gold. The iShares Silver Trust<sup>(8)</sup> ETF which started trading at the end of April has accumulated approximately 90 million ounces of silver purchases over its first two-months of trading.

### **INVESTMENT HIGHLIGHTS**

#### **Strengths**

- The price of gold eclipsed a 25-year high in May 2006. Gold Fields Mineral Services (GFMS), a consulting group, forecast in its annual survey released in April that gold prices could surge past \$800 an ounce in 2006 under the right circumstances.
- GFMS noted that sentiment within the central bank community seems to have changed, and more recent comments reflect the importance of gold as a reserve asset.
- At the London Bullion Market Association's Precious Metals Conference held in November, Maria Gueguina, Head of External Reserves Management for the Russian Central bank, made a statement that they want to raise their gold holdings to 10 percent of their reserves.

#### **Weaknesses**

- While gold was making higher highs, the majority of the gold stocks continue to lag the price performance of gold bullion. Interestingly, when gold had one of its biggest falls in recent history as we closed out the year, gold-backed exchange traded funds actually experienced an increase in their holdings in bullion.

- Gold equities, as measured by the Philadelphia Stock Exchange Gold & Silver Index, are up 12.14 percent over the last six months; however, they have underperformed the 19.12 percent return that gold bullion has delivered over this period.
- In a major contraction of the monetary base, Japan's central bank slashed roughly \$175 billion in reserves from the system during the last three months. Much of this money was invested abroad via the Euro-Yen market where cheap capital to hedge funds and investment banks had been funneled. This triggered a rout in commodity and emerging markets as we closed out the period.

### **CURRENT OUTLOOK**

#### **Opportunities**

- A recent study released by M. Murenbeeld & Associates examined the length of gold cycles going back to 1800. It found that the average length of a decline was just over 19 years with the most recent decline being 21 years. The average rising period for gold has been just over 25 years with the most recent period, 1970 to 1980, being only 10 years in length. We may only be four years into the current cycle.
- An economic research group in China suggested that their government should quadruple its gold reserves from 600 tonnes to 2,400 tonnes to reflect China's status as a major trading nation. Currently, gold accounts for 1.3 percent of China's reserves while the global average is closer to 10.5 percent.
- Fund flows into commodities have been very strong and could go higher with pension funds entering the game. The recent note that AIG Global Investment Group's<sup>(9)</sup> Japan unit may invest \$4.4 billion or 3 percent of assets into commodity related investments over the next five years as they seek to diversify from stocks and bonds should help to sustain the rally in commodities as they add to positions. Only two percent of fund managers are estimated to have exposure to gold. Dr. Marc Faber, an investment strategist and author specializing in Asian and commodities markets, recently noted that dramatic commodity markets all originated after extended bear markets and that gold prices soared more than 20-fold and oil rose 8-fold from 1970 to 1980.

#### **Threats**

- The European Central Bank had put a 6-month halt on its gold sales program in March 2006. This is set to expire in September 2006, and this may overshadow the gold market as that period expires.

## ***Gold and Precious Minerals Funds***

- The gold contango has widened from about 350 basis points to almost 560 basis points over the past 12 months, making forward sales of gold more attractive, but we have not seen any momentum shift to forward selling at this time.
- As we closed out the year, it became apparent that most of the weak hands have exited the gold market and that buyers who missed the most recent run in gold were on the sidelines waiting for just such an opportunity to build their gold positions. However, for the gold stocks, buying interest seemed to have been concentrated in the senior gold stocks versus the more junior gold stocks, perhaps indicating a lack of commitment to the sector at this time.

<sup>(1)</sup>The U.S. Trade Weighted Dollar Index provides a general indication of the international value of the U.S. dollar.

<sup>(2)</sup>This security comprised 17.94% of the total net assets of the World Precious Minerals Fund and 23.56% of the total net assets of the Gold Shares Fund as of June 30, 2006.

<sup>(3)</sup>This security comprised 5.53% of the total net assets of the World Precious Minerals Fund and 5.53% of the total net assets of the Gold Shares Fund as of June 30, 2006.

<sup>(4)</sup>This security comprised 3.16% of the total net assets of the World Precious Minerals Fund and 3.94% of the total net assets of the Gold Shares Fund as of June 30, 2006.

<sup>(5)</sup>This security comprised 3.52% of the total net assets of the World Precious Minerals Fund and 2.26% of the total net assets of the Gold Shares Fund as of June 30, 2006.

<sup>(6)</sup>This security comprised 1.63% of the total net assets of the World Precious Minerals Fund and 0.00% of the total net assets of the Gold Shares Fund as of June 30, 2006.

<sup>(7)</sup>This security comprised 0.56% of the total net assets of the World Precious Minerals Fund and 0.05% of the total net assets of the Gold Shares Fund as of June 30, 2006.

<sup>(8)</sup>This security comprised 0.24% of the total net assets of the World Precious Minerals Fund and 0.00% of the total net assets of the Gold Shares Fund as of June 30, 2006.

<sup>(9)</sup>Neither World Precious Minerals Fund nor the Gold Shares Fund held this security as of June 30, 2006.

## ***Gold and Precious Minerals Funds***

### **World Precious Minerals Fund**

<b>Top 10 Equity Holdings Based on Total Investments</b>		<i>June 30, 2006</i>
<b>GOLDCORP, INC.</b>		<b>18.05%</b>
SENIOR GOLD PRODUCERS		
<b>NORTHERN ORION RESOURCES, INC.</b>		<b>5.57%</b>
INTERMEDIATE & JUNIOR GOLD PRODUCERS		
<b>RANDGOLD RESOURCES LTD.</b>		<b>4.01%</b>
INTERMEDIATE & JUNIOR GOLD PRODUCERS		
<b>SILVER WHEATON CORP.</b>		<b>3.54%</b>
METAL & MINERAL MINING		
<b>YAMANA GOLD, INC.</b>		<b>3.18%</b>
INTERMEDIATE & JUNIOR GOLD PRODUCERS		
<b>MERIDIAN GOLD, INC.</b>		<b>2.67%</b>
INTERMEDIATE & JUNIOR GOLD PRODUCERS		
<b>GOLD FIELDS LTD.</b>		<b>2.04%</b>
SENIOR GOLD PRODUCERS		
<b>SILVERCORP METALS, INC.</b>		<b>1.64%</b>
INTERMEDIATE & JUNIOR GOLD PRODUCERS		
<b>MEXGOLD RESOURCES, INC.</b>		<b>1.54%</b>
INTERMEDIATE & JUNIOR GOLD PRODUCERS		
<b>BEMA GOLD CORP.</b>		<b>1.51%</b>
INTERMEDIATE & JUNIOR GOLD PRODUCERS		

## ***Gold and Precious Minerals Funds***

### **Gold Shares Fund**

<b>Top 10 Equity Holdings Based on Total Investments</b>		<i>June 30, 2006</i>
<b>GOLDCORP, INC.</b>		<b>24.07%</b>
GOLD MINING		
<b>NORTHERN ORION RESOURCES, INC.</b>		<b>5.65%</b>
GOLD MINING		
<b>YAMANA GOLD, INC.</b>		<b>4.02%</b>
GOLD MINING		
<b>RANDGOLD RESOURCES LTD.</b>		<b>4.00%</b>
GOLD MINING		
<b>MERIDIAN GOLD, INC.</b>		<b>3.88%</b>
GOLD MINING		
<b>GOLD FIELDS LTD.</b>		<b>3.60%</b>
GOLD MINING		
<b>FREEPORT-MCMORAN COPPER &amp; GOLD, INC.</b>		<b>3.20%</b>
GOLD MINING		
<b>AGNICO-EAGLE MINES LTD.</b>		<b>2.99%</b>
GOLD MINING		
<b>BEMA GOLD CORP.</b>		<b>2.76%</b>
GOLD MINING		
<b>SILVER WHEATON CORP.</b>		<b>2.31%</b>
METAL & MINERAL MINING		



## **Gold and Precious Minerals Funds**

### **World Precious Minerals Fund**

<b>Portfolio Profile</b>	<i>June 30, 2006</i>
Country Distribution*	% of Investments
Canada	64.12%
United States	23.91%
Jersey, Channel Islands	4.01%
South Africa	2.17%
United Kingdom	1.75%
Other Foreign	4.04%
<i>* Country distribution shown is based on domicile and the locale of company operations may be different.</i>	

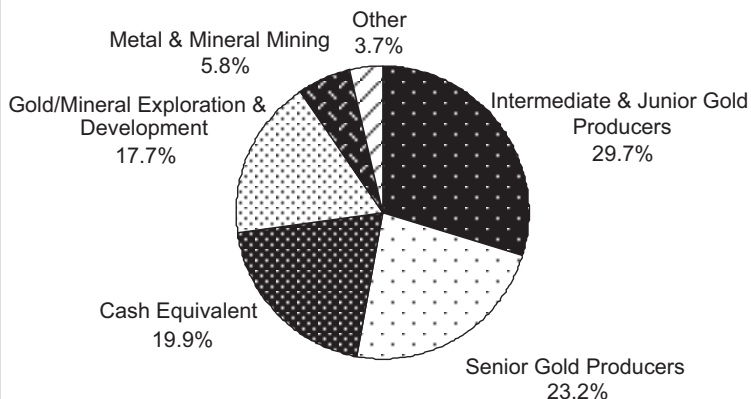
### **Gold Shares Fund**

<b>Portfolio Profile</b>	<i>June 30, 2006</i>
Country Distribution*	% of Investments
Canada	55.51%
United States	33.73%
South Africa	4.98%
Jersey, Channel Islands	4.00%
Other Foreign	1.78%
<i>* Country distribution shown is based on domicile and the locale of company operations may be different.</i>	

## Gold and Precious Minerals Funds

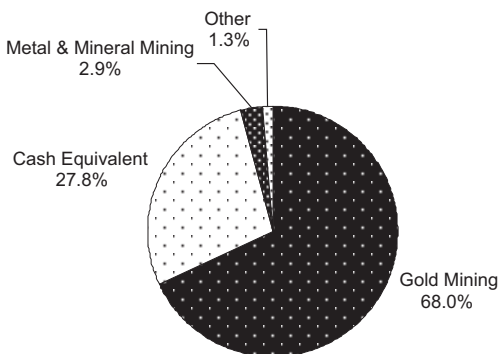
### World Precious Minerals Fund Portfolio Allocation by Industry Based on Total Investments

June 30, 2006



### Gold Shares Fund Portfolio Allocation by Industry Based on Total Investments

June 30, 2006



As a shareholder of the funds, you incur two types of costs: (1) transaction costs, including short-term trading fees and exchange fees; and (2) ongoing costs, including management fees and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period as indicated below.

- **Actual Expenses.** The first line of the following table for each fund provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.
- **Hypothetical Example for Comparison Purposes.** The second line of the following table for each fund provides information about hypothetical account values and hypothetical expenses based on the fund’s actual expense ratio and an assumed rate of return of 5 percent per year before expenses, which is not the fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in these funds and other funds. To do so, compare this 5 percent hypothetical example with the 5 percent hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any direct or transactional costs, such as small account, exchange or short-term trading fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these direct or transactional costs were included, your costs would have been higher.

## Expense Example

June 30, 2006

<b>Six Months Ended June 30, 2006</b>			
	<b>Beginning Account Value January 1, 2006</b>	<b>Ending Account Value June 30, 2006</b>	<b>Expenses Paid During Period*</b>
<b>U.S. Treasury Securities Cash Fund</b>			
Based on Actual Fund Return	\$1,000.00	\$1,018.10	\$ 4.43
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,020.41	\$ 4.43
<b>U.S. Government Securities Savings Fund</b>			
Based on Actual Fund Return	\$1,000.00	\$1,010.30	\$ 2.25
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,011.28	\$ 2.26
<b>Near-Term Tax Free Fund</b>			
Based on Actual Fund Return	\$1,000.00	\$1,000.95	\$ 2.23
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,011.28	\$ 2.26
<b>Tax Free Fund</b>			
Based on Actual Fund Return	\$1,000.00	\$1,002.35	\$ 3.48
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,010.66	\$ 3.51
<b>All American Equity Fund</b>			
Based on Actual Fund Return	\$1,000.00	\$1,026.95	\$ 8.91
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,008.06	\$ 8.75
<b>China Region Opportunity Fund</b>			
Based on Actual Fund Return	\$1,000.00	\$1,063.40	\$11.78
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,006.86	\$11.16
<b>Global Resources Fund</b>			
Based on Actual Fund Return	\$1,000.00	\$1,102.50	\$ 5.12
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,010.07	\$ 4.69
<b>World Precious Minerals Fund</b>			
Based on Actual Fund Return	\$1,000.00	\$1,210.15	\$ 6.16
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,009.85	\$ 5.14
<b>Gold Shares Fund</b>			
Based on Actual Fund Return	\$1,000.00	\$1,223.35	\$ 8.10
Based on Hypothetical 5% Yearly Return	\$1,000.00	\$1,009.09	\$ 6.68

\*These calculations are based on expenses incurred in the most recent fiscal half-year. The funds' annualized six-month expense ratios for the six-month period ended June 30, 2006, were 0.88%, 0.45%, 0.45%, 0.70%, 1.75%, 2.23%, 0.94%, 1.03% and 1.34%, respectively, for the U.S. Treasury Securities Cash, U.S. Government Securities Savings, Near-Term Tax Free, Tax Free, All American Equity, China Region Opportunity, Global Resources, World Precious Minerals and Gold Shares Funds. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by 181, the number of days in the most recent fiscal half-year, then divided by 365 days in the current fiscal year.

**U.S. TREASURY SECURITIES CASH FUND****Portfolio of Investments**

June 30, 2006

**UNITED STATES****GOVERNMENT****OBLIGATIONS 54.25%****Coupon  
Rate****Maturity  
Date****Principal  
Amount****Value****United States Treasury Bills 33.43%**

Yield	4.71%	07/06/06	\$ 10,000,000	\$ 9,993,458
Yield	4.57%	07/27/06	20,000,000	19,934,169
Yield	4.91%	10/05/06	10,000,000	9,870,867
				<u>39,798,494</u>

**United States Treasury Notes 20.82%**

	3.50%	11/15/06	10,000,000	9,954,077
	3.125%	01/31/07	10,000,000	9,890,012
	3.625%	04/30/07	5,000,000	4,934,679
				<u>24,778,768</u>

**Total United States Government Obligations**64,577,262

(cost \$64,577,262)

**REPURCHASE AGREEMENTS 45.75%**

Joint Tri-Party Repurchase Agreements,  
06/30/06, collateralized by U.S. Treasury  
securities held in joint tri-party  
repurchase accounts:

4.40% Bear Stearns, repurchase price \$25,009,167	4.40%	07/03/06	25,000,000	25,000,000
4.50% Morgan Stanley Dean Witter, repurchase price \$29,464,465	4.50%	07/03/06	29,453,420	29,453,420

**Total Repurchase Agreements**54,453,420

(cost \$54,453,420)

**Total Investments 100.00%**119,030,682

(cost \$119,030,682)

Other assets and liabilities, net 0.00%

(2,366)**NET ASSETS 100%****\$119,028,316**

See notes to portfolios of investments and notes to financial statements.

**U.S. GOVERNMENT SECURITIES SAVINGS FUND****Portfolio of Investments**

June 30, 2006

**UNITED STATES  
GOVERNMENT AND AGENCY  
OBLIGATIONS 99.76%**

	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Value</b>	
<b>Federal Farm Credit Bank 27.35%</b>					
Discount Notes:					
	Yield	4.95%	07/05/06	\$ 10,000,000	\$ 9,994,500
	Yield	4.99%	07/13/06	10,000,000	9,983,400
	Yield	5.15%	07/21/06	14,380,000	14,338,937
	Yield	5.18%	07/25/06	12,772,000	12,728,064
	Yield	4.72%	11/09/06	5,000,000	4,915,577
Fixed Rates:					
		3.70%	07/05/06	6,900,000	6,899,227
		2.13%	07/17/06	7,000,000	6,992,579
		4.05%	08/11/06	3,000,000	2,999,900
		2.80%	08/16/06	2,000,000	1,995,958
		2.44%	09/01/06	1,000,000	995,142
		2.60%	09/07/06	6,000,000	5,978,507
		2.90%	09/29/06	2,500,000	2,490,759
		2.38%	10/02/06	3,884,000	3,858,719
		2.70%	11/24/06	5,000,000	4,961,138
		4.63%	12/27/06	4,000,000	4,000,436
		3.37%	12/28/06	2,000,000	1,984,199
		1.88%	01/16/07	10,170,000	9,983,422
		4.11%	02/02/07	5,000,000	4,964,514
Variable Rate:					
		4.75%	01/03/07	9,000,000	9,001,747
					119,066,725

**Federal Home Loan Bank 72.41%**

Discount Notes:					
	Yield	4.95%	07/03/06	135,175,000	135,138,032
	Yield	5.00%	07/05/06	19,750,000	19,739,028
	Yield	5.07%	07/06/06	24,997,000	24,979,398
	Yield	5.08%	07/12/06	25,000,000	24,961,225
	Yield	5.18%	07/19/06	20,000,000	19,948,350
	Yield	5.21%	07/26/06	10,000,000	9,963,958
Fixed Rates:					
		3.25%	07/21/06	4,000,000	3,998,499
		2.75%	07/28/06	4,000,000	3,996,477
		2.50%	08/14/06	4,350,000	4,340,203
		3.50%	08/15/06	1,000,000	998,192
		2.95%	09/14/06	1,595,000	1,587,683
		2.70%	09/29/06	2,000,000	1,990,278
		4.67%	09/29/06	2,000,000	1,996,897
		5.40%	10/25/06	1,000,000	1,001,105
		3.00%	11/06/06	1,585,000	1,575,974
		6.50%	11/15/06	1,400,000	1,406,976

See notes to portfolios of investments and notes to financial statements.

**U.S. GOVERNMENT SECURITIES SAVINGS FUND****Portfolio of Investments**

June 30, 2006

**UNITED STATES  
GOVERNMENT AND  
AGENCY OBLIGATIONS****Coupon  
Rate****Maturity  
Date****Principal  
Amount****Value****Federal Home Loan Bank (Cont'd)**

	3.25%	11/28/06	\$ 1,000,000	\$ 992,617
	4.28%	11/28/06	2,000,000	1,993,966
	2.75%	12/15/06	2,520,000	2,493,517
	3.38%	12/15/06	1,900,000	1,887,474
	2.65%	01/22/07	5,000,000	4,931,074
	4.70%	01/30/07	3,000,000	3,000,000
	2.80%	02/09/07	5,000,000	4,929,899
	5.00%	02/09/07	3,000,000	3,000,000
	2.50%	02/13/07	2,000,000	1,966,538
	5.08%	02/22/07	6,250,000	6,242,315
	3.75%	03/07/07	5,000,000	4,951,788
	2.85%	03/08/07	2,000,000	1,967,044
	4.00%	04/05/07	3,500,000	3,464,301
	4.00%	04/18/07	3,000,000	2,969,837
	3.17%	05/04/07	5,000,000	4,913,899
	2.63%	05/15/07	2,410,000	2,349,425
	3.03%	05/18/07	3,305,000	3,241,851
Step Coupons:				
	3.50%	11/24/06	1,400,000	1,396,100
	3.00%	12/22/06	1,000,000	990,224
				<u>315,304,144</u>

**Total Investments 99.76%**

434,370,869

(cost \$434,370,869)

Other assets and liabilities, net 0.24%

1,046,370**NET ASSETS 100%****\$435,417,239**

See notes to portfolios of investments and notes to financial statements.

**NEAR-TERM TAX FREE FUND****Portfolio of Investments**

June 30, 2006

<b>MUNICIPAL BONDS 92.77%</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Alabama 2.86%</b>				
DCH Health Care Authority Facilities Revenue	5.00%	06/01/09	\$ 250,000	\$ 256,227
Mountain Brook City Board of Education Capital Outlay	4.00%	02/15/15	200,000	196,844
				<u>453,071</u>
<b>Alaska 1.85%</b>				
Alaska Municipal Bond Bank Authority, Series A	4.00%	02/01/16	300,000	292,533
<b>Arizona 5.10%</b>				
Arizona State Transportation Board, Series A	5.00%	07/01/09	300,000	309,300
Maricopa County, Arizona Unified School District, GO	4.85%	07/01/11	200,000	204,018
Pima County Unified School District, GO Unlimited, Refunding	3.70%	07/01/12	300,000	293,838
				<u>807,156</u>
<b>California 4.69%</b>				
Association of Bay Area Governments (ABAG) Finance Authority, Series C	4.00%	03/01/08	100,000	99,415
Chino Basin Regional Financing Authority Revenue	7.00%	08/01/06	250,000	250,555
San Diego, California Community College District, GO Unlimited (ZCB)	4.19% <sup>(1)</sup>	05/01/15	300,000	202,614
Santa Cruz County Redevelopment Agency, Refunding	4.40%	09/01/17	190,000	189,658
				<u>742,242</u>
<b>Colorado 0.65%</b>				
Adams & Arapahoe Counties Joint School District, Series C, GO	5.75%	12/01/07	100,000	102,797
<b>Connecticut 1.70%</b>				
Connecticut State, Series D, GO Unlimited	5.375%	11/15/18	250,000	268,972
<b>Delaware 1.30%</b>				
Delaware Transportation Authority System Revenue	5.50%	07/01/08	200,000	206,174
<b>District of Columbia 0.99%</b>				
District of Columbia, Unrefunded, Series B	5.50%	06/01/09	150,000	156,436

<sup>(1)</sup>Represents Yield

See notes to portfolios of investments and notes to financial statements.



**NEAR-TERM TAX FREE FUND****Portfolio of Investments**

June 30, 2006

<b>MUNICIPAL BONDS</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Florida 4.22%</b>				
Florida State Board of Education Capital Outlay, Series B, GO	5.25%	06/01/11	\$ 175,000	\$ 180,911
Hillsborough County Industrial Development Authority Hospital Revenue	3.50%	10/01/09	205,000	199,155
Jacksonville Transportation Authority, GO	6.50%	07/01/07	280,000	287,356
				<u>667,422</u>
<b>Georgia 1.74%</b>				
Coweta County School District, GO	4.00%	08/01/06	175,000	175,019
Georgia Municipal Electric Authority Power Revenue, Series A	5.30%	01/01/07	100,000	100,758
				<u>275,777</u>
<b>Illinois 5.97%</b>				
Chicago Water Revenue (ZCB)	3.77% <sup>(1)</sup>	11/01/08	275,000	250,352
Illinois Finance Authority Revenue, Refunding	5.00%	07/01/16	390,000	409,870
Western Illinois, University and College Revenue	3.50%	04/01/13	300,000	285,768
				<u>945,990</u>
<b>Indiana 3.65%</b>				
Indiana State Finance Authority Revenue, Refunding	4.00%	05/01/12	350,000	348,905
Indianapolis, Indiana Local Public Improvement Bond Bank, Series D	6.60%	02/01/07	225,000	228,508
				<u>577,413</u>
<b>Iowa 3.20%</b>				
Ames, Iowa Hospital Revenue, Refunding	5.00%	06/15/15	300,000	311,931
Johnston Community School District, GO Unlimited	4.00%	06/01/16	200,000	194,276
				<u>506,207</u>
<b>Kansas 1.25%</b>				
Kansas State Development Finance Authority Revenue	4.00%	10/01/15	200,000	197,406
<b>Massachusetts 1.50%</b>				
Massachusetts State Health & Educational Facilities Authority Revenue, Series D	5.00%	10/01/07	135,000	135,680
Massachusetts State, Series C, GO	4.625%	10/01/08	100,000	101,554
				<u>237,234</u>

<sup>(1)</sup>Represents Yield

See notes to portfolios of investments and notes to financial statements.

