



Terry Lee
President and CEO

Dear Fellow Shareholders,

The year is just beginning and so much has happened! For one, our website has a brand new look. Please visit www.leehawaii.com and see the changes. Any comments are welcomed.

I would like to take this opportunity to thank all our shareholders who attended our Update meeting. We had a great time seeing our shareholders, their families and friends. We hope you enjoyed yourselves and found the presentation informative.

I would also like to thank everyone who contributed to our Food Drive during the Holidays last year. With the help of everyone, over 2700 pounds of food and \$3,000.00 was donated to the Food Bank.

My staff and I are excited about continuing to serve you in 2010. If you ever have other investment needs, please be sure to contact Lee Financial Group at 988-8088. We would welcome the opportunity to talk to you.

Warmest Aloha,

Terry Lee
President and CEO

Lee Financial Securities, Inc./Distributor

2009 TAX RETURNS

Yes indeed. It's that time of year when we must start thinking about completing our tax returns. **To assist you in preparing your 2009 taxes, we are providing you with information on the Hawaii Municipal Fund.** As a shareholder in the Fund, 100% of the interest dividends earned by Hawaii residents in 2009 were State and Federal tax-free.*

For those taxpayers subject to the Alternative Minimum Tax (AMT), a portion of the tax-exempt dividends paid during the 2009 calendar year represents income from private activity bonds issued after August 7, 1986. This interest is a tax-preference item for AMT purposes and should be included in your AMT computations. The AMT amount will be available on Form 1099.

Your 2009 tax-free dividends can be found on your December month-end statement just below the date under "2009 Tax-free Dividends YTD" and on your 1099 Form INT in box 8. For individuals, enter this amount on line 8b ("Tax-Exempt Interest") of the federal Form 1040. This lets the IRS know how much tax-exempt interest you have received during 2009.

The *Hawaii Municipal Fund* did not distribute Capital Gains for the 2009 calendar year.

A Form 1099 will be mailed to assist you in the preparation of your 2009 taxes. However, accounts that received less than \$10.00 will not receive a 1099.

If you have any questions regarding your investments, please call us at (808) 988-8088.

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*Non-Hawaii Residents. 0.2323% of the federally Exempt Interest dividends paid by the Hawaii Municipal Fund are attributable to municipal obligations issued by U.S. possessions. The remaining Exempt Interest Dividends of 99.7677% in the Hawaii Municipal Fund are attributable to municipal obligations issued by governmental authorities in the State of Hawaii.