



### **TAX-EXEMPT MUNICIPAL BOND FUNDS**

Alabama Tax-Free Income Series — DUALX  
Kentucky Tax-Free Income Series — KYTFX  
Kentucky Tax-Free Short-to-Medium Series — KYSMX  
Mississippi Tax-Free Income Series — DUMSX  
North Carolina Tax-Free Income Series — NTFIX  
North Carolina Tax-Free Short-to-Medium Series — NTSMX  
Tennessee Tax-Free Income Series — TNTIX  
Tennessee Tax-Free Short-to-Medium Series — TTSMX

### **TAXABLE MUNICIPAL BOND FUND**

Taxable Municipal Bond Series — DUTMX

### **GOVERNMENT BOND FUND**

Intermediate Government Bond Series — DPIGX

## **PROSPECTUS**

**November 1, 2018**

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This Prospectus is a concise statement of information about Dupree Mutual Funds (the "Trust") that you should know before investing. This Prospectus should be kept for future reference.

**These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.**

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# Alabama Tax-Free Income Series

## INVESTMENT OBJECTIVES

The Fund seeks to provide a high and stable level of income exempt from federal and Alabama personal income taxes derived from Alabama municipal securities without incurring undue risk to principal.

## FEES AND EXPENSES

### Fees and Expenses of the Alabama Tax-Free Income Series

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder fees (fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load)	NONE
Redemption Fee	NONE
Redemption Fee if by wire transfer	\$ 12.00
Exchange Fee	NONE
Maximum Account Fee	NONE

#### Annual fund operating expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.50%
Distribution (12b-1) Fees	0.00%
Other Expenses	0.32%
Total Annual Fund Operating Expenses*	0.82%

\* The Total Annual Fund Operating Expenses were 0.70% after voluntary fee waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$84	\$262	\$455	\$1,014

You would pay the same expenses assuming no redemption.

#### Portfolio Turnover

The Fund pays transactions costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held

in a taxable account. These costs, which are not reflected in annual Fund operating expenses or in the example above, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 13.83% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGIES, RISKS AND PERFORMANCE

### Principal Investment Strategies

The Fund seeks to provide a steady flow of tax-exempt income derived from Alabama municipal securities of investment grade quality (those rated BBB or Baa or higher by U.S. nationally recognized rating services at the time of purchase) with a weighted average nominal maturity normally greater than 10 years. The interest earned on these securities, in the opinion of bond counsel for the issuer, is exempt from federal and state taxation in the state of Alabama. The Fund has a fundamental policy that during periods of normal market conditions either (1) the Fund's assets will be invested so that at least 80% of the income will be exempt from Federal and Alabama income taxes or (2) the Fund will have at least 80% of its net assets invested in securities exempt from Federal and Alabama income taxes. The weighted average nominal maturity of the Fund's portfolio will normally be 10 years or more. Maintaining a steady stream of tax-exempt income is a primary objective of the Fund. The investment adviser selects securities that it believes will provide the best balance between risk and return and typically uses a buy and hold strategy. Securities in the Fund's portfolio are typically held for income purposes, rather than trading them for capital gains. However, the investment adviser may sell a security at any time if it believes it could help the Fund meet its goals.

### Principal Risks of Investing

You may lose money investing in the Fund. Mutual fund shares are not obligations of, or guaranteed by, the U.S. government.

The principal risks of investing in the Fund are the possibility of default on the municipal securities, even though the securities are of investment grade; and, possible loss of money. An issuer of municipal securities may be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a security's credit rating may affect the security's value and, thus, impact Fund performance. A number of the securities held in the Fund's portfolio may be insured securities. A change in the credit rating of any one or more of the municipal bond insurers that insure securities in the Fund's portfolio may affect the value of such securities, the Fund's share price, and Fund performance. The Fund's performance might also be adversely affected by the inability of an insurer to meet its insurance obligations. It is important

to note that insurance does not guarantee the market value of an insured security or the Fund's share price or distributions, and shares of the Fund are not insured.