**NEAR-TERM TAX FREE FUND****Portfolio of Investments**

June 30, 2006

<b>MUNICIPAL BONDS</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Michigan 0.83%</b>				
Detroit, Michigan Local Development Financial Authority, Series A	5.20%	05/01/10	\$ 130,000	\$ 131,552
<b>Mississippi 1.87%</b>				
Mississippi Hospital Equipment & Facilities Authority Revenue	3.45%	04/01/07	300,000	296,442
<b>Missouri 1.46%</b>				
Missouri State Health & Educational Facilities Authority Revenue, Series A	6.75%	05/15/13	200,000	231,264
<b>Nevada 2.85%</b>				
North Las Vegas, GO Limited	4.00%	03/01/16	200,000	192,368
Washoe County Gas & Water Facilities Revenue	6.30%	12/01/14	250,000	258,945
				451,313
<b>New Jersey 6.29%</b>				
Brigantine, New Jersey School Improvements, GO Unlimited	3.50%	01/15/13	300,000	286,263
New Jersey State	5.125%	05/01/10	250,000	260,485
New Jersey State Transportation Trust Fund Authority, Series D	4.00%	06/15/14	250,000	247,148
Washington Township Board of Education, GO	5.10%	02/01/08	200,000	201,546
				995,442
<b>New York 10.34%</b>				
Hempstead Township, Series B, GO Unlimited Tax New York City Transitional Financial Authority Revenue, Series A	5.375%	11/15/10	120,000	123,758
New York, New York, Series B	5.25%	11/01/08	225,000	232,268
New York, New York, Series C	5.25%	08/01/09	200,000	207,090
New York State, GO	3.50%	08/01/07	300,000	299,184
New York State, Local Highway & Bridge, Series A	5.00%	03/01/08	250,000	254,710
Schenectady Metroplex Development Authority Revenue, Series A	5.375%	04/01/10	200,000	207,140
Tobacco Settlement Financing Corp., Series B	5.00%	12/15/12	110,000	112,167
	4.00%	06/01/07	200,000	200,470
				1,636,787

See notes to portfolios of investments and notes to financial statements.

**NEAR-TERM TAX FREE FUND****Portfolio of Investments**

June 30, 2006

<b>MUNICIPAL BONDS</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Value</b>
<b>North Carolina 1.14%</b>				
North Carolina Eastern Municipal Power Agency Revenue, Refunding, Series A	5.60%	01/01/10	\$ 175,000	\$ 179,930
<b>Ohio 1.27%</b>				
Ohio State Higher Education, Series B, GO	4.25%	11/01/07	200,000	201,010
<b>Oregon 2.09%</b>				
Clackamas County Hospital Facilities Authority Revenue	5.00%	05/01/07	200,000	201,714
Oregon State Department Transportation Highway	5.00%	11/15/09	125,000	129,283
				330,997
<b>South Carolina 4.40%</b>				
Horry County Hospitality Fee Special Obligation	5.00%	04/01/10	200,000	205,536
Jasper County School District, GO Unlimited	4.00%	03/01/15	195,000	192,744
Spartanburg County School District	3.875%	04/01/12	300,000	298,536
				696,816
<b>Tennessee 1.98%</b>				
Tennessee State, GO Unlimited, Refunding, Series A	5.00%	05/01/11	300,000	313,818
<b>Texas 10.12%</b>				
Arlington Refunding, Series A	5.00%	08/15/08	200,000	204,648
Gulf Coast Industrial Development Authority Pollution Control Revenue	4.95%	07/01/07	385,000	389,170
Killeen, Texas Independent School District, GO Unlimited, Prerefunded	5.00%	02/15/09	310,000	315,834
Killeen, Texas Independent School District, GO Unlimited, Unrefunded	5.00%	02/15/09	90,000	91,624
San Antonio Water System Revenue	5.00%	05/15/13	100,000	103,834
Texas State Water Development Board Revenue, Series A	5.125%	07/15/09	290,000	291,975
Texas Turnpike Authority Revenue	5.00%	06/01/08	200,000	204,284
				1,601,369
<b>Utah 1.30%</b>				
Utah Transit Authority Sales Tax & Transportation Revenue	4.90%	12/15/09	200,000	205,204

See notes to portfolios of investments and notes to financial statements.

**NEAR-TERM TAX FREE FUND****Portfolio of Investments**

June 30, 2006

<b>MUNICIPAL BONDS</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Virginia 2.01%</b>				
Virginia College Building Authority, Series A	5.00%	09/01/15	\$ 300,000	\$ 318,534
<b>Washington 3.19%</b>				
Clark County, Washington School District, GO Unlimited	5.125%	12/01/11	100,000	105,215
Thurston County School District, GO Unlimited, Refunding	4.00%	12/01/06	400,000	400,340
				505,555
<b>Wisconsin 0.96%</b>				
Milwaukee, Wisconsin, Series L, GO	4.60%	12/15/13	150,000	152,840
<b>Total Municipal Bonds</b>				<b>14,685,703</b>
(cost \$14,790,789)				
<b>REPURCHASE AGREEMENT 6.43%</b>				
Joint Tri-Party Repurchase Agreement, Morgan Stanley Dean Witter, 06/30/06, 4.50%, due 07/03/06, repurchase price \$1,018,106, collateralized by U.S. Treasury securities held in a joint tri-party repurchase account (cost \$1,017,724)	4.50%	07/03/06	1,017,724	1,017,724
<b>Total Investments 99.20%</b>				<b>15,703,427</b>
(cost \$15,808,513)				
Other assets and liabilities, net 0.80%				126,979
<b>NET ASSETS 100%</b>				<b>\$15,830,406</b>

See notes to portfolios of investments and notes to financial statements.

**TAX FREE FUND****Portfolio of Investments**

June 30, 2006

<b>MUNICIPAL BONDS 90.87%</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Alabama 5.73%</b>				
Alabama 21st Century Authority Tobacco Settlement Revenue	5.75%	12/01/19	\$ 275,000	\$ 290,015
Alabama State, GO Unlimited, Series A	4.625%	09/01/22	375,000	376,942
Mountain Brook City Board of Education Capital Outlay	4.00%	02/15/15	195,000	<u>191,923</u>
				858,880
<b>California 6.15%</b>				
California State, GO Unlimited	5.00%	02/01/25	320,000	325,840
Campbell, California Union High School District, GO Unlimited	4.75%	08/01/34	300,000	292,719
San Diego, California Community College District, GO Unlimited (ZCB)	4.19% <sup>(1)</sup>	05/01/15	450,000	<u>303,921</u>
				922,480
<b>Colorado 1.02%</b>				
Colorado Health Facility Authority Revenue	5.00%	09/01/16	150,000	152,607
<b>Florida 5.82%</b>				
Florida Board of Education Capital Outlay, GO Unlimited Tax, Refunding, Series A	6.625%	06/01/07	90,000	91,743
Florida Board of Education, GO Unlimited, Refunding, Series C	4.50%	06/01/28	300,000	289,845
St. Lucie County Florida Sales Tax Revenue	5.25%	10/01/23	465,000	<u>491,017</u>
				872,605
<b>Georgia 6.22%</b>				
Atlanta Development Authority Revenue	5.25%	07/01/22	500,000	513,940
Chatham County Hospital Authority Revenue, Series A	5.50%	01/01/34	405,000	<u>419,045</u>
				932,985
<b>Illinois 10.39%</b>				
Du Page County, Refunding	5.60%	01/01/21	490,000	537,951
Illinois Development Financing Authority Hospital Revenue, Adventist Health Systems	5.65%	11/15/24	435,000	460,569
Illinois Development Financing Authority Revenue, Presbyterian				
Home Lake Project, Series B	6.25%	09/01/17	250,000	255,818
Illinois Regional Transportation Authority Revenue, Series A	7.20%	11/01/20	250,000	<u>303,600</u>
				1,557,938

<sup>(1)</sup>Represents Yield

See notes to portfolios of investments and notes to financial statements.

**TAX FREE FUND****Portfolio of Investments**

June 30, 2006

<b>MUNICIPAL BONDS</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Iowa 1.95%</b>				
Davenport, Iowa, GO Unlimited, Series A	4.375%	06/01/20	\$ 300,000	\$ 292,812
<b>Kansas 9.12%</b>				
Kansas State Development Finance Authority Hospital Revenue, Series Z	5.00%	12/15/12	500,000	521,240
Kansas State Development Finance Authority Revenue	4.00%	10/01/15	250,000	246,758
University of Kansas Hospital Authority Health Facilities Revenue	5.625%	09/01/27	570,000	598,472
				<u>1,366,470</u>
<b>Maryland 2.10%</b>				
Maryland State Health & Higher Educational Facilities Authority Revenue	5.75%	07/01/21	300,000	314,805
<b>Michigan 4.01%</b>				
Detroit, Michigan Local Development Financing Authority, Refunding, Series A	5.375%	05/01/18	300,000	302,901
Macomb County Building Authority, GO Limited	4.50%	11/01/23	300,000	297,843
				<u>600,744</u>
<b>Missouri 2.79%</b>				
St. Louis Airport Development Program, Prerefunded, Series A	5.00%	07/01/11	165,000	172,770
St. Louis Airport Development Program, Unrefunded, Series A	5.00%	07/01/11	235,000	244,879
				<u>417,649</u>
<b>New Jersey 5.24%</b>				
New Jersey Health Care Facilities Financing Authority Revenue	4.375%	07/01/10	460,000	461,582
New Jersey State Transportation Authority, Series A	5.00%	06/15/13	315,000	324,623
				<u>786,205</u>
<b>New York 4.85%</b>				
New York, GO Unlimited, Prerefunded, Series H	5.25%	03/15/14	445,000	463,961
New York, GO Unlimited, Series J	5.00%	05/15/12	250,000	258,088
New York, GO Unlimited, Unrefunded, Series H	5.25%	03/15/14	5,000	5,163
				<u>727,212</u>

See notes to portfolios of investments and notes to financial statements.

**TAX FREE FUND****Portfolio of Investments**

June 30, 2006

<b>MUNICIPAL BONDS</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Ohio 3.46%</b>				
Ohio State Mental Health Facilities Revenue	5.50%	06/01/15	\$ 300,000	\$ 316,563
South Euclid Special Assessment, GO Limited Tax	6.70%	12/01/14	185,000	202,471
				519,034
<b>Pennsylvania 1.70%</b>				
Chester County Health & Educational Facilities Authority Revenue	5.00%	05/15/08	250,000	254,738
<b>Puerto Rico 2.08%</b>				
Puerto Rico Electric Power Authority Revenue, Series II	5.125%	07/01/26	300,000	311,130
<b>Rhode Island 3.77%</b>				
Rhode Island State Health & Educational Building Corporation Revenue	6.50%	08/15/32	500,000	565,390
<b>South Carolina 1.69%</b>				
South Carolina Jobs Economic Development Authority Revenue	5.00%	11/01/23	250,000	253,275
<b>Texas 5.53%</b>				
Duncanville, Texas Independent School District, GO Unlimited, Prerefunded, Series B	5.25%	02/15/32	495,000	526,299
Duncanville, Texas Independent School District, GO Unlimited, Unrefunded, Series B	5.25%	02/15/32	5,000	5,181
White Settlement, Texas Independent School District, GO Unlimited	4.125%	08/15/15	300,000	296,736
				828,216
<b>Utah 2.03%</b>				
Weber County School District, GO Unlimited, Prerefunded, Series A	5.15%	06/15/08	110,000	111,450
Weber County School District, GO Unlimited, Unrefunded, Series A	5.15%	06/15/08	190,000	192,470
				303,920
<b>Vermont 1.97%</b>				
Vermont Educational & Health Buildings Financing Agency Revenue, Vermont Law School Project, Series A	5.375%	01/01/23	300,000	295,647

See notes to portfolios of investments and notes to financial statements.

**TAX FREE FUND****Portfolio of Investments**

June 30, 2006

<b>MUNICIPAL BONDS</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Washington 3.25%</b>				
King & Snohomish Counties' School District, Series C	5.00%	06/15/10	\$ 250,000	\$ 257,045
Spokane County Washington School District, GO Unlimited	5.05%	06/01/22	255,000	230,676
				<u>487,721</u>
<b>Total Municipal Bonds</b>				13,622,463
(cost \$13,269,204)				
<b>REPURCHASE AGREEMENT 12.19%</b>				
Joint Tri-Party Repurchase Agreement, Morgan Stanley Dean Witter, 06/30/06, 4.50%, due 07/03/06, repurchase price \$1,827,961, collateralized by U.S. Treasury securities held in a joint tri-party repurchase account (cost \$1,827,276)	4.50%	07/03/06	1,827,276	1,827,276
<b>Total Investments 103.06%</b>				15,449,739
(cost \$15,096,480)				
Other assets and liabilities, net (3.06)%				<u>(458,207)</u>
<b>NET ASSETS 100%</b>			<b><u>\$14,991,532</u></b>	

See notes to portfolios of investments and notes to financial statements.



**ALL AMERICAN EQUITY FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS 81.04%</b>	<b>Shares</b>	<b>Value</b>
<b>Advertising 1.65%</b>		
Omnicom Group, Inc.	4,000	\$ 356,360
<b>Aerospace/Defense 2.69%</b>		
Raytheon Co.	7,500	334,275
The Boeing Co.	3,000	<u>245,730</u>
		580,005
<b>Agriculture 0.58%</b>		
Archer-Daniels-Midland Co.	3,000	123,840
<b>Applications Software 2.84%</b>		
American Reprographics Co.	4,000	145,000*
Microsoft Corp.	20,000	<u>466,000</u>
		611,000
<b>Auto Manufacturers 0.76%</b>		
PACCAR, Inc.	2,000	164,760
<b>Auto Parts &amp; Equipment 0.95%</b>		
Johnson Controls, Inc.	2,500	205,550
<b>Cable TV 0.26%</b>		
Stream Communications Network, Inc.	168,000	55,272*
<b>Casino Hotels 2.17%</b>		
Las Vegas Sands Corp.	6,000	467,160*
<b>Chemicals - Diversified 2.11%</b>		
FMC Corp.	4,000	257,560
PPG Industries, Inc.	3,000	<u>198,000</u>
		455,560
<b>Coal 0.52%</b>		
Peabody Energy Corp.	2,000	111,500
<b>Commercial Services 0.82%</b>		
Alliance Data Systems Corp.	3,000	176,460*
<b>Communications Software 0.52%</b>		
Smith Micro Software, Inc.	7,000	112,140*

See notes to portfolios of investments and notes to financial statements.

**ALL AMERICAN EQUITY FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Computers 0.59%</b>		
Hewlett-Packard Co.	4,000	\$ 126,720
<b>Data Processing 0.55%</b>		
MoneyGram International, Inc.	3,500	118,825
<b>Electric - Integrated 0.76%</b>		
FirstEnergy Corp.	3,000	162,630
<b>Electric Products 1.87%</b>		
Emerson Electric Co.	2,000	167,620
Molex, Inc.	7,000	234,990
		402,610
<b>Financial Services 4.62%</b>		
Citigroup, Inc.	9,000	434,160
JPMorgan Chase & Co.	4,000	168,000
U.S. Bancorp	7,500	231,600
Wachovia Corp.	3,000	162,240
		996,000
<b>Food 4.83%</b>		
Campbell Soup Co.	15,000	556,650
Kellogg Co.	10,000	484,300
		1,040,950
<b>Gold Mining 10.07%</b>		
Bema Gold Corp., Warrants (October 2007)	25,000	91,533*
Goldcorp, Inc.	45,250	1,367,469
Goldcorp, Inc., Warrants (June 2011)	61,230	711,012*
		2,170,014
<b>Industrial Gases 1.04%</b>		
Airgas, Inc.	6,000	223,500
<b>Instruments 1.50%</b>		
Applera Corp. - Applied Biosystems Group	10,000	323,500
<b>Insurance 1.53%</b>		
Assurant, Inc.	3,500	169,400
Loews Corp.	4,500	159,525
		328,925

See notes to portfolios of investments and notes to financial statements.

**ALL AMERICAN EQUITY FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Internet 1.87%</b>		
Akamai Technologies, Inc.	9,000	\$ 325,710*
Stockgroup Information Systems, Inc.	181,625	78,095*
		<u>403,805</u>
<b>Machinery 1.37%</b>		
Terex Corp.	3,000	296,100*
<b>Medical - Drugs 0.63%</b>		
Aspreva Pharmaceuticals Corp.	5,000	135,700*
<b>Medical - HMO 1.71%</b>		
WellCare Health Plans, Inc.	7,500	367,875*
<b>Medical - Laboratories 0.72%</b>		
Laboratory Corp. of America Holdings	2,500	155,575*
<b>Medical - Products 1.95%</b>		
Johnson & Johnson	7,000	419,440
<b>Multimedia 3.96%</b>		
News Corp., Class B	20,000	403,600
The Walt Disney Co.	15,000	450,000
		<u>853,600</u>
<b>Oil &amp; Gas - Integrated 0.74%</b>		
Hess Corp.	3,000	158,550
<b>Oil &amp; Gas Drilling 0.93%</b>		
Transocean, Inc.	2,500	200,800*
<b>Oil &amp; Gas Field Services 4.70%</b>		
Superior Energy Services, Inc.	7,500	254,250*
TETRA Technologies, Inc.	7,500	227,175*
Universal Compression Holdings, Inc.	4,500	283,365*
Weatherford International Ltd.	5,000	248,100*
		<u>1,012,890</u>

See notes to portfolios of investments and notes to financial statements.

**ALL AMERICAN EQUITY FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Oil &amp; Gas Refining &amp; Marketing 1.31%</b>		
Frontier Oil Corp.	5,000	\$ 162,000
Holly Corp.	2,500	120,500
		<u>282,500</u>
<b>Retail 8.89%</b>		
J.C. Penney Co., Inc.	7,500	506,325
Starbucks Corp.	8,000	302,080*
The Clorox Co.	6,000	365,820
The Pantry, Inc.	2,000	115,080*
Under Armour, Inc., Class A	4,500	191,790*
Wal-Mart Stores, Inc.	9,000	433,530
		<u>1,914,625</u>
<b>Semiconductors 1.81%</b>		
Intel Corp.	12,000	227,400
Lam Research Corp.	3,500	163,170*
		<u>390,570</u>
<b>Telecommunications 1.11%</b>		
Tellabs, Inc.	18,000	239,580*
<b>Telephone - Integrated 2.02%</b>		
BellSouth Corp.	12,000	434,400
<b>Tobacco 1.02%</b>		
Altria Group, Inc.	3,000	220,290
<b>Transportation 3.07%</b>		
Burlington Northern Santa Fe Corp.	3,500	277,375
FedEx Corp.	2,000	233,720
Frontline Ltd.	4,000	151,400
		<u>662,495</u>
<b>Total Common Stocks and Warrants</b>		<b>17,462,076</b>
(cost \$15,924,714)		

See notes to portfolios of investments and notes to financial statements.

**ALL AMERICAN EQUITY FUND****Portfolio of Investments**

June 30, 2006

<b>INDEX FUNDS 5.09%</b>	<b>Shares</b>	<b>Value</b>
DIAMONDS Trust, Series 1	4,000	\$ 447,160
iShares Lehman Aggregate Bond Fund	2,400	233,856
Oil Service HODLRs Trust	1,500	224,130
SPDR Trust, Series 1	1,500	190,920
<b>Total Index Funds</b>		<b>1,096,066</b>
(cost \$1,059,788)		
<b>PURCHASED OPTION 0.11%</b>	<b>Contracts</b>	
<b>Gold Mining 0.11%</b>		
Philadelphia Stock Exchange Gold & Silver Index, Strike Price 120, Put, Expiration Dec. 2006 (premium \$50,150)	50	23,000
<b>Total Securities</b>		<b>18,581,142</b>
<b>REPURCHASE AGREEMENT 13.68%</b>	<b>Principal Amount</b>	
Joint Tri-Party Repurchase Agreement, Morgan Stanley Dean Witter, 06/30/06, 4.50%, due 07/03/06, repurchase price \$2,949,225, collateralized by U.S. Treasury securities held in a joint tri-party repurchase account (cost \$2,948,119)	\$2,948,119	2,948,119
<b>Total Investments 99.92%</b>		<b>21,529,261</b>
(cost \$19,982,771)		
Other assets and liabilities, net 0.08%		<u>18,233</u>
<b>NET ASSETS 100%</b>		<b><u>\$21,547,494</u></b>

See notes to portfolios of investments and notes to financial statements.

**CHINA REGION OPPORTUNITY FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS 86.17%</b>	<b>Shares</b>	<b>Value</b>
<b>Advertising 3.13%</b>		
Focus Media Holding Ltd., ADR	32,500	\$ 2,117,700*
<b>Airlines 0.17%</b>		
China Eastern Airlines Corp., Ltd., H shares	850,000	117,102
<b>Airport Operations 0.94%</b>		
Beijing Capital International Airport Co., Ltd., H shares	1,000,000	637,332
<b>Banks 3.64%</b>		
Bank of China Ltd., H shares	800,000	363,086*
HSBC Holdings plc	120,000	2,101,265
		2,464,351
<b>Brewery 1.12%</b>		
Fraser & Neave Ltd.	300,000	757,935
<b>Cellular Telecommunications 4.50%</b>		
China Mobile (Hong Kong) Ltd., H shares	300,000	1,715,003
China Unicom Ltd.	1,500,000	1,332,604
		3,047,607
<b>Chemicals - Agricultural 3.26%</b>		
Sinochem Hong Kong Holdings Ltd.	2,000,000	785,399
Spur Ventures, Inc.	500,000	426,257*
Taiwan Fertilizer Co., Ltd.	600,000	997,050
		2,208,706
<b>Coal 1.73%</b>		
China Shenhua Energy Co., Ltd., H Shares	500,000	917,372
Western Canadian Coal Corp.	110,000	251,716*
		1,169,088
<b>Distribution/Wholesale 4.81%</b>		
Esprit Holdings Ltd.	200,000	1,635,176
Li & Fung Ltd.	800,000	1,622,300
		3,257,476
<b>Diversified Minerals 0.27%</b>		
Caledon Resources plc	875,000	95,098*
Erdene Gold, Inc.	100,000	82,559*

See notes to portfolios of investments and notes to financial statements.

**CHINA REGION OPPORTUNITY FUND****Portfolio of Investments**

June 30, 2006

**COMMON STOCKS****Shares****Value****Diversified Minerals (Cont'd)**

New Pacific Metals Corp.	6,700	\$ 7,816*
		185,473

**Diversified Operations 5.88%**

First Pacific Co., Ltd.	1,600,000	623,169
Keppel Corp., Ltd.	200,000	1,856,940
Melco International Development Ltd.	600,000	1,506,422
		3,986,531

**E-Commerce/Services 3.01%**

Ctrip.com International Ltd.	40,000	2,042,000
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**Electric Generation 2.05%**

China Power International Development Ltd.	2,000,000	733,898
China Resources Power Holdings Co., Ltd.	800,000	654,070
		1,387,968

**Electronics & Components 1.82%**

Hon Hai Precision Industry Co., Ltd.	200,000	1,235,502
Yageo Corp., Sponsored GDR	1	2*
		1,235,504

**Financial Services 3.53%**

Cathay Financial Holding Co., Ltd.	800,000	1,749,471
Hong Kong Exchanges & Clearing Ltd.	100,000	643,770
		2,393,241

**Food & Beverages 2.38%**

China Mengniu Dairy Co., Ltd.	800,000	1,004,281
Tingyi (Cayman Islands) Holding Corp.	1,000,000	611,581
		1,615,862

**Gas Distribution 2.92%**

Hong Kong & China Gas Co., Ltd.	900,000	1,975,730
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**Gold Mining 2.02%**

Entree Gold, Inc.	300,000	282,676*
Great China Mining, Inc.	500,000	85,000*
Olympus Pacific Minerals, Inc.	440,500	205,555*
Silk Road Resources Ltd.	235,000	313,165*
Sino Gold Ltd.	50,000	185,563*

See notes to portfolios of investments and notes to financial statements.

**CHINA REGION OPPORTUNITY FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Gold Mining (Cont'd)</b>		
Zijin Mining Group Co., Ltd., H shares	600,000	\$ 299,353
		1,371,312
<b>Health &amp; Personal Care 1.92%</b>		
Hengan International Group Co., Ltd.	800,000	1,302,990
<b>Human Resources 0.64%</b>		
51job, Inc., ADR	20,000	434,600*
<b>Insurance 2.95%</b>		
China Life Insurance Co., Ltd., H shares	500,000	788,618*
Ping An Insurance Co. of China Ltd., H shares	400,000	1,210,287
		1,998,905
<b>Internet 3.59%</b>		
Asia Broadband, Inc.	954,945	85,945*
Baidu.com, Inc.	7,500	618,975*
NetEase.com, Inc., ADR	30,000	669,900*
Tencent Holdings Ltd.	500,000	1,055,783
		2,430,603
<b>Media 0.96%</b>		
Sun New Media, Inc.	160,000	652,800*
<b>Metal - Aluminum 0.60%</b>		
Global Alumina Products Corp.	290,000	406,000*
<b>Metal - Copper 1.39%</b>		
Continental Minerals Corp.	190,000	289,855*
Toledo Mining Corp. plc	45,240	83,619*
Verona Development Corp.	36,500	44,874*
Verona Development Corp., Units (RS)	400,000	525,149*
		943,497
<b>Non-Ferrous Metals 0.11%</b>		
Sterling Group Ventures, Inc.	512,800	71,536*
<b>Oil &amp; Gas - Integrated 3.19%</b>		
PetroChina Co., Ltd., ADR	20,000	2,159,400

See notes to portfolios of investments and notes to financial statements.



**CHINA REGION OPPORTUNITY FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Oil &amp; Gas Exploration &amp; Production 3.69%</b>		
Big Sky Energy Corp.	1,000,000	\$ 1,180,000*
Big Sky Energy Corp. (RS)	100,000	112,100*
CNOOC Ltd., ADR	15,000	1,205,700
		2,497,800
<b>Paper Products 1.21%</b>		
Nine Dragons Paper Holdings Ltd.	1,000,000	817,588*
<b>Precious Metals 0.61%</b>		
Golden China Resources Corp.	267,000	59,900*
TVI Pacific, Inc.	2,265,714	355,813*
		415,713
<b>Public Thoroughfares 0.50%</b>		
Jiangsu Expressway Co., Ltd., H shares	600,000	337,979
<b>Publishing 0.15%</b>		
Lingo Media, Inc.	775,000	104,321*
<b>Real Estate Companies 2.38%</b>		
Cheung Kong Holdings Ltd.	120,000	1,300,930
Daying Modern Agricultural Co.	1	0*
Sun Hung Kai Properties Ltd.	30,000	305,919
United Overseas Land Ltd.	1,500	2,710
		1,609,559
<b>Rental - Auto &amp; Equipment 0.49%</b>		
Cosco Pacific Ltd.	150,000	332,185
<b>Retail 2.59%</b>		
China First Pencil Co., Ltd., B shares	1	0*
Parkson Retail Group Ltd.	200,000	567,805
Shanghai Friendship Group, Inc., Co., B shares	2	1
Shinsegae Co., Ltd.	1,000	500,659
Wumart Stores, Inc., H shares	200,000	688,834
		1,757,299
<b>Schools 1.35%</b>		
Capital Alliance Group, Inc.	1,213,332	914,613*

See notes to portfolios of investments and notes to financial statements.

**CHINA REGION OPPORTUNITY FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Semiconductors 1.40%</b>		
Taiwan Semiconductor Manufacturing Co., Ltd., Sponsored ADR	102,999	\$ 945,531
<b>Shipbuilding 2.48%</b>		
Hyundai Heavy Industries Co., Ltd.	15,000	1,683,795
<b>Silver Mining 2.59%</b>		
Silvercorp Metals, Inc.	136,000	1,757,437*
<b>Steel 3.26%</b>		
Angang New Steel Co., Ltd., H shares	1,200,000	1,135,610
POSCO	4,000	1,072,991
		2,208,601
<b>Telecommunications 0.94%</b>		
Foxconn International Holdings Ltd.	300,000	639,264*
<b>Total Common Stocks</b>		<b>58,392,934</b>
(cost \$53,602,770)		
<b>INDEX FUNDS 2.39%</b>		
iShares FTSE/Xinhua A50 China Tracker	60,000	490,553
iShares MSCI Japan Index Fund	15,000	204,600
iShares MSCI Singapore Index Fund	30,000	264,000
iShares MSCI South Korea Index Fund	7,500	339,375
iShares MSCI Taiwan Index Fund	25,000	320,500
<b>Total Index Funds</b>		<b>1,619,028</b>
(cost \$1,474,446)		
<b>RIGHTS 0.00%</b>		
<b>Cellular Telecommunications 0.00%</b>		
3 Italia SpA, Rights (cost \$0)	20	0*
<b>Total Securities</b>		<b>60,011,962</b>

See notes to portfolios of investments and notes to financial statements.

**CHINA REGION OPPORTUNITY FUND****Portfolio of Investments**

June 30, 2006

	<b>Principal Amount</b>	<b>Value</b>
<b>REPURCHASE AGREEMENT 15.69%</b>		
Joint Tri-Party Repurchase Agreement, Morgan Stanley Dean Witter, 06/30/06, 4.50%, due 07/03/06, repurchase price \$10,632,351, collateralized by U.S. Treasury securities held in a joint tri-party repurchase account (cost \$10,628,365)	\$10,628,365	\$10,628,365
<b>Total Investments 104.25%</b>		70,640,327
(cost \$65,705,581)		
Other assets and liabilities, net (4.25)%		<u>(2,879,184)</u>
<b>NET ASSETS 100%</b>		<b><u>\$67,761,143</u></b>

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

**COMMON STOCKS AND WARRANTS 92.79%****Agriculture 0.53%**

	Shares	Value
Archer-Daniels-Midland Co.	165,000	\$ 6,811,200

**Aluminum 1.34%**

Alcan, Inc.	300,000	14,082,000
Global Alumina Products Corp.	2,200,000	3,080,000*
		<u>17,162,000</u>

**Building Materials 2.18%**

Cemex S.A. de C.V., Sponsored ADR	7,084	403,575
Eagle Materials, Inc.	245,000	11,637,500
Martin Marietta Materials, Inc.	130,000	11,849,500
Polaris Minerals Corp.	929,100	4,002,047*
		<u>27,892,622</u>

**Coal 1.50%**

Bounty Industries Ltd.	9,500,000	1,762,844*
Coalcorp Mining, Inc.	12,288,625	7,939,884*
Coalcorp Mining, Inc., Warrants (September 2007)	500,000	53,843*
Coalcorp Mining, Inc., Warrants (February 2011)	6,916,000	1,986,019*
CONSOL Energy, Inc.	100,000	4,672,000
NEMI Northern Energy & Mining, Inc.	1,514,460	1,494,958*
Western Canadian Coal Corp.	555,000	1,270,023*
		<u>19,179,571</u>

**Data Processing & Software 0.01%**

Stockgroup Information Systems, Inc.	179,000	76,970*
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**Diamond Mining & Exploration 0.03%**

Diamond Fields International Ltd.	112,000	14,071*
Diamond Fields International Ltd., Warrants (November 2006)	112,000	0*
Diamonds North Resources Ltd.	178,000	127,787*
Metalex Ventures Ltd.	30,000	14,268*
Vaaldiam Resources Ltd.	252,000	192,220*
Verena Minerals Corp.	459,000	67,963*
		<u>416,309</u>

**Financial Services 2.97%**

CI Financial, Inc.	666,300	17,662,765*
GMP Capital Trust	886,900	18,727,291
Jovian Capital Corp.	2,010,600	1,714,066*
		<u>38,104,122</u>

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Gas &amp; Propane Distribution 0.28%</b>		
Energy Savings Income Fund	220,000	\$ 3,652,353
<b>General Metal &amp; Mineral Mining 8.99%</b>		
African Copper plc	1,530,000	1,852,324*
Altius Minerals Corp.	100,000	574,326*
Amarc Resources Ltd.	184,000	66,460*
Amerigo Resources Ltd.	685,600	1,408,915
Atacama Minerals Corp.	500,000	610,221*
Baja Mining Corp.	56,350	76,357*
Baja Mining Corp. (RS)	2,111,000	2,860,511*
Baja Mining Corp., Warrants (April 2008) (RS)	1,055,500	246,269*
Baja Mining Corp., Warrants (April 2009)	19,720	21,236*
Breakwater Resources Ltd.	270,000	300,444*
Breakwater Resources Ltd., Warrants (January 2009)	3,215,500	1,991,022*
Central African Mining & Exploration Co., plc	10,011,667	11,565,665*
Consolidated Thompson-Lundmark Gold Mines Ltd.	900,000	2,164,491*+
Constellation Copper Corp.	2,925,000	6,667,115*
Dumont Nickel, Inc.	290,500	43,014*
European Nickel plc	770,000	494,572*
EuroZinc Mining Corp.	663,500	1,601,665*
Farallon Resources Ltd.	54,700	37,797*
FXN Mining Co., Inc.	120,000	1,141,473*
Gabriel Resources Ltd.	245,600	636,949*
International Molybdenum plc	1,981,670	265,554*
International Molybdenum plc, Warrants (July 2010)	958,335	53,140*
JNR Resources, Inc.	1,525,300	1,574,097*
JSC MMC Norilsk Nickel, ADR	120,000	15,600,000
Katanga Mining Ltd.	552,000	3,120,743*
Labrador Iron Ore Royalty Trust	150,000	3,207,700
LionOre Mining International Ltd.	782,000	4,252,632*
Lundin Mining Corp.	88,125	2,598,634*
Minefinders Corp., Ltd.	468,500	3,821,658*
North American Tungsten Corp., Ltd.	155,000	157,177*
Northern Peru Copper Corp.	502,000	1,419,034*
Pacifica Resources Ltd. (RS)	500,000	323,956*
Pacifica Resources Ltd., Warrants (March 2008) (RS)	125,000	0*
Precious Metals Australia Ltd.	1,000,000	1,298,938*
Red Dragon Resources Corp.	76,000	54,561*
Red Dragon Resources Corp., Units (RS)	3,720,000	2,537,084*
Revelt Minerals, Inc.	4,645,300	5,169,087*+
Sherritt International Corp.	1,020,000	10,224,256
Skye Resources, Inc.	400,000	3,248,531*
Southwestern Resources Corp.	5,000	43,164*
Sterling Group Ventures, Inc.	525,700	73,335*
Teck Cominco Ltd., Class B	215,000	12,922,960
Tenke Mining Corp.	607,000	6,808,902*

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>General Metal &amp; Mineral Mining (Cont'd)</b>		
Titanium Resources Group Ltd.	1,000,000	\$ 1,367,779*
Toledo Mining Corp. plc	381,000	704,221*
Victoria Resources Corp.	29,000	13,533*
Zimasco Consolidated Enterprises Ltd. (RS)	22,000	4,840*
		115,226,342
<b>Gold &amp; Copper Mining 3.30%</b>		
Continental Minerals Corp.	233,500	356,217*
Corriente Resources, Inc.	3,000	13,542*
European Minerals Corp.	1,540,750	1,313,512*
European Minerals Corp., Warrants (December 2008)	219,125	88,488*
European Minerals Corp., Warrants (April 2010)	1,001,000	386,261*
European Minerals Corp., Warrants (March 2011)	665,000	274,510*
Fortress Minerals Corp.	700,000	716,113*
Ivanhoe Mines Ltd.	1,745,000	11,838,471*
Northern Dynasty Minerals Ltd.	775,000	6,822,587*
Northern Dynasty Minerals Ltd., Warrants (September 2006)	400,000	1,726,567*
Northern Orion Resources, Inc.	2,011,620	9,892,473*
Northern Orion Resources, Inc., Warrants (May 2008)	1,433,900	4,954,023*
Northern Orion Resources, Inc., Warrants (February 2010)	571,550	1,256,605*
Northgate Minerals Corp.	115,500	424,190*
Northgate Minerals Corp., Warrants (December 2006)	1,006,900	1,238,600*
Taseko Mines Ltd.	165,000	420,514*
Taseko Mines Ltd., Warrants (September 2006)	500,000	529,457*
		42,252,130
<b>Gold Mining 8.04%</b>		
Agnico-Eagle Mines Ltd., Warrants (November 2007)	17,000	277,950*
American Gold Capital Corp.	663,300	1,154,756*
Arizona Star Resource Corp.	15,300	175,057*
Bema Gold Corp., Warrants (October 2007)	730,800	2,675,698*
Caledon Resources plc	5,970,000	648,837*
Cambior, Inc., Warrants (August 2008)	354,000	276,376*
Century Mining Corp.	258,896	281,118*
Century Mining Corp., Warrants (March 2007)	500,000	345,493*
Corona Gold Ltd.	50,000	371*
Crowflight Minerals, Inc.	1,160,000	281,061*
Crystallex International Corp.	254,500	732,960*
Entree Gold, Inc.	495,000	466,415*
Gammon Lake Resources, Inc.	66,000	906,771*
Glencairm Gold Corp.	700,000	471,127*
Glencairm Gold Corp., Warrants (November 2008)	345,000	105,263*
Gold Fields Ltd.	265,000	5,997,904
Gold Fields Ltd., Sponsored ADR	60,000	1,374,000
Goldcorp, Inc.	826,268	24,970,059

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Gold Mining (Cont'd)</b>		
Goldcorp, Inc., Warrants (June 2011)	1,249,908	\$ 14,514,109*
Great Basin Gold Ltd.	49,000	84,564*
Great China Mining, Inc.	649,750	110,458*
Harmony Gold Mining Co., Ltd., Sponsored ADR	250,000	4,072,500*
IAMGOLD Corp.	280,000	2,492,574
International Royalty Corp.	480,000	1,929,735*
Kinross Gold Corp.	265,000	2,894,109*
Kinross Gold Corp., Warrants (December 2007)	1,170,300	997,698*
Medoro Resources Ltd.	837,713	526,225*
Meridian Gold, Inc.	32,000	1,013,760*
Metallic Ventures Gold, Inc.	10,000	17,858*
Metallica Resources, Inc.	276,000	844,582*
Metallica Resources, Inc., Warrants (December 2008)	200,000	240,499*
Mexgold Resources, Inc.	461,000	2,974,460*
Moto Goldmines Ltd.	200,000	915,332*
Nevada Pacific Gold Ltd.	371,648	480,256*
Olympus Pacific Minerals, Inc.	485,000	226,320*
Pacific Ridge Exploration Ltd.	125,000	28,043*
Pacific Rim Mining Corp.	105,000	80,850*
Planet Exploration, Inc.	160,000	61,740*
Polyus Gold Co., ADR	20,000	860,000*
Polyus Gold Co., Class S	60,000	2,580,000*
QGX Ltd.	389,800	692,605*
Radius Gold, Inc.	9,600	5,427*
Randgold Resources Ltd., ADR	152,000	3,192,000*
Red Back Mining, Inc.	770,000	2,411,540*
Red Back Mining, Inc., Warrants (July 2007)	150,000	200,565*
Reunion Gold Corp.	200,000	116,660*
Reunion Gold Corp., Warrants (December 2008)	100,000	0*
Ridge Mining plc	575,000	401,207*
Rio Narcea Gold Mines Ltd., Warrants (September 2008)	217,500	61,482*
Royal Roads Corp.	1,520,000	238,704*
Silk Road Resources Ltd.	265,000	353,143*
St. Andrew Goldfields Ltd.	15,500	26,428*
Stingray Resources, Inc.	125,000	94,225*
TLC Ventures Corp.	432,600	291,156*
TVI Pacific, Inc.	5,867,428	921,434*
Vedron Gold, Inc.	10,991	3,353*
Virginia Gold Mines, Inc.	320,100	1,163,373*
Wolfden Resources, Inc.	746,800	1,976,991*
X-Cal Resources Ltd.	412,500	133,262*
Yamana Gold, Inc.	15,000	147,530*
Yamana Gold, Inc., Warrants (November 2008)	2,561,900	11,495,042*
		103,013,015

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Mining Equipment &amp; Services 1.34%</b>		
Dynatec Corp.	3,405,700	\$ 4,125,899*
Joy Global, Inc.	250,000	<u>13,022,500</u>
		17,148,399
<b>Oil &amp; Gas - Integrated 8.17%</b>		
ConocoPhillips	100,000	6,553,000
Novy Neft II Limited	60,000	2,799,900*
Oao Gazprom, Sponsored ADR	580,000	24,389,000
Petro-Canada	270,000	12,806,473
PetroChina Co., Ltd., ADR	80,000	8,637,600
Petroleo Brasileiro S.A., ADR	357,000	28,502,880
Suncor Energy, Inc.	260,000	<u>21,062,600</u>
		104,751,453
<b>Oil &amp; Gas Drilling 4.11%</b>		
ENSCO International, Inc.	175,000	8,053,500
Global Santa Fe Corp.	200,000	11,550,000
Leader Energy Services Ltd.	1,377,000	4,077,803*
Nabors Industries, Ltd.	100,000	3,379,000*
Rowan Companies, Inc.	128,200	4,562,638
Savanna Energy Services Corp.	220,000	4,515,098*
Transocean, Inc.	150,000	12,048,000*
Xtreme Coil Drilling Corp.	450,000	<u>4,442,051*</u>
		52,628,090
<b>Oil &amp; Gas Equipment &amp; Services 11.49%</b>		
Bristow Group, Inc.	112,400	4,046,400*
Calfrac Well Services Ltd.	204,500	4,404,361
Cameron International Corp.	150,000	7,165,500*
Canadian Sub-Surface Energy Services Corp. (RS)	80,000	443,308*
Divestco, Inc.	1,000,000	4,083,098*
Grant Prideco, Inc.	255,000	11,411,250*
Halliburton Co.	185,000	13,728,850
Horizon North Logistics, Inc. (RS)	65,229	0*
Horizon North Logistics, Inc., Warrants (August 2006) (RS)	45,900	0*
Hyduke Energy Services, Inc.	525,000	1,220,218*
Hyduke Energy Services, Inc., Warrants (June 2007)	262,500	0*
McDermott International, Inc.	472,500	21,484,575*
Mullen Group Income Fund	226,644	5,877,876
Oil States International, Inc.	285,000	9,769,800*
Pure Energy Services Ltd.	45,000	819,760*
Saxon Energy Services, Inc.	1,110,000	4,203,527*
Saxon Energy Services, Inc., Warrants (November 2006)	180,000	0*
Schlumberger Ltd.	305,000	<u>19,858,550</u>

See notes to portfolios of investments and notes to financial statements.



**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Oil &amp; Gas Equipment &amp; Services (Cont'd)</b>		
Trican Well Service Ltd.	531,500	\$ 10,636,200
Veritas DGC, Inc.	110,000	5,673,800*
Weatherford International Ltd.	248,000	12,305,760*
W-H Energy Services, Inc.	200,000	10,166,000*
		147,298,833
<b>Oil &amp; Gas Exploration &amp; Production - Junior 11.31%</b>		
Aberdeen International, Inc.	250,250	175,165*
Anderson Energy Ltd., S/R	50,000	228,833*
Bankers Petroleum Ltd.	2,600,000	1,749,899*
Bankers Petroleum Ltd., Warrants (November 2009)	2,565,500	874,851*
Big Sky Energy Corp.	3,866,100	4,561,998*
Big Sky Energy Corp. (RS)	1,400,000	1,569,400*
Birchcliff Energy Ltd.	200,000	960,201*
Choice Resources Corp.	1,831,500	1,397,025*
Dune Energy, Inc. (RS)	377,358	1,090,414*
Energy XXI Acquisition Corp.	419,000	2,157,850*
Energy XXI Acquisition Corp., Warrants (October 2009)	790,000	900,600*
Exile Resources, Inc.	78,675	42,361*+
Exile Resources, Inc. (RS)	2,100,000	1,074,169*+
Exile Resources, Inc., Warrants (May 2008) (RS)	1,050,000	0*
Exploration Company of Delaware	860,000	9,167,600*
Gastar Exploration Ltd.	702,000	1,669,404*
Geopark Holdings Ltd., 144A	780,000	3,957,502*
Goodrich Petroleum Corp.	339,600	9,641,244*
Gran Tierra Energy, Inc.	265,350	875,655*
Gran Tierra Energy, Inc., Units (RS)	3,100,000	12,000,100*
Grove Energy Ltd.	1,600,000	1,033,787
Ivanhoe Energy, Inc.	300,000	732,265*
Ivory Energy, Inc., Units	1,666,500	1,099,186*
Kereco Energy Ltd.	200,000	1,920,402*
Legacy Energy LLC, 144A (RS)	263,158	5,000,000*
Mission Oil & Gas, Inc.	990,800	12,661,185*
Orleans Energy Ltd.	40,500	212,613*
Pacific Stratus Energy Ltd.	747,000	2,145,107*+
Pacific Stratus Energy Ltd., Warrants (August 2006)	150,000	0*
Pacific Stratus Energy Ltd., Warrants (July 2007)	160,000	28,716*
Pan-Ocean Energy Corp., Ltd.	252,000	9,945,672*
Pearl Exploration and Production Ltd.	109,000	513,528*
Petrobank Energy & Resources Ltd.	494,500	6,753,973*
PetroWorld Corp.	2,000,000	897,384*+
PetroWorld Corp., Warrants (July 2010)	1,000,000	0*
Salinas Energy Ltd.	1,075,000	406,939*
Signal Energy, Inc.	1,124,800	1,231,441*
Sound Oil plc	14,005,500	1,617,942*

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Oil &amp; Gas Exploration &amp; Production - Junior (Cont'd)</b>		
Tanganyika Oil Co., Ltd.	199,600	\$ 1,979,252*
Trident Resources Corp., Units (RS)	80,000	5,000,000
Tyner Resources Ltd.	890,000	391,349*
Tyner Resources Ltd., Warrants (May 2007)	425,000	0*
Valkyries Petroleum Corp.	382,300	4,463,340*
Verona Development Corp.	407,300	500,741*
Warren Resources, Inc.	670,000	9,621,200*
White Nile Ltd.	12,219,000	22,697,914*
		<u>144,948,207</u>
<b>Oil &amp; Gas Exploration &amp; Production - Senior 6.44%</b>		
Duvernay Oil Corp.	60,000	2,110,109*
EnCana Corp.	415,000	21,860,753
Galleon Energy, Inc., Class A	275,600	5,361,877*
Newfield Exploration Co.	200,000	9,788,000*
Nexen, Inc.	360,000	20,320,366
Niko Resources Ltd.	100,000	5,657,110
OPTI Canada, Inc.	510,000	10,457,666*
Southwestern Energy Co.	225,000	7,011,000*
		<u>82,566,881</u>
<b>Oil &amp; Gas Refining &amp; Marketing 3.64%</b>		
Frontier Oil Corp.	430,000	13,932,000
Tesoro Corp.	100,000	7,436,000
Valero Energy Corp.	380,000	25,277,600
		<u>46,645,600</u>
<b>Oil &amp; Gas Royalty Trusts 7.88%</b>		
ARC Energy Trust	165,000	4,145,915
Baytex Energy Trust	520,000	11,292,682
Bonavista Energy Trust	300,000	9,422,533
Canadian Oil Sands Trust	525,000	16,960,560
Crescent Point Energy Trust	453,100	8,876,182
Daylight Energy Trust	375,000	3,701,710
Enerplus Resources Fund	140,000	7,873,598
Harvest Energy Trust	350,000	10,430,744
Penn West Energy Trust	310,000	12,490,690
San Juan Basin Royalty Trust	100,000	3,895,000
Sequoia Oil & Gas Trust	295,000	4,307,130
Vermilion Energy Trust	245,000	7,596,132
		<u>100,992,876</u>

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Platinum Group Metals 0.69%</b>		
African Minerals, Special Warrants (RS)	12,500	\$ 41,250*
African Platinum plc	6,485,000	3,955,561*
Anooraq Resources Corp.	750,000	625,925*
Aquarius Platinum Ltd.	6,862	100,593
Beartooth Platinum Corp.	2,480,000	300,444*
Eastern Platinum Ltd.	904,000	1,095,168*
Eastern Platinum Ltd. (RS)	1,800,000	2,072,419*
Eastern Platinum Ltd., Warrants (April 2008)	200,500	210,513*
Eastern Platinum Ltd., Warrants (March 2009) (RS)	900,000	0*
Osmium Holdings S.A. (RS)	104	10,400*
Pacific North West Capital Corp.	6,000	2,100*
Platinum Group Metals Ltd.	242,700	413,811*
SouthernEra Diamonds, Inc., Warrants (November 2008)	100,000	5,833*
		<u>8,834,017</u>
<b>Potash &amp; Agricultural Fertilizers 0.03%</b>		
Spur Ventures, Inc.	435,000	370,844*
<b>Power Technology 0.34%</b>		
Dynex Power, Inc.	660,000	71,073*
Dynex Power, Inc., Warrants (August 2006)	330,000	0*
Gamesa Corporacion Tecnologica, S.A.	200,000	4,284,024
		<u>4,355,097</u>
<b>Silver Mining 2.24%</b>		
Pan American Silver Corp., Warrants (February 2008)	42,400	361,466*
Silver Wheaton Corp.	50,000	471,127*
Silver Wheaton Corp., Warrants (August 2009)	6,905,770	9,047,807*
Silver Wheaton Corp., Warrants (November 2009)	4,275,720	5,179,900*
Silver Wheaton Corp., Warrants (December 2010)	1,348,440	6,110,847*
Silvercorp Metals, Inc.	445,000	5,750,437*
Silvercorp Metals, Inc., Warrants (September 2006)	200,000	1,758,873*
		<u>28,680,457</u>
<b>Steel 3.20%</b>		
Chaparral Steel Co.	50,000	3,626,500*
Nucor Corp.	210,000	11,392,500
Russel Metals, Inc.	562,400	13,071,441
United States Steel Corp.	185,000	12,972,200
		<u>41,062,641</u>