Investment in the Fund may involve greater risk than an investment in a fund with a portfolio comprised of municipal securities issued by more than one state. This additional risk is due to the possibility of an economic or political development unique to a single state or region that may adversely affect the performance of a single state municipal bond fund. Since the Fund invests in Alabama municipal securities, economic and political events in Alabama are likely to directly affect the Fund's investments and its performance.

Typically, as interest rates rise, the price of municipal bonds will fall; conversely, municipal bond prices will rise when interest rates fall. In general, portfolios with longer average maturities are more sensitive to these price changes. While Interest rates have increased recently, they remain low by historical standards and are expected to rise further. A low interest rate environment creates an elevated risk of future price declines, particularly for securities with longer maturities. You should expect the Fund's share price and total return to fluctuate.

A municipal security may be prepaid (called) before maturity. An issuer is more likely to call its securities when interest rates are falling. If a security is called, the Fund may have to replace it with a lower-yielding security. The Fund may hold a large number of securities that are subject to call risk. A call of some or all of these securities may lower the Fund's income and yield and its distributions to shareholders. The prices of municipal securities may also be affected by market activity and supply and demand factors. When there are more buyers than sellers, prices tend to rise. Conversely, when there are more sellers than buyers, prices tend to fall. Municipal securities may be issued on a when-issued or delayed basis, where payment and delivery take place at a future date. Since the market price of the security may fluctuate during the time before payment and delivery, the Fund assumes the risk that the value of the security at delivery may be more or less than the purchase price. The Fund may also invest in municipal lease obligations which differ from other municipal securities because the lease payments are subject to annual legislative appropriation. If the money is not appropriated, the lease can be cancelled without penalty and investors who own the lease obligations may not be paid.

The yields of municipal securities are dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal securities held by the Fund may go up or down, sometimes rapidly or unpredictably, as a result of market

activity, interest rate fluctuations or as a result of supply and demand factors. Accordingly, the net asset value (NAV) of our shares will fluctuate.

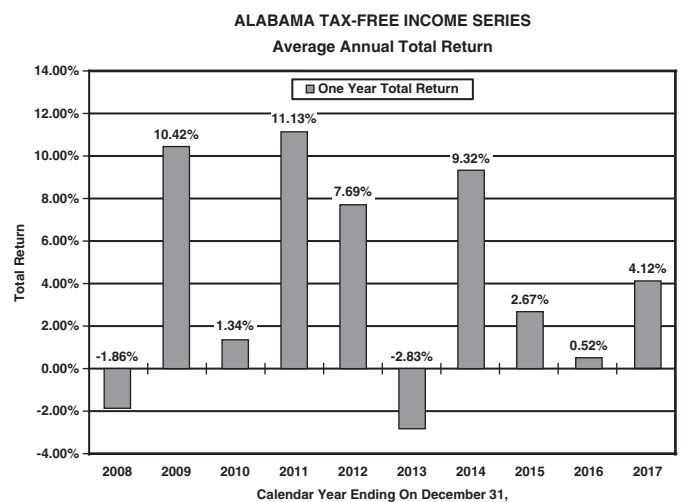
The portfolio of the Fund is non-diversified. A non-diversified portfolio may have as much as 50% of the portfolio invested in the securities of a single issuer, while a diversified portfolio may have as much as 25% of the portfolio invested in the securities of a single issuer. The potential for investment of 50% of the portfolio in the securities of a single issuer may involve more risk, because the consequences of a default by that issuer would be greater than a default by an issuer representing only 25% of the portfolio.

The Fund is also subject to management risk because it is an actively managed investment portfolio. The Fund's investment adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund's total return may vary considerably from one year to the next.

The NAV of the Fund is calculated on a daily basis and may fluctuate considerably. There is no assurance that the investment objective of the Fund will be achieved.

**Risk/Return Bar Chart and Table**

The following bar chart and table provides some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year. The table shows the Fund's average annual returns for the 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain current performance information at [www.dupree-funds.com](http://www.dupree-funds.com) or by calling (800) 866-0614 or (859) 254-7741.