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Sugar/Ethanol 1.16%</b>		
Cosan S.A. Industria e Comercio	165,000	\$ 10,636,553*
Infinity Bio-Energy Ltd.	687,400	3,608,850*
Infinity Bio-Energy Ltd., Warrants (May 2010)	1,374,800	659,904*
		14,905,307
<b>Transportation 1.02%</b>		
Burlington Northern Santa Fe Corp.	165,000	13,076,250
<b>Uranium 0.56%</b>		
Khan Resources Inc., Special Warrants (RS)	400,000	358,954*
UMC Energy plc	1,000,000	425,121*+
UMC Energy plc, Warrants (January 2007)	500,000	0*
UrAsia Energy Ltd.	1,635,850	4,110,360*
Western Prospector Group Ltd.	1,143,000	2,287,333*
		7,181,768
<b>Total Common Stocks and Warrants</b>		1,189,233,354
(cost \$1,002,502,644)		

<b>CONVERTIBLE DEBENTURES 0.13%</b>	<b>Principal Amount</b>	
<b>Oil &amp; Gas Exploration &amp; Production - Junior 0.13%</b>		
Gastar Exploration Ltd., 9.75%, maturity 11/12/09	\$ 1,500,000	816,300
Ivory Energy, Inc., 10.00%, maturity 12/15/07	CAD 1,000,000	897,384
		1,713,684
<b>Total Convertible Debentures</b>		1,713,684
(cost \$2,327,472)		

<b>NOTE UNIT 0.52%</b>		
<b>Oil &amp; Gas Exploration &amp; Production - Junior 0.52%</b>		
Pacific Stratus Energy Ltd., 13.00%, maturity 6/14/11(RS)		
(cost \$6,785,196)	CAD 7,480,000	6,712,434

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

**PURCHASED OPTIONS 2.82%** **Contracts** **Value****Aluminum 0.05%**

Alcan, Inc., Strike Price 40, Call, Expiration Jan. 2008 (premium \$901,500)	500	\$ 665,000
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**Chemicals - Diversified 0.01%**

Lyondell Chemical Co., Strike Price 30, Call, Expiration Jan. 2007 (premium \$470,482)	1,500	52,500
The Dow Chemical Co., Strike Price 45, Call, Expiration Jan. 2007 (premium \$216,490)	500	42,500
		<u>95,000</u>

**Coal 0.41%**

CONSOL Energy, Inc., Strike Price 35, Call, Expiration Jan. 2007 (premium \$766,400)	800	1,120,000
Peabody Energy Corp., Strike Price 35, Call, Expiration Jan. 2007 (premium \$1,252,114)	1,100	2,519,000
Peabody Energy Corp., Strike Price 45, Call, Expiration Jan. 2007 (premium \$990,650)	1,050	1,575,000
		<u>5,214,000</u>

**General Metal & Mineral Mining 0.01%**

Teck Cominco Ltd., Strike Price 70, Call, Expiration Jan. 2007 (premium \$106,004)	200	124,736
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**Gold Mining 0.25%**

Barrick Gold Corp., Strike Price 20, Call, Expiration Jan. 2007 (premium \$287,550)	200	255,000
Barrick Gold Corp., Strike Price 20, Call, Expiration Jan. 2008 (premium \$327,798)	225	263,250
Barrick Gold Corp., Strike Price 20, Call, Expiration Jan. 2009 (premium \$63,650)	50	51,000
Barrick Gold Corp., Strike Price 25, Call, Expiration Jan. 2007 (premium \$200,600)	200	120,000
Barrick Gold Corp., Strike Price 25, Call, Expiration Jan. 2008 (premium \$244,671)	225	186,750
Barrick Gold Corp., Strike Price 25, Call, Expiration Jan. 2009 (premium \$48,650)	50	50,000
Philadelphia Stock Exchange Gold & Silver Index, Strike Price 110, Put, Expiration Dec. 2006 (premium \$2,251,760)	3,100	837,000
Philadelphia Stock Exchange Gold & Silver Index, Strike Price 120, Put, Expiration Dec. 2006 (premium \$3,501,240)	3,100	1,426,000
		<u>3,189,000</u>

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

<b>PURCHASED OPTIONS</b>	<b>Contracts</b>	<b>Value</b>
<b>Index Fund 1.42%</b>		
Energy Select Sector SPDR Fund, Strike Price 48, Call, Expiration Jan. 2007 (premium \$1,511,000)	2,000	\$ 2,160,000
Energy Select Sector SPDR Fund, Strike Price 52, Call, Expiration Sept. 2006 (premium \$87,000)	250	162,500
Energy Select Sector SPDR Fund, Strike Price 55, Call, Expiration Sept. 2006 (premium \$3,130,900)	10,750	4,515,000
Oil Service HOLDERS Trust, Strike Price 130, Call, Expiration Jan. 2007 (premium \$5,711,390)	2,425	6,959,750
Oil Service HOLDERS Trust, Strike Price 140, Call, Expiration Oct. 2006 (premium \$2,696,222)	1,825	3,339,750
Oil Service HOLDERS Trust, Strike Price 150, Call, Expiration Jan. 2007 (premium \$1,066,000)	675	<u>1,086,750</u>
		18,223,750
<b>Oil &amp; Gas - Integrated 0.18%</b>		
Suncor Energy, Inc., Strike Price 75, Call, Expiration Jan. 2008 (premium \$1,200,430)	600	1,251,000
Suncor Energy, Inc., Strike Price 80, Call, Expiration Jan. 2008 (premium \$1,071,300)	600	<u>1,122,000</u>
		2,373,000
<b>Oil &amp; Gas Drilling 0.26%</b>		
Global Santa Fe Corp., Strike Price 50, Call, Expiration Jan. 2007 (premium \$668,100)	700	791,000
Transocean, Inc., Strike Price 60, Call, Expiration Jan. 2008 (premium \$1,358,592)	900	<u>2,520,000</u>
		3,311,000
<b>Oil &amp; Gas Equipment &amp; Services 0.15%</b>		
Schlumberger Ltd., Strike Price 50, Call, Expiration Jan. 2007 (premium \$1,369,890)	1,100	1,903,000
<b>Oil &amp; Gas Exploration &amp; Production - Senior 0.00%</b>		
EnCana Corp., Strike Price 40, Put, Expiration July 2006 (premium \$174,731)	662	3,310
<b>Oil &amp; Gas Refining &amp; Marketing 0.01%</b>		
Frontier Oil Corp., Strike Price 30, Call, Expiration Jan. 2007 (premium \$76,600)	200	106,000

See notes to portfolios of investments and notes to financial statements.

**GLOBAL RESOURCES FUND****Portfolio of Investments**

June 30, 2006

<b>PURCHASED OPTIONS</b>	<b>Contracts</b>	<b>Value</b>
<b>Silver Mining 0.00%</b>		
Silver Wheaton Corp., Strike Price 7.50, Put, Expiration Sept. 2006 (premium \$95,688)	1,000	\$ 35,000
<b>Transportation 0.07%</b>		
Burlington Northern Santa Fe Corp., Strike Price 65, Call, Expiration Jan. 2007 (premium \$606,500)	500	882,500
<b>Total Purchased Options</b> (cost \$32,453,902)		36,125,296
<b>Total Securities</b>		1,233,784,768
<b>REPURCHASE AGREEMENT 4.59%</b>		
	<b>Principal Amount</b>	
Joint Tri-Party Repurchase Agreement, Morgan Stanley Dean Witter, 06/30/06, 4.50%, due 07/03/06, repurchase price \$58,840,967, collateralized by U.S. Treasury securities held in a joint tri-party repurchase account (cost \$58,818,910)	\$ 58,818,910	58,818,910
<b>Total Investments 100.85%</b> (cost \$1,102,888,124)		1,292,603,678
Other assets and liabilities, net (0.85)%		(10,939,197)
<b>NET ASSETS 100%</b>		<b><u>\$1,281,664,481</u></b>

See notes to portfolios of investments and notes to financial statements.

**WORLD PRECIOUS MINERALS FUND****Portfolio of Investments**

June 30, 2006

**COMMON STOCKS AND WARRANTS 78.76% Shares Value****Data Processing & Software 0.05%**

Stockgroup Information Systems, Inc.	1,050,000	\$ 451,500*
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**Diamond Mining & Exploration 0.86%**

Aber Diamond Corp.	87,000	2,670,857
Diagem International Resource Corp.	1,008,000	117,593*
Diamond Fields International Ltd.	1,715,000	215,462*
Diamond Fields International Ltd., Warrants (November 2006)	512,000	0*
Diamonds North Resources Ltd.	2,650,400	1,902,742*+
Kimberley Diamond Co. NL	500,000	460,195*
Metalex Ventures Ltd.	101,000	48,037*
Shore Gold, Inc.	348,000	1,552,080*
SouthernEra Diamonds, Inc., Warrants (November 2008)	100,000	5,833*
Tahera Diamond Corp.	161,600	334,990*
Vaaldiam Resources Ltd.	758,000	578,185*
		<u>7,885,974</u>

**Financial Services 0.81%**

GMP Capital Trust	272,800	5,760,294
Jovian Capital Corp.	1,988,100	1,694,885*
		<u>7,455,179</u>

**Gold Royalty Company 0.23%**

Aberdeen International, Inc.	2,207,500	1,545,161*+
Aberdeen International, Inc., Warrants (December 2007)	1,000,000	0*
International Royalty Corp.	135,000	542,738*
		<u>2,087,899</u>

**Gold/Mineral Exploration & Development 17.57%**

African Minerals, Special Warrants (RS)	112,500	371,250*
African Platinum plc	11,681,967	7,125,480*
AfriOre Ltd.	1,963,900	9,076,219*
Alamos Gold, Inc.	902,100	7,285,772*
Amarc Resources Ltd.	597,545	215,832*
American Gold Capital Corp.	1,641,900	2,858,425*+
Amerix Precious Metals Corp.	510,300	425,880*
Andina Minerals, Inc.	187,000	251,716*
Anooraq Resources Corp.	3,394,900	2,828,349*
Arizona Star Resource Corp.	379,600	4,343,249*
Atikwa Minerals Corp.	2,288,333	133,478*+
Atlas Cromwell Ltd.	667,500	778,705*
Atlas Cromwell Ltd., 144A, Units (RS)	400,000	536,995*
AuEx Ventures, Inc.	63,700	105,752*
Aurizon Mines Ltd.	180,000	500,740*

See notes to portfolios of investments and notes to financial statements.



**WORLD PRECIOUS MINERALS FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Gold/Mineral Exploration &amp; Development (Cont'd)</b>		
Baja Mining Corp.	116,900	\$ 158,405*
Baja Mining Corp. (RS)	1,055,500	1,430,255*
Baja Mining Corp., Warrants (April 2008) (RS)	527,750	123,135*
Baja Mining Corp., Warrants (April 2009)	496,040	534,166*
Beartooth Platinum Corp.	3,534,500	428,194*
Bendigo Mining NL	1,201,000	1,533,281*
Bolnisi Gold NL	1,000,000	1,840,780
Caledon Resources plc	20,290,000	2,205,178*+
Candente Resource Corp.	260,000	226,320*
Central African Gold plc	4,825,000	1,360,039*
Central African Mining & Exploration Co., plc	2,510,000	2,899,599*
Coalcorp Mining, Inc.	517,500	334,365*
Coalcorp Mining, Inc., Warrants (February 2011)	204,000	58,581*
Continental Minerals Corp.	641,500	978,642*
Continental Precious Minerals, Inc.	256,000	578,921*
Coral Gold Resources Ltd.	54,200	198,930*
Corona Gold Ltd.	812,500	6,031*
Corriente Resources, Inc.	494,300	2,231,192*
Crown Resources Corp.	161,500	524,875*
Dumont Nickel, Inc.	1,855,500	274,741*
Eastern Platinum Ltd.	3,796,425	4,599,250*
Eastern Platinum Ltd., Warrants (April 2008)	799,000	838,902*
ECU Silver Mining, Inc.	987,000	2,612,869*
Erdene Gold, Inc.	524,900	433,354*
European Minerals Corp.	1,579,800	1,346,803*
European Minerals Corp., Warrants (December 2008)	1,904,200	768,959*
European Minerals Corp., Warrants (April 2010)	1,893,500	730,655*
European Minerals Corp., Warrants (March 2011)	2,374,000	979,979*
European Nickel plc	400,000	256,921*
EXMIN Resources, Inc.	1,504,000	276,681*
EXMIN Resources, Inc., Warrants (February 2007)	500,000	0*
Farallon Resources Ltd.	2,447,500	1,691,188*
First Point Minerals Corp.	1,761,500	308,245*
Fortress Minerals Corp.	441,000	451,151*
Frontier Pacific Mining Corp.	1,538,000	579,674*
Gabriel Resources Ltd.	1,321,300	3,426,712*
GBS Gold International, Inc.	739,100	1,160,699*
Gold Reserve, Inc.	272,600	1,567,992*
Gold Summit Corp.	329,000	59,048*
Golden China Resources Corp.	1,793,000	402,252*
Golden Odyssey Mining, Inc.	1,473,500	350,408*
Grandview Gold, Inc.	584,000	581,720*+
Grandview Gold, Inc. (RS)	700,000	662,718*+
Grandview Gold, Inc., Warrants (August 2006)	200,000	0*
Grandview Gold, Inc., Warrants (July 2009) (RS)	350,000	0*
Great Basin Gold Ltd.	1,456,300	2,509,172*

See notes to portfolios of investments and notes to financial statements.

**WORLD PRECIOUS MINERALS FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Gold/Mineral Exploration &amp; Development (Cont'd)</b>		
Guyana Goldfields, Inc.	87,000	\$ 628,483*
Inca Pacific Resources, Inc.	198,000	142,146*
Inca Pacific Resources, Inc., Warrants (November 2006)	900,000	0*
International Molybdenum plc	1,105,000	148,076*
Ivanhoe Mines Ltd.	1,134,500	7,696,685*
Katanga Mining Ltd.	15,200	85,934*
Kings Minerals NL	8,376,266	1,709,753*
Lake Shore Gold Corp.	559,000	902,948*
Latitude Resources plc	3,000,000	304,978*
Laurion Gold, Inc.	175,000	23,556*
Laurion Gold, Inc., Special Warrants	1,500,000	67,304*
Linear Gold Corp.	1,033,600	4,628,406*
Medoro Resources Ltd.	267,857	168,259*
Medoro Resources Ltd., 144A	188,285	118,275*
Metallic Ventures Gold, Inc.	1,267,200	2,262,959*
Metallic Ventures Gold, Inc., Warrants (March 2009)	304,500	87,441*
Metallica Resources, Inc.	350,000	1,071,028*
Metallica Resources, Inc., Warrants (December 2008)	1,165,300	1,401,267*
Minefinders Corp., Ltd.	1,033,800	8,432,936*
Mirasol Resources Ltd.	115,000	65,015*
Moss Lake Gold Mines Ltd.	2,698,500	702,261*+
Moto Goldmines Ltd.	1,041,700	4,767,506*
Moto Goldmines Ltd., Warrants (August 2007)	137,500	228,272*
Moydow Mines International, Inc.	178,000	38,336*
Northern Dynasty Minerals Ltd.	597,700	5,261,755*
Northern Dynasty Minerals Ltd., Warrants (September 2006)	100,000	431,642*
NovaGold Resources, Inc.	110,000	1,412,572*
NovaGold Resources, Inc., Warrants (January 2008)	4,100	19,500*
NovaGold Resources, Inc., Warrants (October 2008)	25,400	194,885*
Odyssey Resources Ltd.	1,774,000	238,794*
Olympus Pacific Minerals, Inc.	1,415,000	660,295*
Osmium Holdings S.A. (RS)	891	89,100*
Oxus Gold plc	250,000	242,596*
Pacific North West Capital Corp.	1,664,466	582,529*
Pacific Rim Mining Corp.	5,099,600	3,926,481*
Peru Copper Corp.	351,975	1,809,859*
Planet Exploration, Inc.	654,000	252,362*
Platinum Group Metals Ltd.	465,200	793,180*
Platte River Gold U.S., Inc. (RS)	773,500	1,547,000*
Platte River Gold U.S., Inc., Warrants (March 2009) (RS)	195,000	0*
QGX Ltd.	943,900	1,677,141*
Radius Gold, Inc.	1,413,700	799,238*
Red Hill Energy, Inc.	171,900	117,238*
Reunion Gold Corp.	1,253,000	730,875*
Reunion Gold Corp., Warrants (December 2008)	150,000	0*
Ridge Mining plc	1,185,000	826,836*

See notes to portfolios of investments and notes to financial statements.

**WORLD PRECIOUS MINERALS FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Gold/Mineral Exploration &amp; Development (Cont'd)</b>		
Romarco Minerals, Inc.	7,980,853	\$ 1,503,997*+
Romarco Minerals, Inc., Warrants (September 2007)	5,682,353	0*
Rubicon Minerals Corp.	207,900	259,327*
Solitario Resources Corp.	539,300	1,379,284*
Southwestern Resources Corp.	27,000	233,087*
St. Andrew Goldfields Ltd.	802,150	1,367,690*
Stingray Resources, Inc.	375,000	282,676*
Stratagold Corp.	1,351,100	1,600,442*
Strongbow Exploration, Inc.	775,000	396,419*
Sydney Resource Corp.	676,000	236,586*
Tenke Mining Corp.	261,000	2,927,716*
TLC Ventures Corp.	1,763,700	1,187,037*
Tone Resources Ltd.	148,500	230,542*
Vedron Gold, Inc.	5,829,501	1,778,643*+
Vedron Gold, Inc., Warrants (December 2006)	425,000	0*
Verena Minerals Corp.	1,747,000	258,675*
Viceroy Exploration Ltd.	48,000	361,825*
Victoria Resources Corp.	174,000	81,195*
Virginia Gold Mines, Inc.	513,800	1,867,358*
Wesdome Gold Mines Ltd.	311,600	559,250*
Western Exploration & Development Ltd., 144A, Special Warrants (RS)	600,000	30,000*
White Knight Resource Ltd.	1,754,900	3,559,092*
Wolfden Resources, Inc.	703,200	1,861,570*
X-Cal Resources Ltd.	3,456,000	1,116,489*
Yilgarn Mining Ltd.	19,026	2,895*
		<hr/> 161,736,321

**Intermediate & Junior Gold Producers 29.52%**

Agnico-Eagle Mines Ltd., Warrants (November 2007)	834,900	13,651,683*
Apollo Gold Corp., Warrants (December 2006)	333,500	0*
Avnel Gold Mining Ltd.	1,900	1,790*
Avnel Gold Mining Ltd., Warrants (June 2010)	10,000	5,609*
Bema Gold Corp., Warrants (October 2007)	3,762,580	13,776,037*
Cambior, Inc.	1,119,000	3,037,556*
Cambior, Inc., Warrants (October 2006)	760,300	136,456*
Cambior, Inc., Warrants (August 2008)	1,776,025	1,386,586*
Century Mining Corp.	2,856,725	3,101,931*
Century Mining Corp., Warrants (March 2007)	500,000	345,493*
Crystalex International Corp.	628,000	1,808,640*
Dynatec Corp.	2,565,200	3,107,659*
Eldorado Gold Corp.	264,000	1,284,049*
Emperor Mines Ltd.	1,030,000	286,694*
Gammon Lake Resources, Inc.	55,000	755,642*
Glamis Gold Ltd.	125,400	4,753,438*
Glencairn Gold Corp.	3,183,000	2,142,280*

See notes to portfolios of investments and notes to financial statements.

**WORLD PRECIOUS MINERALS FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Intermediate &amp; Junior Gold Producers (Cont'd)</b>		
Glencairn Gold Corp., Warrants (November 2008)	1,471,500	\$ 448,970*
Golden Star Resources Ltd., Warrants (February 2007)	358,500	209,113*
Harmony Gold Mining Co., Ltd., Sponsored ADR	78,000	1,270,620*
Hecla Mining Co.	400,000	2,100,000*
Herald Resources Ltd.	1,000,000	957,503*
High River Gold Mines Ltd.	1,702,500	3,513,932*
IAMGOLD Corp.	470,909	4,191,972
Jaguar Mining, Inc.	318,100	1,313,106*
Jaguar Mining, Warrants (December 2007)	8,000	9,512*
Kingsgate Consolidated Ltd.	319,459	1,218,789
Kinross Gold Corp.	231,000	2,522,789*
Kinross Gold Corp., Warrants (December 2007)	3,604,400	3,072,805*
Leviathan Resources Ltd.	311,110	144,326*
LionOre Mining International Ltd.	454,700	2,472,726*
Meridian Gold, Inc.	770,500	24,402,768*
Mexgold Resources, Inc.	2,188,700	14,121,912*
Nevada Pacific Gold Ltd.	3,010,335	3,890,055*
Nevsun Resources Ltd.	95,000	273,657*
Nevsun Resources Ltd., Warrants (June 2008)	140,460	161,340*
Nevsun Resources Ltd., Warrants (October 2008)	21,200	25,493*
Northern Orion Resources, Inc.	6,329,110	31,124,512*
Northern Orion Resources, Inc., Warrants (May 2008)	4,394,790	15,183,687*
Northern Orion Resources, Inc., Warrants (February 2010)	2,089,068	4,593,006*
Northgate Minerals Corp.	196,500	720,478*
Northgate Minerals Corp., Warrants (December 2006)	5,793,180	6,961,221*
Randgold Resources Ltd., ADR	1,747,334	36,694,014*
Red Back Mining, Inc.	1,653,000	5,176,982*
Red Back Mining, Inc., Warrants (July 2007)	150,000	200,565*
Resolute Mining Ltd.	1,360,000	1,766,555*
Revelt Minerals, Inc.	2,242,900	2,495,801*
Rio Narcea Gold Mines Ltd., Warrants (September 2008)	1,240,250	350,589*
SEMAFO, Inc.	317,700	632,920*
Silvercorp Metals, Inc.	1,159,800	14,987,320*
Sino Gold Ltd.	1,000,000	3,711,250*
Troy Resources NL	250,000	473,184
TVI Pacific, Inc.	10,658,856	1,673,890*
Yamana Gold, Inc.	562,806	5,535,383*
Yamana Gold, Inc., Warrants (November 2008)	5,240,380	23,513,169*
		<u>271,697,457</u>
<b>Investment Trusts 0.80%</b>		
iShares Silver Trust	20,000	2,227,800*
streetTRACKS Gold Trust	84,000	5,143,320*
		<u>7,371,120</u>

See notes to portfolios of investments and notes to financial statements.

**WORLD PRECIOUS MINERALS FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Metal &amp; Mineral Mining 5.79%</b>		
Amerigo Resources Ltd.	1,925,200	\$ 3,956,305
AMT International Mining Corp.	1,000,000	15,256*
Aquarius Platinum Ltd.	110,045	1,613,198
Breakwater Resources Ltd.	495,000	550,814*
Breakwater Resources Ltd., Warrants (January 2009)	1,334,000	826,006*
Constellation Copper Corp.	270,000	615,426*
FNX Mining Co., Inc.	80,000	760,982*
HudBay Minerals, Inc.	50,000	637,143*
Impact Silver Corp.	19,500	20,824*
JNR Resources, Inc.	505,900	522,085*
Linear Metals Corp.	807,120	0*
Linear Metals Corp., Warrants (July 2006)	100,890	0*
Lundin Mining Corp.	178,045	5,250,199*
New Pacific Metals Corp.	10,000	11,666*
North American Tungsten Corp., Ltd.	1,183,000	1,199,614*
Northern Peru Copper Corp.	50,000	141,338*
Pan American Silver Corp.	10,000	179,900*
Pan American Silver Corp., Warrants (February 2008)	112,370	957,971*
Silver Wheaton Corp.	260,000	2,449,859*
Silver Wheaton Corp., Warrants (August 2009)	11,132,050	14,584,998*
Silver Wheaton Corp., Warrants (November 2009)	5,342,520	6,472,295*
Silver Wheaton Corp., Warrants (December 2010)	1,958,620	8,876,054*
Taseko Mines Ltd.	410,000	1,044,914*
Toledo Mining Corp. plc	330,200	610,325*
UrAsia Energy Ltd.	40,000	100,507*
Valhalla Uranium Ltd.	172,344	138,156*
Western Copper Corp.	50,000	50,702*
Western Prospector Group Ltd.	830,000	1,660,968*
Zimasco Consolidated Enterprises Ltd. (RS)	192,500	42,350*
		53,289,855
<b>Oil &amp; Gas Exploration &amp; Production - Junior 0.39%</b>		
Bankers Petroleum Ltd., Warrants (November 2009)	33,000	11,253*
Big Sky Energy Corp.	2,528,750	2,983,925*
Big Sky Energy Corp. (RS)	500,000	560,500*
		3,555,678
<b>Oil &amp; Gas Extraction 0.17%</b>		
Choice Resources Corp.	613,500	467,963*
Pacific Stratus Energy Ltd.	367,500	1,055,324*
Pacific Stratus Energy Ltd., Warrants (August 2006)	56,250	0*
Pacific Stratus Energy Ltd., Warrants (July 2007)	85,000	15,256*
		1,538,543

See notes to portfolios of investments and notes to financial statements.

**WORLD PRECIOUS MINERALS FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Oil &amp; Gas Royalty Trusts 0.18%</b>		
ARC Energy Trust	5,000	\$ 125,634
Bonavista Energy Trust	5,000	157,042
Harvest Energy Trust	45,233	1,348,040
		<u>1,630,716</u>
<b>Senior Gold Producers 22.39%</b>		
Barrick Gold Corp.	94,574	2,799,390
Freeport-McMoRan Copper & Gold, Inc., Class B	120,000	6,649,200
Gold Fields Ltd.	240,000	5,432,064
Gold Fields Ltd., Sponsored ADR	571,000	13,075,900
Goldcorp, Inc.	4,002,409	120,953,911
Goldcorp, Inc., Warrants (April 2007)	100	3,722*
Goldcorp, Inc., Warrants (June 2011)	3,798,506	44,108,707*
Lihir Gold Ltd.	850,000	1,817,028*
Newmont Mining Corp.	100,000	5,293,000
Polyus Gold Co., ADR	20,000	860,000*
Polyus Gold Co., Class S	117,500	5,052,500*
		<u>206,045,422</u>
<b>Total Common Stocks and Warrants</b>		<b>724,745,664</b>
(cost \$519,237,449)		

**INDEX FUND 0.20%**

Market Vectors Gold Miners Exchange Traded Fund (ETF) (cost \$1,890,601)	49,000	1,896,300*
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See notes to portfolios of investments and notes to financial statements.

**WORLD PRECIOUS MINERALS FUND****Portfolio of Investments**

June 30, 2006

**PURCHASED OPTIONS 0.64%****Contracts****Value****Senior Gold Producers 0.64%**

Barrick Gold Corp., Strike Price 17.50, Call, Expiration Jan. 2007 (premium \$29,600)	200	\$ 153,000
Barrick Gold Corp., Strike Price 20, Call, Expiration Jan. 2007 (premium \$234,806)	164	209,100
Barrick Gold Corp., Strike Price 20, Call, Expiration Jan. 2008 (premium \$243,874)	159	186,030
Barrick Gold Corp., Strike Price 25, Call, Expiration Jan. 2007 (premium \$164,126)	164	98,400
Barrick Gold Corp., Strike Price 25, Call, Expiration Jan. 2008 (premium \$184,087)	159	131,970
Freeport-McMoRan Copper & Gold, Inc., Strike Price 40, Put, Expiration Nov. 2006 (premium \$525,708)	1,200	144,000
Gold Fields Ltd., Strike Price 30, Call, Expiration Jan. 2007 (premium \$170,400)	800	108,000
Newmont Mining Corp., Strike Price 50, Call, Expiration Jan. 2008 (premium \$231,600)	200	242,000
Newmont Mining Corp., Strike Price 60, Call, Expiration Jan. 2008 (premium \$151,600)	200	152,000
Philadelphia Stock Exchange Gold & Silver Index, Strike Price 110, Put, Expiration Dec. 2006 (premium \$3,828,578)	5,592	1,509,840
Philadelphia Stock Exchange Gold & Silver Index, Strike Price 120, Put, Expiration Dec. 2006 (premium \$6,862,842)	6,392	2,940,320
		<u>5,874,660</u>

**Total Purchased Options**

5,874,660

(cost \$12,627,221)

**Total Securities**

732,516,624

**REPURCHASE AGREEMENT 19.77%****Principal  
Amount**

Joint Tri-Party Repurchase Agreement, Morgan Stanley Dean Witter, 06/30/06, 4.50%, due 07/03/06, repurchase price \$181,995,448, collateralized by U.S. Treasury securities held in a joint tri-party repurchase account (cost \$181,927,225)	\$181,927,225	181,927,225
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**Total Investments 99.37%**

914,443,849

(cost \$715,682,496)

Other assets and liabilities, net 0.63%

5,804,942**NET ASSETS 100%****\$920,248,791**

See notes to portfolios of investments and notes to financial statements.

**GOLD SHARES FUND****Portfolio of Investments**

June 30, 2006

**COMMON STOCKS AND WARRANTS 69.55%    Shares                      Value****Diamond Mining & Exploration 0.33%**

Aber Diamond Corp.	22,000	\$ 675,389
Diamond Fields International Ltd.	108,000	13,568*
Diamond Fields International Ltd., Warrants (November 2006)	176,000	0*
		<u>688,957</u>

**Financial Services 0.50%**

GMP Capital Trust	49,200	1,038,880
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**Gold Mining 65.68%**

Agnico-Eagle Mines Ltd.	50,000	1,660,609
Agnico-Eagle Mines Ltd., Warrants (November 2007)	270,400	4,421,040*
Alamos Gold, Inc.	77,500	625,925*
Apollo Gold Corp., Warrants (December 2006)	166,500	0*
Barrick Gold Corp.	27,429	811,800
Bema Gold Corp., Warrants (October 2007)	1,536,020	5,623,872*
Cambior, Inc.	407,400	1,104,250*
Cambior, Inc., Warrants (October 2006)	112,500	20,191*
Cambior, Inc., Warrants (August 2008)	344,875	269,252*
Century Mining Corp.	559,069	607,057*
Crystalllex International Corp.	119,400	343,872*
DRDGOLD Ltd., Sponsored ADR	100,000	137,000
Eldorado Gold Corp.	70,000	340,468*
Freeport-McMoRan Copper & Gold, Inc., Class B	115,000	6,372,150
GBS Gold International, Inc.	107,600	168,977*
Glamis Gold Ltd.	64,000	2,425,972*
Glencairn Gold Corp.	177,000	119,128*
Glencairn Gold Corp., Warrants (November 2008)	88,500	27,002*
Gold Fields Ltd.	95,000	2,150,192
Gold Fields Ltd., Sponsored ADR	225,000	5,152,500
Goldcorp, Inc.	1,195,133	36,117,249
Goldcorp, Inc., Warrants (June 2011)	1,110,633	12,896,797*
Golden Star Resources Ltd., Warrants (February 2007)	5,000	2,917*
Harmony Gold Mining Co., Ltd., Sponsored ADR	152,000	2,476,080*
Hecla Mining Co.	150,000	787,500*
High River Gold Mines Ltd.	1,000,000	2,063,984*
IAMGOLD Corp.	100,000	890,205
Ivanhoe Mines Ltd.	265,500	1,801,212*
Kinross Gold Corp.	99,000	1,081,195*
Kinross Gold Corp., Warrants (December 2007)	1,385,800	1,181,415*
Lihir Gold Ltd.	500,000	1,068,840*
Meridian Gold, Inc.	249,500	7,901,714*
Nevsun Resources Ltd., Warrants (June 2008)	20,140	23,134*
Newmont Mining Corp.	55,000	2,911,150
Northern Orion Resources, Inc.	1,552,370	7,634,073*
Northern Orion Resources, Inc., Warrants (May 2008)	998,160	3,448,572*

See notes to portfolios of investments and notes to financial statements.



**GOLD SHARES FUND****Portfolio of Investments**

June 30, 2006

<b>COMMON STOCKS AND WARRANTS</b>	<b>Shares</b>	<b>Value</b>
<b>Gold Mining (Cont'd)</b>		
Northern Orion Resources, Inc., Warrants (February 2010)	193,792	\$ 426,069*
Northgate Minerals Corp.	156,900	574,871*
Northgate Minerals Corp., Warrants (December 2006)	1,644,920	1,973,478*
Polyus Gold Co., ADR	10,000	430,000*
Polyus Gold Co., Class S	32,500	1,397,500*
Randgold Resources Ltd., ADR	388,000	8,148,000*
Rio Narcea Gold Mines Ltd., Warrants (September 2008)	251,750	71,164*
Sino Gold Ltd.	200,000	742,250*
Yamana Gold, Inc.	318,432	3,131,884*
Yamana Gold, Inc., Warrants (November 2008)	1,128,340	5,062,772*
		<u>136,625,282</u>

**Gold/Mineral Exploration & Development 0.05%**

Virginia Gold Mines, Inc.	29,500	107,215*
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**Investment Trust 0.05%**

streetTRACKS Gold Trust	1,600	97,968*
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**Metal & Mineral Mining 2.80%**

Gammon Lake Resources, Inc.	11,000	151,128*
Lundin Mining Corp.	15,430	455,001*
Pan American Silver Corp., Warrants (February 2008)	61,130	521,142*
Silver Wheaton Corp.	25,550	240,746*
Silver Wheaton Corp., Warrants (August 2009)	1,737,480	2,276,413*
Silver Wheaton Corp., Warrants (November 2009)	691,660	837,924*
Silver Wheaton Corp., Warrants (December 2010)	296,540	1,343,857*
		<u>5,826,211</u>

**Oil & Gas Exploration & Production 0.00%**

Aberdeen International, Inc.	2,250	1,575*
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**Oil & Gas Royalty Trusts 0.14%**

ARC Energy Trust	2,500	62,817
Bonavista Energy Trust	2,500	78,521
Harvest Energy Trust	5,000	149,011
		<u>290,349</u>

<b>Total Common Stocks and Warrants</b>		<b>144,676,437</b>
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(cost \$88,616,494)

**INDEX FUND 0.20%**

Market Vectors Gold Miners ETF (cost \$424,421)	11,000	425,700*
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See notes to portfolios of investments and notes to financial statements.

**GOLD SHARES FUND****Portfolio of Investments**

June 30, 2006

<b>PURCHASED OPTIONS 0.89%</b>	<b>Contracts</b>	<b>Value</b>
<b>Gold Mining 0.89%</b>		
Barrick Gold Corp., Strike Price 20, Call, Expiration Jan. 2007 (premium \$58,702)	41	\$ 52,275
Barrick Gold Corp., Strike Price 20, Call, Expiration Jan. 2008 (premium \$108,197)	71	83,070
Barrick Gold Corp., Strike Price 25, Call, Expiration Jan. 2007 (premium \$41,032)	41	24,600
Barrick Gold Corp., Strike Price 25, Call, Expiration Jan. 2008 (premium \$81,739)	71	58,930
Freeport-McMoRan Copper & Gold, Inc., Strike Price 40, Put, Expiration Nov. 2006 (premium \$503,803)	1,150	138,000
Gold Fields Ltd., Strike Price 30, Call, Expiration Jan. 2007 (premium \$42,600)	200	27,000
Harmony Gold Mining Co., Ltd., Strike Price 17.50, Call, Expiration Jan. 2008 (premium \$127,770)	500	192,500
Newmont Mining Corp., Strike Price 50, Call, Expiration Jan. 2008 (premium \$57,900)	50	60,500
Newmont Mining Corp., Strike Price 60, Call, Expiration Jan. 2008 (premium \$37,900)	50	38,000
Philadelphia Stock Exchange Gold & Silver Index, Strike Price 110, Put, Expiration Dec. 2006 (premium \$1,043,519)	1,523	411,210
Philadelphia Stock Exchange Gold & Silver Index, Strike Price 120, Put, Expiration Dec. 2006 (premium \$1,802,185)	1,673	769,580
		<u>1,855,665</u>
<b>Total Purchased Options</b>		1,855,665
(cost \$3,905,347)		
<b>Total Securities</b>		<u>146,957,802</u>
<b>REPURCHASE AGREEMENTS 27.24%</b>		
	<b>Principal Amount</b>	
Joint Tri-Party Repurchase Agreements, 06/30/06, collateralized by U.S. Treasury securities held in joint tri-party repurchase accounts:		
4.40% Bear Stearns, repurchase price \$7,002,567	\$ 7,000,000	7,000,000
4.50% Morgan Stanley Dean Witter, repurchase price \$49,677,961	49,659,339	49,659,339
<b>Repurchase Agreements</b>		<u>56,659,339</u>
(cost \$56,659,339)		
<b>Total Investments 97.88%</b>		<u>203,617,141</u>
(cost \$149,605,601)		
Other assets and liabilities, net 2.12%		<u>4,410,209</u>
<b>NET ASSETS 100%</b>		<u><b>\$208,027,350</b></u>

See notes to portfolios of investments and notes to financial statements.

**Legend**

*	Non-income producing security	GO	General Obligation Bond
+	Affiliated company (see following)	RS	Restricted Security (see following)
ADR	American Depositary Receipt	S/R	Subscription Receipt
GDR	Global Depositary Receipt	ZCB	Zero Coupon Bond
CAD	Canadian Dollar		

**General**

The yields reflect the effective yield from the date of purchase.

Variable Rate Notes have periodic reset features, which effectively shorten the maturity dates and reset the interest rates as tied to various interest-bearing instruments. Rates shown are current rates at June 30, 2006.

Securities with a 144A designation are exempt from registration under Rule 144A of the Securities Act of 1933.

**Joint Tri-Party Repurchase Agreements**

The terms of the joint tri-party repurchase agreements and the securities held as collateral at June 30, 2006 were:

Morgan Stanley Dean Witter repurchase agreement, 06/30/06, 4.50%, due 07/03/06:

Total principal amount: \$417,707,258; Total repurchase price: \$417,863,898

Collateral:

\$329,198,000 U.S. Treasury Note, 3.375%, 01/15/07

(total collateral market value, including accrued interest, of \$426,061,979)

Bear Stearns repurchase agreement, 06/30/06, 4.40%, due 07/03/06:

Total principal amount: \$32,000,000; Total repurchase price: \$32,011,733

Collateral:

\$18,090,000 U.S. Treasury Note, 2.50%, 09/30/06

\$15,000,000 U.S. Treasury Note, 3.875%, 07/15/10

(total collateral market value, including accrued interest, of \$32,656,193)

Other mutual funds managed by U.S. Global Investors, Inc. participate in the joint tri-party repurchase agreements. Each owns an undivided interest in the accounts.

**Affiliated Companies - Indicated in Portfolio of Investments as “+”**

The Investment Company Act of 1940 defines affiliates as companies in which the Fund owns at least 5% of the outstanding voting securities. The following is a summary of transactions with each affiliated company during the year ended June 30, 2006.

	<b>Shares of Affiliated Companies</b>			
	June 30, 2005	Additions	Reductions	June 30, 2006
<b>Global Resources Fund</b>				
Coalcorp Mining, Inc. (formerly Adobe Ventures, Inc.)	2,140,000	19,385,625	(9,237,000)	12,288,625(a)
Consolidated Thompson-Lundmark Gold Mines Ltd.	—	900,000	—	900,000
Exile Resources, Inc.	—	4,278,675	(2,100,000)	2,178,675
Pacific Stratus Energy Ltd.	3,000,000	4,282,800	(6,535,800)	747,000(b)
PetroWorld Corp.	—	2,000,000	—	2,000,000
Revelt Minerals, Inc.	—	4,792,300	(147,000)	4,645,300
UMC Energy plc (formerly Uranium Mining Corp. plc)	—	1,000,000	—	1,000,000
White Nile Ltd.	12,772,000	748,000	(1,301,000)	12,219,000(a)

At June 30, 2006, the value of investments in affiliated companies was \$11,917,720, representing 0.93% of net assets, and the total cost was \$10,539,671. Net realized gains on transactions were \$511,658, and there was no income earned for the period.

	<b>Shares of Affiliated Companies</b>			
	June 30, 2005	Additions	Reductions	June 30, 2006
<b>World Precious Minerals Fund</b>				
Aberdeen International, Inc.	—	3,207,500	(1,000,000)	2,207,500
American Gold Capital Corp.	200,000	1,441,900	—	1,641,900
Atikwa Minerals Corp.	1,545,333	743,000	—	2,288,333
Caledon Resources plc	18,175,000	2,190,000	(75,000)	20,290,000
Corona Gold Ltd.	812,500	—	—	812,500(a)
Diamonds North Resources Ltd.	2,207,000	607,400	(164,000)	2,650,400
Endeavour Mining Capital Corp.	1,484,100	—	(1,484,100)	—(a)
Golden Odyssey Mining, Inc.	—	1,533,500	(60,000)	1,473,500(a)
Grandview Gold, Inc.	—	1,754,000	(470,000)	1,284,000
Laurion Gold, Inc.	3,438,000	3,242,000	(6,505,000)	175,000(a)
Moss Lake Gold Mines Ltd.	2,318,000	435,500	(55,000)	2,698,500
Nevada Pacific Gold Ltd.	3,892,335	608,900	(1,490,900)	3,010,335(a)
Northern Orion Resources, Inc.	7,336,900	351,100	(1,358,890)	6,329,110(a)
Pacific Rim Mining Corp.	5,049,500	239,600	(189,500)	5,099,600(a)
Romarco Minerals, Inc.	2,251,000	5,752,353	(22,500)	7,980,853
Vedron Gold, Inc.	2,578,500	7,532,259	(4,281,258)	5,829,501

At June 30, 2006, the value of investments in affiliated companies was \$13,874,323 representing 1.51% of net assets, and the total cost was \$12,733,499. Net realized gains on transactions were \$7,959,478, and there was \$43,480 of income earned for the period.

- (a) At June 30, 2006, the company is no longer defined as an affiliate, although it was an affiliated company during the period.
- (b) During the period, security was subject to a 1-for-10 stock split.

## Restricted Securities - Indicated in Portfolio of Investments as "RS"

The following securities are subject to legal restrictions on their resale. The issuer bears the cost of registration, if any, involved in the disposition of these securities.

SECURITY	Acquisition Date	Cost per Share
<b>China Region Opportunity Fund</b>		
<b>Common Stocks</b>		
Big Sky Energy Corp.	03/01/05	\$0.50
Verona Development Corp., Units	04/21/06	\$0.79

At June 30, 2006, the total cost of restricted securities was \$366,525, and the total value was \$637,249, representing 0.94% of net assets.

SECURITY	Acquisition Date	Cost per Share
<b>Global Resources Fund</b>		
<b>Common Stocks and Warrants</b>		
African Minerals, Special Warrants	07/09/03	\$6.00
Baja Mining Corp.	03/29/06	\$0.77
Baja Mining Corp., Warrants (April 2008)	03/29/06	\$0.00
Big Sky Energy Corp.	03/01/05-08/15/05	\$0.64
Canadian Sub-Surface Energy Services Corp.	05/23/06	\$6.68
Dune Energy, Inc.	01/27/06	\$2.65
Eastern Plantinum Ltd.	03/23/06	\$1.07
Eastern Plantinum Ltd., Warrants (March 2009)	03/23/06	\$0.00
Exile Resources, Inc.	05/12/06	\$0.45
Exile Resources, Inc., Warrants (May 2008)	05/12/06	\$0.00
Gran Tierra Energy, Inc., Units	05/31/06	\$1.50
Horizon North Logistics, Inc.	06/05/06	\$12.59
Horizon North Logistics, Inc., Warrants (August 2006)	06/05/06	\$12.59
Khan Resources Inc., Special Warrants	03/24/05	\$0.82
Legacy Energy LLC, 144A	02/27/06	\$19.00
Osmium Holdings S.A.	10/22/96-01/29/98	\$987.07
Pacifica Resources Ltd.	03/15/06	\$0.61
Pacifica Resources Ltd., Warrants (March 2008)	03/15/06	\$0.00
Red Dragon Resources Corp., Units	06/12/06	\$0.68
Trident Resources Corp., Units	06/09/06	\$62.50
Zimasco Consolidated Enterprises Ltd.	06/15/95-09/30/99	\$3.73
<b>Note Unit</b>		
Pacific Stratus Energy Ltd.	05/31/06	\$0.91

At June 30, 2006, the total cost of restricted securities was \$33,597,250, and the total value was \$41,345,508, representing 3.23% of net assets.

SECURITY	Acquisition Date	Cost per Share
<b>World Precious Minerals Fund</b>		
<b>Common Stocks and Warrants</b>		
African Minerals, Special Warrants	07/09/03	\$6.00
Atlas Cromwell Ltd., 144A, Units	05/03/06	\$0.34
Baja Mining Corp.	03/29/06	\$0.77
Baja Mining Corp., Warrants (April 2008)	03/29/06	\$0.00
Big Sky Energy Corp.	03/01/05	\$0.50
Grandview Gold, Inc.	02/27/06	\$0.96
Grandview Gold, Inc., Warrants (July 2009)	02/27/06	\$0.00
Osmium Holdings S.A.	10/22/96-01/29/98	\$1,280.75
Platte River Gold U.S., Inc.	03/01/04-06/07/04	\$1.15
Platte River Gold U.S., Inc., Warrants (March 2009)	03/01/04	\$0.00
Western Exploration & Development Ltd., 144A, Special Warrants	08/14/97	\$0.50
Zimasco Consolidated Enterprises Ltd.	06/15/95-09/30/99	\$3.73

At June 30, 2006, the total cost of restricted securities was \$5,595,466, and the total value was \$5,393,303, representing 0.59% of net assets.

# Statements of Assets and Liabilities

	<b>U.S. Treasury Securities Cash Fund</b>
<i>Investments, at identified cost</i>	<u>\$ 119,030,682</u>
<b>ASSETS</b>	
<hr/>	
Investments, at value:	
Securities	\$ 64,577,262
Repurchase Agreements	54,453,420
Cash	—
Receivables:	
Interest	212,326
Capital shares sold	1,090,501
From adviser	—
Other assets	16,630
<b>Total Assets</b>	<u>120,350,139</u>

## **LIABILITIES**

<hr/>	
Payables:	
Investments purchased	—
Capital shares redeemed	1,192,597
Adviser and affiliates	62,244
Dividends and distributions	7,393
Accounts payable and accrued expenses	57,805
Due to custodian	1,784
<b>Total Liabilities</b>	<u>1,321,823</u>

**Net Assets** **\$119,028,316**

## **NET ASSETS CONSIST OF:**

<hr/>	
Paid-in capital	\$ 119,045,345
Accumulated undistributed net investment income	1,442
Accumulated net realized loss on investments and foreign currencies	(18,471)
Net unrealized appreciation (depreciation) of investments and other assets and liabilities denominated in foreign currencies	—
Net assets applicable to capital shares outstanding	<u>\$ 119,028,316</u>

Capital shares outstanding, an unlimited number of no par shares authorized 119,100,142

**Net Asset Value, Public Offering Price, Redemption Price,  
per share** **\$ 1.00**

See accompanying notes to financial statements.