After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns

depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Highest Quarter Total Return:	5.72%	September 30, 2009
Lowest Quarter Total Return:	-4.71%	December 31, 2010
2018 Year-to-Date Total Return for the nine months ended September 30, 2018:	-0.93%	

For the Periods Ended December 31, 2017	Average Annual Total Return		
	1 year	5 years	10 years
Return Before Taxes (%)	4.12%	2.69%	4.15%
Return After Taxes on Distributions (%)	4.12%	2.68%	4.14%
Return After Taxes on Distributions & Sale of Fund Shares (%)*	3.66%	2.81%	4.04%
Bloomberg Barclays Municipal Bond Index	5.45%	3.02%	4.46%

*(Index reflects no deduction for fees, expenses or taxes)*

\* Return after Taxes on Distributions and Sale of Fund Shares also includes any taxable gain or loss realized by a shareholder on the sale of a fund's shares.

## MANAGEMENT

### Investment Adviser

Dupree & Company, Inc. serves as the investment adviser and transfer agent for the Fund.

### Portfolio Managers

Vincent Harrison serves as the portfolio manager of the Fund. Mr. Harrison has been lead portfolio manager of the Fund since 2004. Brian Tibe has served as the assistant portfolio manager of the Fund since 2015. The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Fund.

For important information about the purchase and sale of Fund shares, tax information and financial intermediary compensation, please refer to "Summary Shareholder Information" on page 33 of this Prospectus.

# Kentucky Tax-Free Income Series

## INVESTMENT OBJECTIVES

The Fund seeks to provide a high and stable level of income exempt from federal and Kentucky personal income taxes derived from Kentucky municipal securities without incurring undue risk to principal.

## FEES AND EXPENSES

### Fees and Expenses of the Kentucky Tax-Free Income Series

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder fees (fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load)	NONE
Redemption Fee	NONE
Redemption Fee if by wire transfer	\$ 12.00
Exchange Fee	NONE
Maximum Account Fee	NONE

#### Annual fund operating expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.38%
Distribution (12b-1) Fees	0.00%
Other Expenses	0.18%
Total Annual Fund Operating Expenses*	0.56%

\* The Total Annual Fund Operating Expenses are after custodian expense reduction for which no recovery will be sought.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$59	\$186	\$324	\$726

You would pay the same expenses assuming no redemption.

#### Portfolio Turnover

The Fund pays transactions costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in

annual fund operating expenses or in the example above, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 16.81% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGIES, RISKS AND PERFORMANCE

### Principal Investment Strategies

The Fund seeks to provide a steady flow of tax-exempt income derived from Kentucky municipal securities of investment grade quality (those rated BBB or Baa or higher by U.S. nationally recognized rating services at the time of purchase) with a weighted average nominal maturity normally greater than 10 years. The interest earned on these securities, in the opinion of bond counsel for the issuer, is exempt from federal and state taxation in the state of Kentucky. The Fund has a fundamental policy that during periods of normal market conditions either (1) the Fund's assets will be invested so that at least 80% of the income will be exempt from Federal and Kentucky income taxes or (2) the Fund will have at least 80% of its net assets invested in securities exempt from Federal and Kentucky income taxes. Maintaining a steady stream of tax-exempt income is a primary objective of the Fund. The investment adviser selects securities that it believes will provide the best balance between risk and return and typically uses a buy and hold strategy. Securities in the Fund's portfolio are typically held for income purposes, rather than trading them for capital gains. However, the investment adviser may sell a security at any time if it believes it could help the Fund meet its goals.

### Principal Risks of Investing

You may lose money investing in the Fund. Mutual fund shares are not obligations of, or guaranteed by, the U.S. government.

The principal risks of investing in the Fund are the possibility of default on the municipal securities, even though the securities are of investment grade; and possible loss of money. An issuer of municipal securities may be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a security's credit rating may affect the security's value and, thus, impact Fund performance. A number of the securities held in the Fund's portfolio may be insured securities. A change in the credit rating of any one or more of the municipal bond insurers that insure securities in the Fund's portfolio may affect the value of such securities, the Fund's share price, and Fund performance. The Fund's performance might also be adversely affected by the inability of an insurer to meet its insurance obligations. It is important to note that insurance does not guarantee the market value of an insured security or the Fund's share price or distributions, and shares of the Fund are not insured.