<b>U.S. Government Securities Savings Fund</b>	<b>Near-Term Tax Free Fund</b>	<b>Tax Free Fund</b>
<u>\$ 434,370,869</u>	<u>\$ 15,808,513</u>	<u>\$ 15,096,480</u>
\$ 434,370,869	\$ 14,685,703	\$ 13,622,463
—	1,017,724	1,827,276
1,216	—	—
1,422,998	191,931	185,706
2,842,685	60	635
—	5,899	2,917
20,379	1,569	2,418
<u>438,658,147</u>	<u>15,902,886</u>	<u>15,641,415</u>
—	—	301,954
2,998,393	20,566	295,600
132,204	—	—
26,600	8,172	8,395
83,711	43,742	43,934
—	—	—
<u>3,240,908</u>	<u>72,480</u>	<u>649,883</u>
<b><u>\$435,417,239</u></b>	<b><u>\$15,830,406</u></b>	<b><u>\$14,991,532</u></b>
\$ 435,022,427	\$ 16,273,852	\$ 15,373,763
406,891	17,411	28,467
(12,079)	(355,771)	(763,957)
—	(105,086)	353,259
<u>\$ 435,417,239</u>	<u>\$ 15,830,406</u>	<u>\$ 14,991,532</u>
<u>435,651,428</u>	<u>7,470,527</u>	<u>1,251,240</u>
<b><u>\$ 1.00</u></b>	<b><u>\$ 2.12</u></b>	<b><u>\$ 11.98</u></b>



## Statements of Assets and Liabilities

	<b>All American Equity Fund</b>	<b>China Region Opportunity Fund</b>
<i>Investments, at identified cost</i>	<u>\$ 19,982,771</u>	<u>\$ 65,705,581</u>
<b>ASSETS</b>		
Investments, at value:		
Securities of unaffiliated issuers	\$ 18,581,142	\$ 60,011,962
Securities of affiliated issuers	—	—
Repurchase Agreements	2,948,119	10,628,365
Cash	—	—
Foreign currencies (cost \$216,946, \$3,009, \$9,245,927, \$1,809,141 and \$1,841,824)	217,885	3,009
Receivables:		
Investments sold	594,626	—
Dividends	10,929	111,651
Interest	369	1,329
Capital shares sold	8,890	607,968
Other assets	5,515	8,219
<b>Total Assets</b>	<u>22,367,475</u>	<u>71,372,503</u>
<b>LIABILITIES</b>		
Payables:		
Investments purchased	682,688	3,404,631
Capital shares redeemed	76,826	31,767
Adviser and affiliates	9,959	84,631
Accounts payable and accrued expenses	50,508	90,331
<b>Total Liabilities</b>	<u>819,981</u>	<u>3,611,360</u>
<b>Net Assets</b>	<u><b>\$21,547,494</b></u>	<u><b>\$67,761,143</b></u>
<b>NET ASSETS CONSIST OF:</b>		
Paid-in capital	\$ 17,337,549	\$ 65,647,325
Accumulated undistributed net investment income (distributions in excess of net investment income)	—	(1,317,209)
Accumulated net realized gain (loss) on investments and foreign currencies	2,660,052	(1,497,142)
Net unrealized appreciation of investments and other assets and liabilities denominated in foreign currencies	<u>1,549,893</u>	<u>4,928,169</u>
Net assets applicable to capital shares outstanding	<u>\$ 21,547,494</u>	<u>\$ 67,761,143</u>
Capital shares outstanding, an unlimited number of no par shares authorized	<u>781,031</u>	<u>7,783,021</u>
<b>Net Asset Value, Public Offering Price, Redemption Price, per share</b>	<u><b>\$ 27.59</b></u>	<u><b>\$ 8.71</b></u>

See accompanying notes to financial statements.

<b>Global Resources Fund</b>	<b>World Precious Minerals Fund</b>	<b>Gold Shares Fund</b>
<u>\$ 1,102,888,124</u>	<u>\$ 715,682,496</u>	<u>\$ 149,605,601</u>
\$ 1,221,867,048	\$ 718,642,301	\$ 146,957,802
11,917,720	13,874,323	—
58,818,910	181,927,225	56,659,339
2,765,776	438,328	11,182
9,322,315	2,210,834	1,940,241
5,857,137	5,571,265	1,973,831
1,537,530	110,916	27,768
74,711	22,717	7,063
8,392,316	8,806,987	3,624,877
33,381	32,516	20,613
<u>1,320,586,844</u>	<u>931,637,412</u>	<u>211,222,716</u>
37,233,124	9,723,693	2,595,121
560,813	823,661	365,711
806,091	580,418	134,422
322,335	260,849	100,112
<u>38,922,363</u>	<u>11,388,621</u>	<u>3,195,366</u>
<b><u>\$1,281,664,481</u></b>	<b><u>\$920,248,791</u></b>	<b><u>\$208,027,350</u></b>
\$ 970,449,324	\$ 669,352,426	\$ 212,522,737
3,230,685	(5,176,414)	(183,285)
118,252,132	56,963,666	(58,429,844)
189,732,340	199,109,113	54,117,742
<u>\$ 1,281,664,481</u>	<u>\$ 920,248,791</u>	<u>\$ 208,027,350</u>
<u>74,418,065</u>	<u>31,889,787</u>	<u>13,435,888</u>
<b><u>\$ 17.22</u></b>	<b><u>\$ 28.86</u></b>	<b><u>\$ 15.48</u></b>

# Statements of Operations

**U.S. Treasury  
Securities  
Cash Fund**

**NET INVESTMENT INCOME**

**Income:**

Interest and other	\$ 4,617,516
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**Expenses:**

Management fee	575,002
Transfer agent fees and expenses	177,725
Accounting service fees and expenses	23,881
Professional fees	60,067
Custodian fees	54,967
Shareholder reporting	70,526
Registration fees	32,276
Trustee fees and expenses	22,831
Miscellaneous	38,077
Total expenses before reductions	1,055,352
Expenses offset - Note 1 J	(2,359)
Expenses reimbursed - Note 2	—
Net recouped fees - Note 2	45,136
<b>Net Expenses</b>	<b>1,098,129</b>

<b>Net Investment Income</b>	<b>3,519,387</b>
------------------------------	------------------

**NET REALIZED AND UNREALIZED LOSS  
ON INVESTMENTS**

Realized gain (loss) from securities	—
Net change in unrealized depreciation of investments	—

**Net Realized and Unrealized Loss  
on Investments**

—

**Net Increase In Net Assets  
Resulting From Operations**

**\$3,519,387**

See accompanying notes to financial statements.

For the Year Ended June 30, 2006

<b>U.S. Government Securities Savings Fund</b>	<b>Near-Term Tax Free Fund</b>	<b>Tax Free Fund</b>
\$ 16,818,230	\$ 592,304	\$ 879,002
1,853,916	83,785	139,880
353,547	13,571	14,940
75,039	40,072	36,993
69,653	59,607	59,666
61,738	13,306	13,824
110,297	4,345	5,411
37,762	14,064	13,343
22,832	22,831	22,831
51,794	6,751	9,135
2,636,578	258,332	316,023
—	(159)	(204)
(786,878)	(182,766)	(185,264)
—	—	—
1,849,700	75,407	130,555
<b>14,968,530</b>	<b>516,897</b>	<b>748,447</b>
—	(198,526)	86,123
—	(189,289)	(662,607)
—	<b>(387,815)</b>	<b>(576,484)</b>
<b><u>\$14,968,530</u></b>	<b><u>\$ 129,082</u></b>	<b><u>\$ 171,963</u></b>

# Statements of Operations

	<b>All American Equity Fund</b>	<b>China Region Opportunity Fund</b>
<b>NET INVESTMENT INCOME</b>		
<b>Income:</b>		
Dividends from unaffiliated issuers	\$ 138,547	\$ 813,243
Dividends from affiliated issuers	—	—
Foreign taxes withheld on dividends	(3,080)	(26,024)
Net dividends	135,467	787,219
Interest and other	90,196	220,643
<b>Total Income</b>	<b>225,663</b>	<b>1,007,862</b>
<b>Expenses:</b>		
Management fee	156,986	565,352
Transfer agent fees and expenses	82,269	119,779
Accounting service fees and expenses	27,120	58,446
Professional fees	77,829	75,485
Custodian fees	32,179	135,443
Shareholder reporting	26,858	25,844
Registration fees	15,442	19,913
Trustee fees and expenses	22,832	22,831
Miscellaneous	18,170	22,193
Total expenses before reductions	459,685	1,045,286
Expenses offset - Note 1 J	(2,360)	(2,963)
Expenses reimbursed - Note 2	(91,074)	—
<b>Net Expenses</b>	<b>366,251</b>	<b>1,042,323</b>
<b>Net Investment Income (Loss)</b>	<b>(140,588)</b>	<b>(34,461)</b>
<b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>		
Realized gain (loss) from:		
Securities of unaffiliated issuers	3,410,558	8,768,712
Securities of affiliated issuers	—	—
Foreign currency transactions	80	(157,549)
Written Options	—	38,349
<b>Net realized gain</b>	<b>3,410,638</b>	<b>8,649,512</b>
Net change in unrealized appreciation (depreciation) of:		
Investments	(399,058)	(403,144)
Other assets and liabilities denominated in foreign currencies	3,402	1,637
<b>Net unrealized appreciation (depreciation)</b>	<b>(395,656)</b>	<b>(401,507)</b>
<b>Net Realized and Unrealized Gain on Investments</b>	<b>3,014,982</b>	<b>8,248,005</b>
<b>Net Increase In Net Assets Resulting From Operations</b>	<b><u>\$2,874,394</u></b>	<b><u>\$8,213,544</u></b>

See accompanying notes to financial statements.

Global Resources Fund	World Precious Minerals Fund	Gold Shares Fund
\$ 14,908,804	\$ 1,323,979	\$ 606,403
—	43,480	—
<u>(1,708,173)</u>	<u>(110,845)</u>	<u>(19,493)</u>
13,200,631	1,256,614	586,910
5,228,400	4,581,683	1,063,715
<u>18,429,031</u>	<u>5,838,297</u>	<u>1,650,625</u>
5,819,998	3,737,516	878,795
1,453,247	676,923	321,201
480,213	305,903	103,002
135,816	146,552	101,183
400,935	450,599	91,545
191,685	105,747	107,586
162,996	105,731	37,507
22,831	22,831	22,831
68,888	81,211	59,590
<u>8,736,609</u>	<u>5,633,013</u>	<u>1,723,240</u>
(52,670)	(22,869)	(3,221)
<u>—</u>	<u>—</u>	<u>—</u>
8,683,939	5,610,144	1,720,019
<b><u>9,745,092</u></b>	<b><u>228,153</u></b>	<b><u>(69,394)</u></b>
153,716,907	81,779,987	26,541,398
511,658	7,959,478	—
(1,193,214)	(598,100)	(103,505)
222,000	—	59,616
<u>153,257,351</u>	<u>89,141,365</u>	<u>26,497,509</u>
118,482,734	163,103,704	42,793,639
10,439	332,111	106,039
<u>118,493,173</u>	<u>163,435,815</u>	<u>42,899,678</u>
<b><u>271,750,524</u></b>	<b><u>252,577,180</u></b>	<b><u>69,397,187</u></b>
<b><u>\$281,495,616</u></b>	<b><u>\$252,805,333</u></b>	<b><u>\$69,327,793</u></b>

# Statements of Changes in Net Assets

## U.S. Treasury Securities Cash Fund

Year Ended June 30, 2006	Year Ended June 30, 2005
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### INCREASE (DECREASE) IN NET ASSETS

#### From operations:

Net investment income	\$ 3,519,387	\$ 1,286,744
Net realized gain (loss)	—	—
Net unrealized depreciation	—	—

#### Net increase in net assets from operations

	3,519,387	1,286,744
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#### Distributions to shareholders:

From net investment income	(3,519,445)	(1,284,803)
<b>Total distributions to shareholders</b>	<b>(3,519,445)</b>	<b>(1,284,803)</b>

#### From capital share transactions:

Proceeds from shares sold	623,320,464	885,364,783
Distributions reinvested	3,408,560	1,241,293
	626,729,024	886,606,076
Cost of shares redeemed	(631,758,750)	(875,124,840)

#### Net increase (decrease) in net assets from capital share transactions

	(5,029,726)	11,481,236
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<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b>(5,029,784)</b>	<b>11,483,177</b>
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### NET ASSETS

Beginning of year	124,058,100	112,574,923
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<b>End of year</b>	<b>\$119,028,316</b>	<b>\$124,058,100</b>
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Accumulated undistributed net investment income, end of year	\$ 1,442	\$ 1,500
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#### Capital Share Activity

Shares sold	623,320,464	885,364,783
Shares reinvested	3,408,560	1,241,293
Shares redeemed	(631,758,750)	(875,124,840)
<b>Net share activity</b>	<b>(5,029,726)</b>	<b>11,481,236</b>

See accompanying notes to financial statements.

**U.S. Government Securities  
Savings Fund**

Year Ended  
June 30, 2006

Year Ended  
June 30, 2005

**Near-Term Tax Free Fund**

Year Ended  
June 30, 2006

Year Ended  
June 30, 2005

\$ 14,968,530	\$ 7,220,102	\$ 516,897	\$ 525,000
—	10,041	(198,526)	(5,056)
—	—	(189,289)	(26,783)
14,968,530	7,230,143	129,082	493,161
(14,951,407)	(7,229,289)	(511,420)	(525,088)
(14,951,407)	(7,229,289)	(511,420)	(525,088)
352,226,702	282,004,726	4,784,222	5,862,192
14,689,650	7,102,469	418,555	462,629
366,916,352	289,107,195	5,202,777	6,324,821
(343,494,954)	(318,850,857)	(7,695,821)	(6,260,222)
23,421,398	(29,743,662)	(2,493,044)	64,599
<b>23,438,521</b>	<b>(29,742,808)</b>	<b>(2,875,382)</b>	<b>32,672</b>
411,978,718	441,721,526	18,705,788	18,673,116
<b>\$435,417,239</b>	<b>\$411,978,718</b>	<b>\$15,830,406</b>	<b>\$18,705,788</b>
\$ 406,891	\$ 389,768	\$ 17,411	\$ 11,934
352,226,702	282,004,726	2,232,847	2,682,173
14,689,650	7,102,469	195,229	211,912
(343,494,954)	(318,850,857)	(3,585,124)	(2,865,075)
23,421,398	(29,743,662)	(1,157,048)	29,010



# Statements of Changes in Net Assets

	<b>Tax Free Fund</b>	
	<b>Year Ended June 30, 2006</b>	<b>Year Ended June 30, 2005</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>		
<b>From operations:</b>		
Net investment income (loss)	\$ 748,447	\$ 940,910
Net realized gain	86,123	154,365
Net unrealized appreciation (depreciation)	<u>(662,607)</u>	<u>488,415</u>
<b>Net increase in net assets from operations</b>	171,963	1,583,690
<b>Distributions to shareholders:</b>		
From net investment income	(746,191)	(938,868)
From net capital gains	<u>—</u>	<u>—</u>
<b>Total distributions to shareholders</b>	(746,191)	(938,868)
<b>From capital share transactions:</b>		
Proceeds from shares sold	7,108,359	4,959,533
Distributions reinvested	667,681	867,531
Proceeds from short-term trading fees	<u>—</u>	<u>—</u>
	7,776,040	5,827,064
Cost of shares redeemed	<u>(14,643,249)</u>	<u>(12,205,425)</u>
<b>Net increase (decrease) in net assets from capital share transactions</b>	(6,867,209)	(6,378,361)
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b><u>(7,441,437)</u></b>	<b><u>(5,733,539)</u></b>
<b>NET ASSETS</b>		
Beginning of year	22,432,969	28,166,508
<b>End of year</b>	<b><u>\$14,991,532</u></b>	<b><u>\$22,432,969</u></b>
Accumulated undistributed net investment income (distributions in excess of net investment income), end of year	<u>\$ 28,467</u>	<u>\$ 26,211</u>
<b>Capital Share Activity</b>		
Shares sold	583,280	403,159
Shares reinvested	54,925	70,591
Shares redeemed	<u>(1,205,634)</u>	<u>(986,794)</u>
<b>Net share activity</b>	<u>(567,429)</u>	<u>(513,044)</u>

See accompanying notes to financial statements.

**All American Equity Fund**

Year Ended June 30, 2006	Year Ended June 30, 2005
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**China Region  
Opportunity Fund**

Year Ended June 30, 2006	Year Ended June 30, 2005
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	\$ (140,588)	\$ (17,399)	\$ (34,461)	\$ (174,051)
	3,410,638	1,502,686	8,649,512	1,467,778
	<u>(395,656)</u>	<u>73,894</u>	<u>(401,507)</u>	<u>4,486,129</u>
	2,874,394	1,559,181	8,213,544	5,779,856
	—	—	(909,532)	(727,576)
	<u>(455,916)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	(455,916)	—	(909,532)	(727,576)
	4,213,480	3,408,040	48,877,918	9,341,110
	446,686	—	876,930	697,792
	<u>1,015</u>	<u>1,380</u>	<u>99,066</u>	<u>60,238</u>
	4,661,181	3,409,420	49,853,914	10,099,140
	<u>(4,785,228)</u>	<u>(5,689,533)</u>	<u>(19,907,492)</u>	<u>(19,730,277)</u>
	(124,047)	(2,280,113)	29,946,422	(9,631,137)
	<b><u>2,294,431</u></b>	<b><u>(720,932)</u></b>	<b><u>37,250,434</u></b>	<b><u>(4,578,857)</u></b>
	19,253,063	19,973,995	30,510,709	35,089,566
	<b><u>\$21,547,494</u></b>	<b><u>\$19,253,063</u></b>	<b><u>\$67,761,143</u></b>	<b><u>\$30,510,709</u></b>
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,317,209)</u>	<u>\$ (818,834)</u>
	153,852	149,151	5,590,725	1,423,522
	16,768	—	115,690	105,248
	<u>(176,376)</u>	<u>(248,836)</u>	<u>(2,366,044)</u>	<u>(3,070,853)</u>
	<u>(5,756)</u>	<u>(99,685)</u>	<u>3,340,371</u>	<u>(1,542,083)</u>

# Statements of Changes in Net Assets

## Global Resources Fund

Year Ended June 30, 2006	Year Ended June 30, 2005
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### INCREASE (DECREASE) IN NET ASSETS

#### From operations:

Net investment income (loss)	\$ 9,745,092	\$ 2,595,704
Net realized gain	153,257,351	38,599,722
Net unrealized appreciation (depreciation)	118,493,173	58,957,966

#### Net increase in net assets from operations

	281,495,616	100,153,392
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#### Distributions to shareholders:

From net investment income	(16,043,181)	(7,961,606)
From net capital gains	(53,477,271)	(6,887,607)

#### Total distributions to shareholders

	(69,520,452)	(14,849,213)
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#### From capital share transactions:

Proceeds from shares sold	1,156,093,363	584,409,388
Distributions reinvested	65,860,313	14,127,634
Proceeds from short-term trading fees	203,807	78,875
	1,222,157,483	598,615,897
Cost of shares redeemed	(640,651,603)	(331,310,682)

#### Net increase (decrease) in net assets from capital share transactions

	581,505,880	267,305,215
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### NET INCREASE (DECREASE) IN NET ASSETS

	<b>793,481,044</b>	<b>352,609,394</b>
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### NET ASSETS

Beginning of year	488,183,437	135,574,043
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#### End of year

	<b>\$1,281,664,481</b>	<b>\$488,183,437</b>
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Accumulated undistributed net investment income (distributions  
in excess of net investment income), end of year

	\$ 3,230,685	\$ (4,225,286)
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#### Capital Share Activity

Shares sold	72,318,323	50,711,235
Shares reinvested	4,615,299	1,353,225
Shares redeemed	(41,039,967)	(29,694,876)
<b>Net share activity</b>	<b>35,893,655</b>	<b>22,369,584</b>

See accompanying notes to financial statements.



**World Precious  
Minerals Fund**

**Gold Shares Fund**

Year Ended  
June 30, 2006

Year Ended  
June 30, 2005

Year Ended  
June 30, 2006

Year Ended  
June 30, 2005

\$ 228,153	\$ (2,705,134)	\$ (69,394)	\$ (776,404)
89,141,365	40,347,602	26,497,509	7,821,039
<u>163,435,815</u>	<u>(2,155,120)</u>	<u>42,899,678</u>	<u>(432,535)</u>
252,805,333	35,487,348	69,327,793	6,612,100
(11,327,580)	(7,944,295)	(1,018,347)	(428,417)
(6,323,156)	—	—	—
<u>(17,650,736)</u>	<u>(7,944,295)</u>	<u>(1,018,347)</u>	<u>(428,417)</u>
1,079,149,474	678,942,013	337,422,942	188,220,324
16,536,899	7,470,390	941,813	393,191
<u>1,229,616</u>	<u>1,362,092</u>	<u>606,882</u>	<u>397,737</u>
1,096,915,989	687,774,495	338,971,637	189,011,252
<u>(680,134,237)</u>	<u>(693,856,608)</u>	<u>(263,069,829)</u>	<u>(198,110,589)</u>
416,781,752	(6,082,113)	75,901,808	(9,099,337)
<b><u>651,936,349</u></b>	<b><u>21,460,940</u></b>	<b><u>144,211,254</u></b>	<b><u>(2,915,654)</u></b>
268,312,442	246,851,502	63,816,096	66,731,750
<b><u>\$920,248,791</u></b>	<b><u>\$268,312,442</u></b>	<b><u>\$208,027,350</u></b>	<b><u>\$63,816,096</u></b>
<u>\$ (5,176,414)</u>	<u>\$ (15,149,750)</u>	<u>\$ (183,285)</u>	<u>\$ 251,659</u>
44,379,941	44,715,320	28,690,541	24,910,192
851,979	460,566	91,795	48,363
<u>(30,654,630)</u>	<u>(45,905,829)</u>	<u>(23,670,309)</u>	<u>(26,162,376)</u>
<u>14,577,290</u>	<u>(729,943)</u>	<u>5,112,027</u>	<u>(1,203,821)</u>

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

U.S. Global Investors Funds (Trust) is organized as a Massachusetts business trust, consisting of nine separate funds (Funds), as follows: U.S. Treasury Securities Cash, U.S. Government Securities Savings, Near-Term Tax Free, Tax Free, All American Equity, China Region Opportunity, Global Resources, World Precious Minerals and Gold Shares. The Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended. All funds are diversified with the exception of China Region Opportunity, Global Resources, World Precious Minerals and Gold Shares.

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. The policies are in conformity with accounting principles generally accepted in the United States.

**A. Security Valuations**

The Funds value investments traded on national or international securities exchanges or over-the-counter at the last sales price reported by the security's primary exchange at the time of daily valuation. Securities for which no sale was reported are valued at the mean between the last reported bid and asked prices or using quotes provided by principal market makers. Short-term investments with effective maturities of sixty days or less at the date of purchase and investments of U.S. Treasury Securities Cash and U.S. Government Securities Savings Funds are valued at amortized cost, which approximates market value. An independent pricing service values municipal securities and long-term U.S. Government obligations using a system based on such factors as credit rating, maturity, coupon and type of security to determine fair value.

**B. Fair Valued Securities**

Securities for which market quotations are not readily available or which are subject to legal restrictions are valued at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees. The following factors are generally considered in determining fair value: nature and duration of any trading restrictions, trading volume, market values of unrestricted shares of the same or similar class, investment management's judgment regarding the market experience of the issuer, financial status and other operational and market factors affecting the issuer, issuer's management, quality of the underlying property based on review of independent geological studies, the extent of a Fund's investment in the trading securities of the issuer; and other relevant matters. The fair values may differ from what would have been used had a broader market for these securities existed.

For securities traded on international exchanges, if events which may materially affect the value of a Fund's securities occur after the close of the primary exchange

and before a Fund's net asset value is next determined, then those securities will be valued at their fair value as determined in good faith under the supervision of the Board of Trustees. The Funds may use a systematic fair value model provided by an independent third party to value international securities.

**C. Security Transactions and Investment Income**

Security transactions are accounted for on trade date. Realized gains and losses from security transactions are determined on an identified-cost basis. Dividend income is recorded on the ex-dividend date, except that certain dividends from foreign securities where the ex-dividend date may have passed are recorded as soon as a fund is informed of the ex-dividend data in the exercise of reasonable diligence. Interest income, which may include original issue discount, is recorded on an accrual basis. Discounts and premiums on securities purchased are accreted and amortized, respectively, on a yield-to-maturity basis as adjustments to interest income.

The Funds may purchase securities on a when-issued or delayed-delivery basis and segregate the liquid assets on their books to collateralize the obligation until trade settlement. Such investments are accounted for in the same manner as marketable portfolio securities.

The equity funds may invest in private placements and initial public offerings (IPOs), the volatility of which may significantly affect performance. There is no guarantee that these high-risk investments will affect a Fund's performance in the same way in the future.

**D. Repurchase Agreements**

The Funds may enter into repurchase agreements with recognized financial institutions or registered broker-dealers and, in all instances, hold, as collateral, underlying securities with a value exceeding the principal amount of the repurchase obligation. The Funds use joint tri-party repurchase agreement accounts with other funds under common management where uninvested cash is collectively invested in repurchase agreements, and each participating fund owns an undivided interest in the account.

**E. Options**

Some Funds may write or purchase options on securities to manage their exposure to stock or commodity markets as well as fluctuations in interest and currency conversion rates. Written options include a risk of loss in excess of the option premium. The use of options carries the risk of a change in value of the underlying instruments, an illiquid secondary market, or failure of the counterparty to perform its obligations. The option premium is the basis for recognition of unrealized or realized gain or loss on the option. The cost of securities acquired or the proceeds from securities sold through the exercise of the option is adjusted by the

amount of the premium. Transactions in written call options during the year ended June 30, 2006, were as follows:

	China Region Opportunity Fund		Global Resources Fund		Gold Shares Fund	
	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received
Options outstanding at June 30, 2005	—	\$ —	—	\$ —	—	\$ —
Options written	190	38,349	1,600	222,000	225	59,616
Options terminated in closing purchase options	(80)	(19,059)	(1,600)	(222,000)	(225)	(59,616)
Options expired	—	—	—	—	—	—
Options exercised	(110)	(19,290)	—	—	—	—
Options outstanding at June 30, 2006	—	\$ —	—	\$ —	—	\$ —

## F. Foreign Currency Transactions

Some Funds may invest in securities of foreign issuers. The accounting records of these funds are maintained in U.S. dollars. At each net asset value determination date, the value of assets and liabilities denominated in foreign currencies are translated into U.S. dollars using the current prevailing exchange rate. Security transactions, income and expenses are converted at the prevailing rate of exchange on the respective dates of the transaction. The effect of changes in foreign exchange rates on foreign denominated securities is included with the net realized and unrealized gain or loss on securities. Other unrealized foreign currency gains or losses are reported separately.