Investment in the Fund may involve greater risk than an investment in a fund with a portfolio comprised of municipal securities issued by more than one state. This additional risk is due to the possibility of an economic or political development unique to a single state or region that may adversely affect the performance of a single state municipal bond fund. Since the Fund invests in Kentucky municipal securities, economic and political events in Kentucky are likely to directly affect the Fund's investments and its performance.

Typically, as interest rates rise the price of municipal bonds will fall; conversely, municipal bond prices will rise when interest rates fall. In general, portfolios with longer average maturities are more sensitive to these price changes. Interest rates have been at historic lows and are expected to rise. A low interest rate environment creates an elevated risk of future price declines, particularly for securities with longer maturities. You should expect the Fund's share price and total return to fluctuate.

A municipal security may be prepaid (called) before maturity. An issuer is more likely to call its securities when interest rates are falling. If a security is called, the Fund may have to replace it with a lower-yielding security. The Fund may hold a large number of securities that are subject to call risk. A call of some or all of these securities may lower the Fund's income and yield and its distributions to shareholders. The prices of municipal securities may also be affected by market activity and supply and demand factors. When there are more buyers than sellers, prices tend to rise. Conversely, when there are more sellers than buyers, prices tend to fall. Municipal securities may be issued on a when-issued or delayed basis, where payment and delivery take place at a future date. Since the market price of the security may fluctuate during the time before payment and delivery, the Fund assumes the risk that the value of the security at delivery may be more or less than the purchase price. The Fund may also invest in municipal lease obligations which differ from other municipal securities because the lease payments are subject to annual legislative appropriation. If the money is not appropriated, the lease may be cancelled without penalty and investors who own the lease obligations may not be paid.

The yields of municipal securities are dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal securities held by the Fund may go up or down, sometimes rapidly or unpredictably, as a result of market activity, interest rate fluctuation or as a result of supply and demand factors. Accordingly, the net asset value (NAV) of our shares will fluctuate.

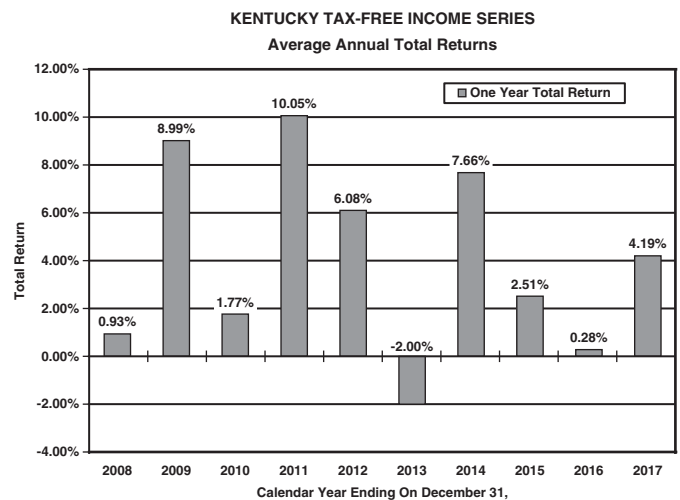
The portfolio of the Fund is diversified. A diversified portfolio may have as much as 25% of the portfolio invested in the securities of a single issuer.

The Fund is also subject to management risk because it is an actively managed investment portfolio. The Fund's investment adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund's total return may vary considerably from one year to the next.

The NAV of the Fund is calculated on a daily basis and may fluctuate considerably. There is no assurance that the investment objective of the Fund will be achieved.

### Risk/Return Bar Chart and Table

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year. The table shows the Fund's average annual returns for the 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain current performance information at [www.dupree-funds.com](http://www.dupree-funds.com) or by calling (800) 866-0614 or (859) 254-7741.



After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Highest Quarter Total Return:	5.15%	September 30, 2009
Lowest Quarter Total Return:	-3.68%	December 31, 2010
2018 Year-to-Date Total Return for the nine months ended September 30, 2018: -0.76%		

For the Periods Ended December 31, 2017	Average Annual Total Return		
	1 year	5 years	10 years
Return Before Taxes (%)	4.19%	2.47%	3.98%
Return After Taxes on Distributions (%)	4.18%	2.46%	3.96%
Return After Taxes on Distributions & Sale of Fund Shares (%)*	3.73%	2.64%	3.91%
Bloomberg Barclays Municipal Bond Index	5.45%	3.02%	4.46%

*(Index reflects no deduction for fees, expenses or taxes)*

\* Return after Taxes on Distributions and Sale of Fund Shares also includes any taxable gain or loss realized by a shareholder on the sale of a fund's shares.

## MANAGEMENT

### Investment Adviser

Dupree & Company, Inc. serves as the investment adviser and transfer agent for the Fund.

### Portfolio Managers

Vincent Harrison serves as portfolio manager of the Fund. Mr. Harrison has been lead portfolio manager of the Fund since 2004. Brian Tibe has served as the assistant portfolio manager of the Fund since 2015. The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Fund.

For important information about the purchase and sale of Fund shares, tax information and financial intermediary compensation, please refer to "Summary Shareholder Information" on page 33 of this Prospectus.

# Kentucky Tax-Free Short-to-Medium Series

## INVESTMENT OBJECTIVES

The Fund seeks to provide a high and stable level of income exempt from federal and Kentucky personal income taxes derived from Kentucky municipal securities without incurring undue risk to principal.

## FEES AND EXPENSES

### Fees and Expenses of the Kentucky Tax-Free Short to Medium Series

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder fees (fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load)	NONE
Redemption Fee	NONE
Redemption Fee if by wire transfer	\$ 12.00
Exchange Fee	NONE
Maximum Account Fee	NONE

#### Annual fund operating expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.50%
Distribution (12b-1) Fees	0.00%
Other Expenses	0.25%
Total Annual Fund Operating Expenses*	0.75%

\* The Total Annual Fund Operating Expenses were 0.70% after voluntary fee waivers by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$77	\$240	\$417	\$930

You would pay the same expenses assuming no redemption.

#### Portfolio Turnover

The Fund pays transactions costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction

costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example above, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 4.69% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGIES, RISKS AND PERFORMANCE

### Principal Investment Strategies

The Fund seeks to provide a steady flow of tax-exempt income derived from Kentucky municipal securities of investment grade quality (those rated BBB or Baa or higher by U.S. nationally recognized rating services at the time of purchase) with a weighted average nominal maturity normally ranging from 2-7 years. The interest earned on these securities, in the opinion of bond counsel for the issuer, is exempt from federal and state taxation in the state of Kentucky. The Fund has a fundamental policy that during periods of normal market conditions either (1) the Fund's assets will be invested so that at least 80% of the income will be exempt from Federal and Kentucky income taxes or (2) the Fund will have at least 80% of its net assets invested in securities exempt from Federal and Kentucky income taxes. Maintaining a steady stream of tax-exempt income is a primary objective of the Fund. The investment adviser selects the securities that it believes will provide the best balance between risk and return and typically uses a buy and hold strategy. Securities in the Fund's portfolio are typically held for income purposes, rather than trading them for capital gains. However, the investment adviser may sell a security at any time if it believes it could help the Fund meet its goals.

### Principal Risks of Investing

You may lose money investing in the Fund. Mutual fund shares are not obligations of, or guaranteed by, the U.S. government.

The principal risks of investing in the Fund are the possibility of default on the municipal securities, even though the securities are of investment grade; and possible loss of money. An issuer of municipal securities may be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a security's credit rating may affect the security's value and, thus, impact Fund performance. A number of the securities held in the Fund's portfolio may be insured securities. A change in the credit rating of any one or more of the municipal bond insurers that insure securities in the Fund's portfolio may affect the value of such securities, the Fund's share price, and Fund performance. The Fund's performance might also be adversely affected by the inability of an insurer to meet its insurance obligations. It is important

to note that insurance does not guarantee the market value of an insured security or the Fund's share price or distributions, and shares of the Fund are not insured.