## G. Forward Foreign Currency Contracts

The Funds may enter into forward foreign currency contracts to lock in the U.S. dollar cost of purchase and sale transactions or to defend the portfolio against currency fluctuations. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated rate. These contracts are valued daily, and the fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting, is included in the statement of assets and liabilities. Realized and unrealized gains and losses are included in the statement of operations. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of the contract and from unanticipated movements in the value of foreign currencies relative to the U.S. dollar. There were no open forward foreign currency contracts at June 30, 2006.

## H. Federal Income Taxes

The Funds intend to continue to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to

distribute substantially all of their taxable income to shareholders. Accordingly, no provision for federal income taxes is required.

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 sets forth a recognition threshold and measurement method for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. FIN 48 will be effective for the Funds' fiscal year ending June 30, 2008, and will be applied to all open tax years as of the effective date. No determination has been made whether the adoption of FIN 48 will impact the Funds' net assets or have any other effect on the Funds' financial statements.

### **I. Dividends and Distributions to Shareholders**

The Funds record dividends and distributions to shareholders on the ex-dividend date. Distributions are determined in accordance with income tax regulations, which may differ from accounting principles generally accepted in the United States. Accordingly, periodic reclassifications are made within the Funds' capital accounts to reflect income and gains available for distribution under income tax regulations.

The Funds generally make distributions at least annually. The U.S. Treasury Securities Cash and U.S. Government Securities Savings Funds accrue dividends, on a daily basis with payment monthly. Tax Free and Near-Term Tax Free pay monthly dividends. Dividends and distributions payable at period end are processed for reinvestment on the following business day.

### **J. Expenses**

Each Fund bears expenses incurred specifically on its behalf plus an allocation of its share of Trust level expenses. Expense offset arrangements have been made with the Funds' custodian so the custodian fees may be paid indirectly by credits earned on the Funds' cash balances. Such deposit arrangements are an alternative to overnight investments.

### **K. Short-Term Trading (Redemption) Fees**

Shares held in the All American Equity Fund less than 30 days are subject to a short-term trading fee equal to 0.10% of the proceeds of the redeemed shares. Shares held in the China Region Opportunity Fund less than 180 days are subject to a short-term trading fee equal to 1.00% of the proceeds of the redeemed shares. Shares held in the Global Resources Fund held less than 30 days are subject to a short-term trading fee equal to 0.25% of the proceeds of the redeemed shares. Shares held in the World Precious Minerals and Gold Shares Funds less than 30 days are subject to a short-term trading fee equal to 0.50% of the proceeds of the redeemed shares. These fees, which are retained by the Funds, are accounted for as an addition to paid-in capital.



**L. Use of Estimates in Financial Statement Preparation**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: RELATED PARTY TRANSACTIONS**

U.S. Global Investors, Inc. (Adviser), under an investment advisory agreement with the Trust in effect through February 28, 2007, furnishes management and investment advisory services and, subject to the supervision of the Trustees, directs the investments of each fund according to its investment objectives, policies and limitations. The Adviser also furnishes all necessary office facilities, business equipment and personnel for administering the affairs of the Trust. Frank E. Holmes, a trustee of the Funds, is the controlling owner of the Adviser.

For the services of the Adviser, each fund pays a management fee based upon its net assets. Fees are accrued daily and paid monthly. The contractual management fee for each fund is:

Fund	Annual Percentage of Average Daily Net Assets
Gold Shares, All American Equity and Tax Free	.75% of the first \$250,000,000 and .50% of the excess
U.S. Treasury Securities Cash and U.S. Government Securities Savings	.50% of the first \$250,000,000 and .375% of the excess
World Precious Minerals and Global Resources	1.00% of the first \$250,000,000 and .50% of the excess
Near-Term Tax Free	0.50%
China Region Opportunity	1.25%

The Adviser has voluntarily agreed to reimburse specific funds so that their total operating expenses will not exceed certain annual percentages of average net assets. The expenses for the year ended June 30, 2006, were voluntarily limited as follows: U.S. Government Securities Savings at 0.45%, Near-Term Tax Free at 0.45%, Tax Free at 0.70% and All American Equity at 1.75%. In addition, the Adviser has contractually limited total fund operating expenses to not exceed 0.45% for the U.S. Government Securities Savings Fund, 0.45% for the Near-Term Tax Free Fund, 0.70% for the Tax Free Fund and 1.75% for the All American Equity Fund on an annualized basis through November 01, 2006, and until such later date as the Adviser determines.

The Adviser has also voluntarily agreed to waive fees and/or reimburse U.S. Treasury Securities Cash Fund and U.S. Government Securities Savings Fund to the extent necessary to maintain the fund's yield at a certain level as determined by the Adviser (Minimum Yield). 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 yield to fall below the Minimum Yield. For the year ended June 30, 2004, fees waived and/or expenses reimbursed as a result of this agreement were \$45,136 and \$0 for the U.S. Treasury Securities Cash Fund and the U.S. Government Securities Savings Fund, respectively. These amounts were recoverable by the Adviser through June 30, 2007. The U.S. Treasury Securities Cash Fund reimbursed the Adviser the previously waived amount of \$45,136 during the year ended June 30, 2006. As of June 30, 2006, there were no amounts recoverable by the Adviser under this agreement.

United Shareholder Services, Inc. (USSI), a wholly-owned subsidiary of the Adviser, is the transfer agent for the funds. Each fund pays an annual fee based on its number of shareholder accounts for transfer agency services. Certain account fees are paid directly by shareholders to the transfer agent, which, in turn, reduces its charge to the Funds. Brown Brothers Harriman & Co. serves as the custodian, fund accounting and administration service agent with a fee structure based primarily on average net assets of the Funds. Additionally, the Adviser was reimbursed for in-house legal and internal administration services pertaining to the Funds during the year ended June 30, 2006, in the amounts of \$232,967 and \$33,533, respectively.

During the year ended June 30, 2006, A & B Mailers, Inc., a wholly-owned subsidiary of the Adviser, was paid \$347,423 for mailing services provided to the Funds.

The independent Trustees receive compensation for serving on the Board. The Chairman and members of special committees receive additional compensation. Trustees are also reimbursed for out-of-pocket expenses incurred while attending meetings. Frank E. Holmes receives no compensation from the Funds for serving on the Board.

**NOTE 3: INVESTMENT ACTIVITY**

Cost of purchases and proceeds from sales of long-term securities for the year ended June 30, 2006, are summarized as follows:

Fund	Purchases	Sales
Near-Term Tax Free	\$ 5,097,439	\$ 7,744,741
Tax Free	3,192,121	10,537,236
All American Equity	69,671,284	71,967,087
China Region Opportunity	143,762,838	120,264,048
Global Resources	1,795,671,400	1,269,336,193
World Precious Minerals	495,734,702	270,985,975
Gold Shares	88,144,001	74,508,948

U.S. Treasury Securities Cash and U.S. Government Securities Savings held only short-term investments. The Funds neither purchased nor sold long-term U.S. government securities during the period.

Fair valued securities which were primarily composed of restricted securities, as a percentage of net assets at June 30, 2006, were 0.94% of China Region Opportunity, 3.81% of Global Resources, and 0.73% of World Precious Minerals.

Investments in foreign issuers as a percent of total investments at June 30, 2006, were: 80.26% of China Region Opportunity, 70.05% of Global Resources, 76.09% of World Precious Minerals and 66.27% of Gold Shares.

**NOTE 4: TAX INFORMATION**

The following table presents the income tax basis of the securities owned at June 30, 2006, and the tax basis components of net unrealized appreciation or depreciation:

Fund	Aggregate Tax Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation (Depreciation)
U.S. Treasury Securities Cash	\$ 119,030,682	\$ —	\$ —	\$ —
U.S. Government Securities Savings	434,370,869	—	—	—
Near-Term Tax Free	15,808,513	51,378	(156,464)	(105,086)
Tax Free	15,096,480	394,684	(41,425)	353,259
All American Equity	20,009,767	1,912,178	(392,684)	1,519,494
China Region Opportunity	69,116,493	3,252,938	(1,729,104)	1,523,834
Global Resources	1,160,048,730	170,610,652	(38,055,704)	132,554,948
World Precious Minerals	774,947,089	163,467,583	(23,970,823)	139,496,760
Gold Shares	149,955,826	57,126,603	(3,465,288)	53,661,315

## Notes to Financial Statements

June 30, 2006

As of June 30, 2006, the components of distributable earnings on a tax basis were as follows:

Fund	Undistributed Tax Exempt Income	Undistributed Ordinary Income	Undistributed Long-Term Capital Gains	Net Unrealized Appreciation (Depreciation)
U.S. Treasury Securities Cash	\$ —	\$ 8,835	\$ —	\$ —
U.S. Government Securities Savings	—	433,491	—	—
Near-Term Tax Free	—	25,583	—	(105,086)
Tax Free	—	36,862	—	353,259
All American Equity	—	2,478,347	208,701	1,522,897
China Region Opportunity	—	1,331,121	—	1,517,257
Global Resources	—	142,212,918	36,435,112	132,567,127
World Precious Minerals	—	77,614,502	33,437,343	139,844,520
Gold Shares	—	—	—	53,768,080

The differences between book-basis and tax-basis unrealized appreciation (depreciation) for All American Equity, China Region Opportunity, Global Resources, World Precious Minerals and Gold Shares are attributable primarily to the tax deferral of losses on wash sales, investment in passive foreign investment companies (PFIC), forwards marked to market and unreversed return of capital in Canadian Trusts.

The tax character of distributions paid during the year ended June 30, 2006, were as follows:

Fund	Tax-Exempt Income	Ordinary Income	Long-Term Capital Gains	Total
U.S. Treasury Securities Cash	\$ —	\$ 3,519,445	\$ —	\$ 3,519,445
U.S. Government Securities Savings	—	14,951,407	—	14,951,407
Near-Term Tax Free	458,132	53,288	—	511,420
Tax Free	705,578	40,613	—	746,191
All American Equity	—	—	455,916	455,916
China Region Opportunity	—	909,532	—	909,532
Global Resources	—	59,079,652	10,440,800	69,520,452
World Precious Minerals	—	12,189,828	5,460,908	17,650,736
Gold Shares	—	1,018,347	—	1,018,347

# Notes to Financial Statements

June 30, 2006

The tax character of distributions paid during the fiscal year ended June 30, 2005, were as follows:

Fund	Tax-Exempt Income	Ordinary Income	Long-Term Capital Gains	Total
U.S. Treasury Securities Cash	\$ —	\$1,284,803	\$ —	\$ 1,284,803
U.S. Government Securities Savings	—	7,229,289	—	7,229,289
Near-Term Tax Free	490,494	34,594	—	525,088
Tax Free	893,128	45,740	—	938,868
All American Equity	—	—	—	—
China Region Opportunity	—	727,576	—	727,576
Global Resources	—	9,712,693	5,136,520	14,849,213
World Precious Minerals	—	7,944,295	—	7,944,295
Gold Shares	—	428,417	—	428,417

Net realized capital loss carryforwards, for federal income tax purposes, may be used to offset current or future capital gains until expiration. The Funds' tax-basis capital gains and losses are determined only at the end of each fiscal year. The loss carryforwards and related expiration dates for each fund, as of June 30, 2006, are as follows:

Fund	Expiration Date			
	2007	2008	2009	2010
U.S. Treasury Securities Cash	\$ 7,529	\$ 10,657	\$ —	\$ —
U.S. Government Securities Savings	—	—	—	—
Near-Term Tax Free	—	17,590	59,454	—
Tax Free	—	—	252,154	—
All American Equity	—	—	—	—
China Region Opportunity	—	—	459,833	193,867
Global Resources	—	—	—	—
World Precious Minerals	—	—	—	—
Gold Shares	50,050,196	2,931,501	4,098,335	—

Fund	Expiration Date				Total
	2011	2012	2013	2014	
U.S. Treasury Securities Cash	\$ 285	\$ —	\$ —	\$ —	\$ 18,471
U.S. Government Securities Savings	—	12,079	—	—	12,079
Near-Term Tax Free	—	46,218	33,686	2,760	159,708
Tax Free	—	90,567	421,236	—	763,957
All American Equity	—	—	—	—	—
China Region Opportunity	80,860	—	—	—	734,560
Global Resources	—	—	—	—	—
World Precious Minerals	—	—	—	—	—
Gold Shares	1,122,291	—	—	—	58,202,323

Fund	Post October 31, 2005 Capital Loss Deferral	Post October 31, 2005 Currency Loss Deferral
Near-Term Tax Free	\$196,063	\$ —
Gold Shares	—	61,144

The amounts above, in accordance with tax rules, are deemed to have occurred on July 1, 2006.

#### **NOTE 5: RISKS OF CONCENTRATIONS**

China Region Opportunity may be exposed to risks not typically associated with investments in the United States, due to concentration of investments in foreign issuers in the region. These investments present risks resulting from disruptive political or economic conditions and the potential imposition of adverse governmental laws or currency exchange restrictions affecting the area.

The investment policies of Gold Shares and World Precious Minerals present unique risks to their respective portfolios' values. The prices of gold and other precious metals may be subject to fluctuations caused by international monetary and political developments including trade or currency restrictions, currency devaluation and revaluation, and social and political conditions within a country. Fluctuations in the prices of gold and other precious metals will affect the market values of the securities held by these funds.

#### **NOTE 6: CREDIT ARRANGEMENTS**

Each of the U.S. Global Investors Funds, along with other funds under common management, has a revolving credit facility with Brown Brothers Harriman & Co. (BBH). Borrowings of each fund are collateralized by any or all of the securities held by BBH as the fund's custodian. Interest on borrowings is charged at the current overnight Federal Funds Rate plus 2%. Each fund has a maximum borrowing limit of 10% of qualified assets. The aggregate borrowings by all the funds under the agreement cannot exceed \$10,000,000 at any one time. There were no borrowings under the revolving credit facility at June 30, 2006.

#### **NOTE 7: SHARES OF BENEFICIAL INTEREST**

At June 30, 2006, individual shareholders holding more than 5% of outstanding shares comprised 5.00% and 8.21% of the Near-Term Tax Free Fund and the Tax Free Fund, respectively. In addition, the Adviser held 8.19% of the Near-Term Tax Free Fund.

#### **NOTE 8: NEAR-TERM TAX FREE FUND STOCK SPLIT**

Effective as of the close of business on January 3, 2005, Near-Term Tax Free Fund instituted a 5-for-1 stock split. All capital share activity and per share data for Near-Term Tax Free Fund for the previous periods presented in these financial statements has been adjusted to reflect the stock split.

# Financial Highlights

## U.S. TREASURY SECURITIES CASH FUND

For a capital share outstanding during the year ended June 30,

	2006	2005	2004	2003	2002
<b>Net asset value, beginning of year</b>	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Investment Activities					
Net investment income	.03	.01	—(a)	.01	.01
Net realized and unrealized gain	—	—	—	—	—
Total from investment activities	.03	.01	—(a)	.01	.01
Distributions from net investment income	(.03)	(.01)	—(a)	(.01)	(.01)
<b>Net asset value, end of year</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
<b>Total Return</b> (excluding account fees) (b)	3.11%	1.12%	.08%	.57%	1.43%
Ratios to Average Net Assets (c):					
Net investment income	3.06%	1.11%	.07%	.52%	1.43%
Total expenses	.92%	.97%	1.00%	.97%	1.00%
Expenses reimbursed or offset	—(d)	—(d)	(.04)%	—(d)	—(d)
Net recouped fees	.03%	—	—	—	—
Net expenses	.95%	.97%	.96%	.97%	1.00%
<b>Net assets, end of year (in thousands)</b>	<b>\$119,028</b>	<b>\$124,058</b>	<b>\$112,575</b>	<b>\$123,879</b>	<b>\$134,930</b>

## U.S. GOVERNMENT SECURITIES SAVINGS FUND

For a capital share outstanding during the year ended June 30,

	2006	2005	2004	2003	2002
<b>Net asset value, beginning of year</b>	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Investment Activities					
Net investment income	.04	.02	.01	.01	.02
Net realized and unrealized gain	—	—	—	—	—
Total from investment activities	.04	.02	.01	.01	.02
Distributions from net investment income	(.04)	(.02)	(.01)	(.01)	(.02)
<b>Net asset value, end of year</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
<b>Total Return</b> (excluding account fees) (b)	3.69%	1.70%	.63%	1.09%	2.20%
Ratios to Average Net Assets (c):					
Net investment income	3.64%	1.67%	.61%	1.08%	2.20%
Total expenses	.64%	.65%	.65%	.61%	.59%
Expenses reimbursed or offset	(.19)%	(.20)%	(.20)%	(.16)%	(.14)%
Net expenses	.45%	.45%	.45%	.45%	.45%
<b>Net assets, end of year (in thousands)</b>	<b>\$435,417</b>	<b>\$411,979</b>	<b>\$441,722</b>	<b>\$529,829</b>	<b>\$691,843</b>

- (a) The per share amount does not round to a full penny.
- (b) 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) Expenses reimbursed or offset 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.
- (d) Ratio does not round to 0.01%.

See accompanying notes to financial statements.

# Financial Highlights

## NEAR-TERM TAX FREE FUND

For a capital share outstanding during the year ended June 30,

	2006	2005*	2004*	2003*	2002*
<b>Net asset value, beginning of year</b>	\$2.17	\$2.17	\$2.23	\$2.16	\$2.12
Investment Activities					
Net investment income	.07	.07	.06	.06	.08
Net realized and unrealized gain (loss)	(.05)	(.01)	(.06)	.07	.04
Total from investment activities	.02	.06	.00	.13	.12
Distributions from net investment income	(.07)	(.06)	(.06)	(.06)	(.08)
<b>Net asset value, end of year</b>	<b>\$2.12</b>	<b>\$2.17</b>	<b>\$2.17</b>	<b>\$2.23</b>	<b>\$2.16</b>
<b>Total Return</b> (excluding account fees) (a)	.75%	2.75%	.20%	5.97%	5.65%
Ratios to Average Net Assets (b):					
Net investment income	3.08%	2.79%	2.73%	2.83%	3.73%
Total expenses	1.54%	1.49%	1.25%	1.44%	2.63%
Expenses reimbursed or offset	(1.09)%	(1.04)%	(.80)%	(.94)%	(2.01)%
Net expenses	.45%	.45%	.45%	.50%	.62%
Portfolio turnover rate	33%	5%	21%	20%	19%
<b>Net assets, end of year (in thousands)</b>	<b>\$15,830</b>	<b>\$18,706</b>	<b>\$18,673</b>	<b>\$21,979</b>	<b>\$9,752</b>

## TAX FREE FUND

For a capital share outstanding during the year ended June 30,

	2006	2005	2004	2003	2002
<b>Net asset value, beginning of year</b>	\$12.33	\$12.08	\$12.65	\$12.18	\$11.95
Investment Activities					
Net investment income	.52	.44	.43	.42	.50
Net realized and unrealized gain (loss)	(.36)	.25	(.58)	.48	.23
Total from investment activities	.16	.69	(.15)	.90	.73
Distributions from net investment income	(.51)	(.44)	(.42)	(.43)	(.50)
<b>Net asset value, end of year</b>	<b>\$11.98</b>	<b>\$12.33</b>	<b>\$12.08</b>	<b>\$12.65</b>	<b>\$12.18</b>
<b>Total Return</b> (excluding account fees) (a)	1.30%	5.78%	(1.25)%	7.49%	6.18%
Ratios to Average Net Assets (b):					
Net investment income	4.01%	3.50%	3.22%	3.34%	4.13%
Total expenses	1.69%	1.47%	1.09%	1.22%	1.56%
Expenses reimbursed or offset	(.99)%	(.77)%	(.39)%	(.52)%	(.86)%
Net expenses	.70%	.70%	.70%	.70%	.70%
Portfolio turnover rate	19%	40%	54%	26%	22%
<b>Net assets, end of year (in thousands)</b>	<b>\$14,992</b>	<b>\$22,433</b>	<b>\$28,167</b>	<b>\$55,283</b>	<b>\$21,698</b>

\* 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) 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) Expenses reimbursed or offset 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.

See accompanying notes to financial statements.



# Financial Highlights

## ALL AMERICAN EQUITY FUND

For a capital share outstanding during the year ended June 30,

	2006	2005	2004	2003	2002
<b>Net asset value, beginning of year</b>	\$24.47	\$22.53	\$19.15	\$21.20	\$25.44
Investment Activities					
Net investment loss	(.18)	(.02)	(.11)	(.03)	(.03)
Net realized and unrealized gain (loss)	3.89	1.96	3.49	(2.02)	(4.20)
Total from investment activities	3.71	1.94	3.38	(2.05)	(4.23)
Distributions					
From net investment income	—	—	—	—	(.01)
From net realized gains	(.59)	—	—	—	—
Total distributions	(.59)	—	—	—	(.01)
Short-Term Trading Fees* (a)	—	—	—	—	—
<b>Net asset value, end of year</b>	<b>\$27.59</b>	<b>\$24.47</b>	<b>\$22.53</b>	<b>\$19.15</b>	<b>\$21.20</b>
<b>Total Return</b> (excluding account fees) (b)	15.25%	8.61%	17.65%	(9.67)%	(16.62)%
Ratios to Average Net Assets (c):					
Net investment loss	(.67)%	(.09)%	(.49)%	(.12)%	(.12)%
Total expenses	2.20%	2.44%	2.31%	2.56%	2.19%
Expenses reimbursed or offset	(.45)%	(.69)%	(.56)%	(1.06)%	(.73)%
Net expenses	1.75%	1.75%	1.75%	1.50%	1.46%
Portfolio turnover rate	369%	262%	96%	119%	75%
<b>Net assets, end of year (in thousands)</b>	<b>\$21,547</b>	<b>\$19,253</b>	<b>\$19,974</b>	<b>\$18,334</b>	<b>\$20,713</b>

## CHINA REGION OPPORTUNITY FUND

For a capital share outstanding during the year ended June 30,

	2006	2005	2004	2003	2002
<b>Net asset value, beginning of year</b>	\$6.87	\$5.86	\$4.17	\$4.38	\$4.92
Investment Activities					
Net investment loss	(.01)*	(.06)	—*	(.02)	(.04)
Net realized and unrealized gain (loss)	2.02	1.22	1.69	(.20)	(.51)
Total from investment activities	2.01	1.16	1.69	(.22)	(.55)
Distributions from net investment income	(.19)	(.16)	(.05)	—	—
Short-Term Trading Fees*	.02	.01	.05	.01	.01
<b>Net asset value, end of year</b>	<b>\$8.71</b>	<b>\$6.87</b>	<b>\$5.86</b>	<b>\$4.17</b>	<b>\$4.38</b>
<b>Total Return</b> (excluding account fees) (b)	30.03%	19.98%	41.63%	(4.79)%	(10.98)%
Ratios to Average Net Assets (c):					
Net investment income (loss)	(.08)%	(.54)%	.05%	(.60)%	(.83)%
Total expenses	2.31%	2.56%	2.25%	3.91%	3.54%
Expenses reimbursed or offset	(.01)%	—(d)	—(d)	—(d)	—(d)
Net expenses	2.30%	2.56%	2.25%	3.91%	3.54%
Portfolio turnover rate	292%	136%	126%	44%	29%
<b>Net assets, end of year (in thousands)</b>	<b>\$67,761</b>	<b>\$30,511</b>	<b>\$35,090</b>	<b>\$12,815</b>	<b>\$12,003</b>

\* Based on average monthly shares outstanding.

- The per share amount does not round to a full penny.
- 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.
- Expenses reimbursed or offset 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.
- Ratio does not round to 0.01%.

See accompanying notes to financial statements.

# Financial Highlights

## GLOBAL RESOURCES FUND

For a capital share outstanding during the year ended June 30,

	2006	2005	2004	2003	2002
<b>Net asset value, beginning of year</b>	\$12.67	\$8.39	\$5.14	\$4.93	\$4.01
Investment Activities					
Net investment income (loss)	.29	.25	.12	(.05)	(.06)
Net realized and unrealized gain	5.63	4.67	3.26	.35	.98
Total from investment activities	5.92	4.92	3.38	.30	.92
Distributions					
From net investment income	(.32)	(.34)	(.13)	(.09)	—
From net realized gains	(1.05)	(.30)	—	—	—
Total distributions	(1.37)	(.64)	(.13)	(.09)	—
Short-Term Trading Fees* (a)	—	—	—	—	—
<b>Net asset value, end of year</b>	<b>\$17.22</b>	<b>\$12.67</b>	<b>\$8.39</b>	<b>\$5.14</b>	<b>\$4.93</b>
<b>Total Return</b> (excluding account fees) (b)	48.91%	60.21%	65.73%	6.43%	22.94%
Ratios to Average Net Assets (c):					
Net investment income (loss)	1.07%	.91%	.74%	(1.38)%	(1.57)%
Total expenses	.96%	1.30%	1.54%	3.75%	3.83%
Expenses reimbursed or offset	(.01)%	—(d)	—(d)	—(d)	—(d)
Net expenses	.95%	1.30%	1.54%	3.75%	3.83%
Portfolio turnover rate	157%	116%	140%	101%	96%
<b>Net assets, end of year (in thousands)</b>	<b>\$1,281,664</b>	<b>\$488,183</b>	<b>\$135,574</b>	<b>\$14,884</b>	<b>\$14,900</b>

## WORLD PRECIOUS MINERALS FUND

For a capital share outstanding during the year ended June 30,

	2006	2005	2004	2003	2002
<b>Net asset value, beginning of year</b>	\$15.50	\$13.68	\$9.75	\$10.43	\$5.28
Investment Activities					
Net investment income (loss)	.72	(.22)	(.17)*	(.05)	(.07)
Net realized and unrealized gain (loss)	13.62	2.42	5.85	(.52)	5.18
Total from investment activities	14.34	2.20	5.68	(.57)	5.11
Distributions					
From net investment income	(.67)	(.46)	(1.86)	(.25)	—
From net realized gains	(.37)	—	—	—	—
Total distributions	(1.04)	(.46)	(1.86)	(.25)	—
Short-Term Trading Fees*	.06	.08	.11	.14	.04
<b>Net asset value, end of year</b>	<b>\$28.86</b>	<b>\$15.50</b>	<b>\$13.68</b>	<b>\$9.75</b>	<b>\$10.43</b>
<b>Total Return</b> (excluding account fees) (b)	96.21%	16.50%	57.42%	(4.02)%	97.54%
Ratios to Average Net Assets (c):					
Net investment income (loss)	.05%	(1.01)%	(1.15)%	(1.36)%	(1.32)%
Total expenses	1.13%	1.48%	1.47%	1.92%	2.27%
Expenses reimbursed or offset (d)	—	—	—	—	—
Net expenses	1.13%	1.48%	1.47%	1.92%	2.27%
Portfolio turnover rate	66%	55%	65%	141%	104%
<b>Net assets, end of year (in thousands)</b>	<b>\$920,249</b>	<b>\$268,312</b>	<b>\$246,852</b>	<b>\$107,212</b>	<b>\$97,044</b>

\* Based on average monthly shares outstanding.

- (a) The per share amount does not round to a full penny.
- (b) 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) Expenses reimbursed or offset 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.
- (d) Ratio does not round to 0.01%.

See accompanying notes to financial statements.

# Financial Highlights

## GOLD SHARES FUND

For a capital share outstanding during the year ended June 30,

	2006	2005	2004	2003	2002
<b>Net asset value, beginning of year</b>	<b>\$7.67</b>	<b>\$7.00</b>	<b>\$5.18</b>	<b>\$5.28</b>	<b>\$2.83</b>
Investment Activities					
Net investment loss	(.01)*	(.11)	(.10)	(.10)	(.06)
Net realized and unrealized gain	7.88	.79	1.91	(.02)	2.48
Total from investment activities	7.87	.68	1.81	(.12)	2.42
Distributions from net investment income	(.12)	(.05)	(.03)	—	—
Short-Term Trading Fees*	.06	.04	.04	.02	.03
<b>Net asset value, end of year</b>	<b>\$15.48</b>	<b>\$7.67</b>	<b>\$7.00</b>	<b>\$5.18</b>	<b>\$5.28</b>
<b>Total Return</b> (excluding account fees) (a)	104.15%	10.19%	35.57%	(1.89)%	86.57%
Ratios to Average Net Assets (b):					
Net investment loss	(.06)%	(1.13)%	(1.45)%	(1.98)%	(1.99)%
Total expenses	1.47%	1.97%	1.93%	2.64%	3.57%
Expenses reimbursed or offset (c)	—	—	—	—	—
Net expenses	1.47%	1.97%	1.93%	2.64%	3.57%
Portfolio turnover rate	78%	66%	85%	138%	164%
<b>Net assets, end of year (in thousands)</b>	<b>\$208,027</b>	<b>\$63,816</b>	<b>\$66,732</b>	<b>\$45,720</b>	<b>\$52,911</b>

\* Based on average monthly shares outstanding.

- (a) 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) Expenses reimbursed or offset 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.
- (c) Ratio does not round to 0.01%.

See accompanying notes to financial statements.

## Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders  
of U.S. Global Investors Funds:

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of the U.S Treasury Securities Cash Fund, U.S. Government Securities Savings Fund, Near-Term Tax Free Fund, Tax Free Fund, All American Equity Fund, China Region Opportunity Fund, Global Resources Fund, World Precious Minerals Fund and Gold Shares Fund (collectively, the "Funds"), each a portfolio of U.S. Global Investors Funds (Trust) as of June 30, 2006, and the related statements of operations for the year then ended, and the statements of changes in net assets for each of the two years in the period then ended and financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2006, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the respective funds constituting U.S. Global Investors Funds, as of June 30, 2006, and the results of their operations, the changes in their net assets and financial highlights for the periods described above, in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

Boston, Massachusetts  
August 22, 2006

The following table presents information about the Trustees as of June 30, 2006, together with a brief description of their principal occupations during the last five years. The Trustees do not serve a specified term of office. Each Trustee will hold office until the termination of the Trust or his earlier death, resignation, retirement, incapacity or removal. The retirement age for Trustees is 72 years of age. If you would like more information about the Trustees, you may call 1-800-US-FUNDS (1-800-873-8637) to request a free copy of the Statement of Additional Information.

## Non-Interested Trustees

Name (Age) Address Positions Held with Trust Length of Time Served Number of Portfolios in Fund Complex Overseen by Trustee	Principal Occupation(s) and Previous Positions During Past 5 Years and Other Directorships Held
Mr. J. Michael Belz (53) 7900 Callaghan Road San Antonio, TX 78229 Trustee November 2005 to present Thirteen portfolios	<b>Principal Occupation:</b> President and Chief Executive Officer of Catholic Life Insurance since 1984. <b>Other Directorships Held:</b> Director of Broadway National Bank from October 2003 to present.
James F. Gaertner (63) 7900 Callaghan Road San Antonio, TX 78229 Trustee November 2002 to present Nine portfolios	<b>Principal Occupation:</b> President of Sam Houston State University from August 2001 to present. <b>Other Directorships Held:</b> Chairman of the Board of Directors of Tandy Brands Accessories, Inc. from October 1997 to present.
Clark R. Mandigo (63) 7900 Callaghan Road San Antonio, TX 78229 Trustee 1998 to present Thirteen portfolios	<b>Principal Occupation:</b> Restaurant operator, business consultant from 1991 to present. <b>Other Directorships Held:</b> Director of Lone Star Steakhouse & Saloon, Inc. from 1992 to present and Horizon Organic Holding Corporation from 1996 to January 2004.
Walter W. McAllister III (64) 7900 Callaghan Road San Antonio, TX 78229 Trustee 1998 to present Nine portfolios	<b>Other Directorships Held:</b> Director, Texas Capital Banc Shares, Inc. from 1999 to present.
Willem C.J. van Rensburg (67) 7900 Callaghan Road San Antonio, TX 78229 Trustee 1978 to present Nine portfolios	<b>Principal Occupation:</b> Retired. Professor of Geological Science and Petroleum Engineering, University of Texas at Austin from September 1981 to May 2006.

**Interested Trustee**

**Name (Age)**

**Address**

**Positions Held with Trust**

**Length of Time Served**

**Number of Portfolios in Fund**

**Complex Overseen by Trustee**

**Principal Occupation(s) and Previous Positions  
During Past 5 Years and Other Directorships Held**

Frank Holmes \* (51)  
7900 Callaghan Road  
San Antonio, TX 78229  
Trustee, Chief Executive  
Officer, Chief Investment  
Officer, President  
1989 to present  
Thirteen portfolios

**Principal Occupation:** Director, Chief Executive Officer, and Chief Investment Officer of the Adviser. Since October 1989, Mr. Holmes has served and continues to serve in various positions with the Adviser, its subsidiaries, and the investment companies it sponsors.  
**Other Directorships Held:** Chairman of the Board of Directors of Endeavour Mining Capital Corp. from November 2005 to present. Director of 71316 Ontario, Inc. from April 1987 to present and of F. E. Holmes Organization, Inc. from July 1978 to present. Director of Franc-Or Resources Corp. from November 1994 to November 1996 and from June 2000 to November 2003. Chairman of the Board of Directors of Consolidated Fortress Resources, Inc. from November 2000 to November 2003. Director of Broadband Collaborative Solutions from May 2000 to June 2002.

\*Mr. Holmes is an “interested person” of the Trust by virtue of his positions with U.S. Global Investors, Inc.

The following table presents information about each Officer of the Trust as of June 30, 2006, together with a brief description of their principal occupations during the last five years. Each holds office until his or her successor is duly elected and qualified.

**Officers**

<b>Name (Age) Address Positions Held with Trust Length of Time Served</b>	<b>Principal Occupation(s) During Past 5 Years</b>
Frank Holmes (51) 7900 Callaghan Road San Antonio, TX 78229 Trustee, Chief Executive Officer, Chief Investment Officer, President 1989 to present	Director, Chief Executive Officer, and Chief Investment Officer of the Adviser. Since October 1989, Mr. Holmes has served and continues to serve in various positions with the Adviser, its subsidiaries, and the investment companies it sponsors.
Susan McGee (47) 7900 Callaghan Road San Antonio, TX 78229 Executive Vice President, Secretary, General Counsel 1997 to present	President and General Counsel of the Adviser. Since September 1992, Ms. McGee has served and continues to serve in various positions with the Adviser, its subsidiaries, and the investment companies it sponsors.
Catherine Rademacher (46) 7900 Callaghan Road San Antonio, TX 78229 Treasurer August 2004 to present	Treasurer of the Trust and Chief Financial Officer of the Adviser. Since April 2004, Ms. Rademacher has served in various positions with the Adviser, its subsidiaries, and the investment companies it sponsors. Associate with Resources Connection from July 2003 to February 2004. Recruiting Manager with Robert Half International from November 2002 to June 2003. Controller of Luby's Inc. from June 2000 to October 2002.

## Additional Information (unaudited)

### Additional Federal Tax Information

The percentage of tax-exempt dividends paid by the Funds for the year ended June 30, 2006, was:

Near-Term Tax Free	89.58%
Tax Free	94.56%

The percentage of ordinary income dividends paid by the Funds during the year ended June 30, 2006, which qualify for the Dividends Received Deduction available to corporate shareholders was:

Global Resources	1.59%
World Precious Minerals	0.73%
Gold Shares	13.57%

The Funds hereby designate the following approximate amounts as capital gain dividends for the purpose of the dividends paid deduction:

All American Equity	\$ 455,916
Global Resources	10,440,800
World Precious Minerals	5,460,908

The amounts which represent foreign source income and foreign taxes paid during the year ended June 30, 2006 are as follows:

	<u>Foreign Source Income</u>	<u>Foreign Tax Credit</u>
China Region Opportunity	\$ 785,056	\$ 23,633
Global Resources	12,602,619	1,707,076
World Precious Minerals	1,008,304	110,836
Gold Shares	195,231	19,469

In January 2007, the Funds will report on Form 1099-DIV the tax status of all distributions made during the calendar year 2006. The funds intend to distribute the maximum amount of qualified dividend income allowable. The amount of qualified dividend income distributed by each fund will be reported to shareholders on their Form 1099-DIV. Shareholders should use the information on Form 1099-DIV for their income tax returns.



## **Additional Information (unaudited)**

### **Proxy Voting**

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling 1-800-US-FUNDS (1-800-873-8637). It also appears in the Funds' statement of additional information (Form 485B), which can be found on the SEC's website at [www.sec.gov](http://www.sec.gov).

Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling 1-800-US-FUNDS (1-800-873-8637) or accessing the Funds' Form N-PX on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Availability of Quarterly Portfolio Schedules**

The Funds provide complete lists of holdings four times in each fiscal year, at the quarter-ends. For the second and fourth quarters, the lists appear in the Funds' semi-annual and annual reports to shareholders. For the first and third quarters, the Funds file the lists with the SEC on Form N-Q. Shareholders can look up the Funds' Forms N-Q on the SEC's website at [www.sec.gov](http://www.sec.gov). You may also visit or call the SEC's Public Room in Washington, D.C. (1-202-942-8090) or send a request plus a duplicating fee to the SEC, Public Reference Section, Washington, DC 20549-0102 or by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

### **Approval of the Advisory Agreement for Each Fund**

On February 13, 2006, the Board of Trustees, including all of the Trustees who are not "interested persons" of the Trust (the "Independent Trustees"), approved continuation of the advisory agreement with the Adviser for each Fund for an additional one-year term. In considering approval of the agreement, the Trustees reviewed a variety of materials relating to each Fund and the Adviser, including: (i) comparative performance, fee and expense information versus a peer group of similar mutual funds provided by Lipper Inc. (each, a "Peer Group"), performance information versus a broader array of comparative mutual funds provided by Lipper Inc. (each, a "Peer Universe") and performance information versus a benchmark index (each, a "Fund Benchmark"), (ii) information regarding the nature, extent and quality of the services provided by the Adviser, (iii) the costs of services provided and estimated profits realized by the Adviser and its affiliates, (iv) the extent to which economies of scale are realized as the Funds grow, (v) whether fee levels reflect any possible economies of scale for the benefit of Fund shareholders, (vi) comparisons of services rendered and amounts paid to other registered investment companies managed by the Adviser and other accounts managed by the Adviser, and (vii) benefits realized by the Adviser (and its affiliates) from its relationship with the Funds.

The Independent Trustees began their process of reviewing information and considering approval of the agreement in November 2005 and were represented by independent legal counsel throughout the process. After a November 11, 2005 meeting, at the direction of the Independent

## **Additional Information (unaudited)**

Trustees, independent legal counsel requested additional information from the Adviser to be provided to the Independent Trustees in advance of their February 13, 2006 meeting. As a result, the Independent Trustees received information from the Adviser describing the foregoing information. In addition, the Independent Trustees received materials from their independent legal counsel discussing the legal standards applicable to their consideration of the agreement. After their review of the information received, the Independent Trustees presented their findings and recommendations to the full Board.

In considering the nature, extent and quality of the services provided by the Adviser, the Board reviewed information relating to the Adviser's operations and personnel. Among other things, the Adviser provided biographical information on its professional staff and descriptions of its organizational and management structure. In the course of its deliberations the Board evaluated, among other things, information relating to the investment philosophy, strategies and techniques used in managing each Fund, the qualifications and experience of the Adviser's investment personnel, the Adviser's brokerage practices, including the extent to which the Adviser obtains research through "soft dollar" arrangements with the Funds' brokerage, and the financial and non-financial resources available to provide services required under the advisory agreement.

In considering the reasonableness of the fee payable to the Adviser for managing each Fund, the Board reviewed, among other things, financial statements of the Adviser and an analysis of the profitability to the Adviser and its affiliates of their relationship with each Fund over various time periods, which analysis identified revenues and other benefits received by the Adviser and its affiliates from managing each Fund, the costs associated with providing such services and the resulting profitability to the Adviser and its affiliates from these relationships on a Fund-by-Fund basis and as a group of Funds. The Board also compared each Fund's management fee to the fees charged by the Adviser to other registered investment companies and to other clients managed by the Adviser. (However, the Board noted that those other investment companies have different investment policies than the Funds and that the Adviser does not manage other investment companies similar to the Funds. The Board also noted that, although certain clients may have investment objectives and policies that are similar to some of the Funds, the contractual fees payable to the Adviser for managing those client assets are the same or higher than the management fees of the similar Funds.) The Board considered the current and anticipated asset levels of each Fund and the historical willingness of the Adviser to waive fees and pay expenses of the Funds from time to time to limit the total expenses of the Funds. The Board also considered that the management fee for all of the Funds except for the Near-Term Tax Free Fund and the China Region Opportunity Fund include a breakpoint. The Board also noted that the Adviser did not believe, with respect to administration and investment advisory services provided, that it was realizing significant economies of scale and that the current fees represent an appropriate sharing of economies of scale. The Board concluded that the profitability to the Adviser and its affiliates from their relationship with the Funds is not excessive and that the Adviser is not realizing material benefits from economies of scale that would warrant adjustments to the fees for any Fund at this time. The Board concluded that, in light of the nature, extent and quality of the services provided by the Adviser and the levels of profitability associated with providing these services, the fees charged by the Adviser under the Advisory Agreement to each Fund are reasonable.

## **Additional Information (unaudited)**

In addition to the foregoing, the Board considered the specific factors and reached the related conclusions set forth below with respect to each Fund:

### U.S. Government Securities Savings Fund

The Board noted that the U.S. Government Securities Saving Fund has been among the top performing funds of its Peer Group and Peer Universe and has substantially outperformed its Fund Benchmark for the one, two, three, four, five and ten year periods ending August 31, 2005. Accordingly, the Board concluded that the Fund's performance has been satisfactory. In determining that the fees charged by the Adviser are reasonable, the Board also noted that, over various time periods, the Adviser has waived fees and paid expenses of the Fund and that the Fund's management fee and total expenses, net of contractual waivers and expense reimbursements, are below the median for its Peer Group.

### U.S. Treasury Securities Cash Fund

The Board noted that the U.S. Treasury Securities Cash Fund has underperformed its Peer Group, Peer Universe and Fund Benchmark for the one, two, three, four, five and ten year periods ending August 31, 2005. The Independent Trustees also requested and reviewed the Fund's gross performance, which indicated that the Fund's performance was competitive on a gross basis and that the Fund's net relative underperformance is primarily attributable to the Fund's high relative expenses. As a result, the Board concluded that the Fund's performance has been consistent with reasonable expectations in light of the nature, quality and extent of the services provided to shareholders. In this regard, the Board noted that the Fund is designed to be used by shareholders as a substitute for a traditional checking account, that the Fund's high relative expenses are explained, in part, by the unlimited free checkwriting and related shareholder services offered by the Fund, and that the Fund's relative underperformance is attributable primarily to high expenses incurred by the Fund in making these services available to shareholders. In determining that the fees charged by the Adviser are reasonable, the Board noted that the Fund's management fee is competitive with that of its Peer Group.

### Tax Free Fund

The Board noted that the Tax Free Fund has underperformed its Peer Group, Peer Universe and Fund Benchmark for the one, two, three, four, five and ten year periods ending August 31, 2005, although the recent performance of the Fund has improved slightly over the past year. The Board also noted the small size of the Fund and that the Fund's performance was adversely affected by the Fund's conservative risk profile. In light of the above, the Board concluded that performance was satisfactory. In determining that the fees charged by the Adviser are reasonable, the Board noted that while the Fund's contractual management fee and total expenses are above the median for its Peer Group, over various time periods, the Adviser has waived fees and expenses of the Fund and the Fund's management fee, net of contractual waivers, is below the median for its Peer Group.

## **Additional Information (unaudited)**

### Near-Term Tax Free Fund

The Board noted that the Near-Term Tax Free Fund has performed at or above the median of its Peer Group for the one, two and three-year periods ending August 31, 2005, although the Fund has performed slightly below its Fund Benchmark for these same time periods. Accordingly, the Board concluded that the Fund's overall performance has been satisfactory. In determining that the fees charged by the Adviser are reasonable, the Board noted that the Fund is among the smallest funds in its Peer Group, that over various time periods the Adviser has waived fees and paid expenses of the Fund, and that the Fund's management fee and total expenses, net of contractual waivers and expense reimbursements, are below the median for its Peer Group.

### All American Equity Fund

The Board noted that the All American Equity Fund has performed well relative to its Peer Group and Peer Universe for the one, two, three and four year periods ending August 31, 2005. The All American Equity Fund has also outperformed its Fund Benchmark for the one, two and three year periods ending August 31, 2005. Accordingly, the Board concluded that the overall performance of the Fund has been satisfactory. In determining that the fees charged by the Adviser are reasonable, the Board noted that, over various time periods, the Adviser has waived fees and paid expenses of the Fund and that the Fund's management fee, net of contractual waivers, is below the median of the Peer Group. The Board also noted that total expenses of the Fund are high due to the high non-management related expenses relative to its Peer Group. The Board concluded that this is consistent with reasonable expectations in light of the small size of the Fund and the small average account size of the Fund relative to its Peer Group.

### China Region Opportunity Fund

The Board noted that the China Region Opportunity Fund has outperformed its Peer Group and Peer Universe for the one, two, three and four-year periods ending August 31, 2005. Accordingly, the Board concluded that the overall performance of the Fund has been satisfactory. In determining that the fees charged by the Adviser are reasonable, the Board noted that, although the Fund's management fee and total expenses are high compared to its Peer Group, such fees and expenses are consistent with reasonable expectations in light of the size of the Fund and the nature, quality and extent of the services provided by the Adviser. In this regard, the Board noted that the Adviser has committed substantial resources to monitor frequent purchases and redemptions of shares of the Fund.

### Global Resources Fund

The Board noted that the Global Resources Fund has been among the top performing funds in its Peer Group and Peer Universe for the one, two, three, four and five-year periods ending August 31, 2005 and has substantially outperformed its Fund Benchmark for all such periods. Accordingly, the Board concluded that the Fund's performance has been satisfactory. In determining that the fees charged by the Adviser are reasonable, the Board noted that the Fund's management fee is close to the median for its Peer Group and that the Fund's management fee and total expenses, net of contractual waivers and expense reimbursements, are below the median for its Peer Group. In

## Additional Information (unaudited)

this regard, the Board noted that the Adviser has committed substantial resources to monitor frequent purchases and redemptions of shares of the Fund.

### World Precious Minerals Fund

The Board noted that the World Precious Minerals Fund has been among the top performing funds in its Peer Group and Peer Universe for the one, two, three and four-year periods ending August 31, 2005 and has substantially outperformed its Fund Benchmark for all such periods. Accordingly, the Board concluded that the Fund's performance has been satisfactory. In determining that the fees charged by the Adviser are reasonable, the Board noted that although the Fund's management fee and total expenses are slightly above the median for its Peer Group, such fees are consistent with reasonable expectations in light of the size of the Fund and the nature, quality and extent of the services provided by the Adviser. In this regard, the Board noted that the Adviser has committed substantial resources to monitor frequent purchases and redemptions of shares of the Fund.

### Gold Shares Fund

The Board noted that the Gold Shares Fund has outperformed its Peer Group, Peer Universe and its Fund Benchmark for the one, two, three, four and five-year periods ending August 31, 2005. Accordingly, the Board concluded that the Fund's performance has been satisfactory. In determining that the fees charged by the Adviser are reasonable, the Board noted that the Fund's management fee is below the median for its Peer Group. In addition, the Board noted that the Adviser has committed substantial resources to monitor frequent purchases and redemptions of shares of the Fund. The Board also noted that the Fund's total expenses are among the highest of its Peer Group, with a large portion of expenses devoted to non-management expenses. The Board concluded that such expenses are consistent with reasonable expectations in light of the small size of the Fund and the small average account size of the Fund relative to its Peer Group. In this regard, the Board noted that the Adviser has committed substantial resources to monitor frequent purchases and redemptions of shares of the Fund.

\* \* \* \* \*

Based on all of the above-mentioned factors and related conclusions, with no single factor or conclusion being determinative and with each Trustee not necessarily attributing the same weight to each factor, the Board of Trustees, including the Independent Trustees, concluded that approval of the advisory agreement would be in the interests of each Fund. Accordingly, on February 13, 2006, the Board of Trustees, including the Independent Trustees, voted to approve continuation of the advisory agreement with respect to each Fund.



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