Investment in the Fund may involve greater risk than an investment in a fund with a portfolio comprised of municipal securities issued by more than one state. This additional risk is due to the possibility of an economic or political development unique to a single state or region that may adversely affect the performance of a single state municipal bond fund. Since the Fund invests in Kentucky municipal securities, economic and political events in Kentucky are likely to directly affect the Fund's investments and its performance.

Typically, as interest rates rise the price of municipal bonds will fall; conversely, municipal bond prices will rise when interest rates fall. In general, portfolios with longer average maturities are more sensitive to these price changes. Interest rates have been at historic lows and are expected to rise. A low interest rate environment creates an elevated risk of future price declines, particularly for securities with longer maturities. You should expect the Fund's share price and total return to fluctuate.

A municipal security may be prepaid (called) before maturity. An issuer is more likely to call its securities when interest rates are falling. If a security is called, the Fund may have to replace it with a lower-yielding security. The Fund may hold a large number of securities subject to call risk. A call of some or all of these securities may lower the Fund's income and yield and its distributions to shareholders. The prices of municipal securities may also be affected by market activity and supply and demand factors. When there are more buyers than sellers, prices tend to rise. Conversely, when there are more sellers than buyers, prices tend to fall. Municipal securities may be issued on a when-issued or delayed basis, where payment and delivery take place at a future date. Since the market price of the security may fluctuate during the time before payment and delivery, the Fund assumes the risk that the value of the security at delivery may be more or less than the purchase price. The Fund may also invest in municipal lease obligations which differ from other municipal securities because the lease payments are subject to annual legislation appropriation. If the money is not appropriated, the lease can be cancelled without penalty and investors who own the lease obligations may not be paid.

The yields of municipal securities are dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal securities held by the Fund may go up or down, sometimes rapidly or unpredictably, as a result of market activity, interest rate fluctuation or as a result of supply and demand factors. Accordingly, the net asset value (NAV) of our shares will fluctuate.

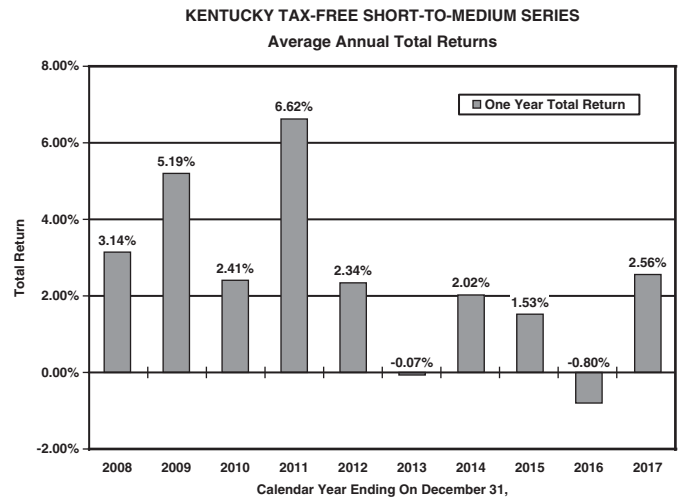
The portfolio of the Fund is non-diversified. A non-diversified portfolio may have as much as 50% of the portfolio invested in the securities of a single issuer, while a diversified portfolio may have as much as 25% of the portfolio invested in the securities of a single issuer. The potential for investment of 50% of the portfolio in the securities of a single issuer may involve more risk, because the consequences of a default by that issuer would be greater than a default by an issuer representing only 25% of the portfolio.

The Fund is also subject to management risk because it is an actively managed investment portfolio. The Fund's investment adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund's annual total returns may vary considerably from one year to the next.

The NAV of the Fund is calculated on a daily basis and may fluctuate considerably. There is no assurance that the investment objective of the Fund will be achieved.

### Risk/Return Bar Chart and Table

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year. The table shows the Fund's average annual returns for the 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain current performance information at [www.dupree-funds.com](http://www.dupree-funds.com) or by calling (800) 866-0614 or (859) 254-7741.



After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Highest Quarter Total Return:	3.62%	September 30, 2009
Lowest Quarter Total Return:	-2.15%	December 31, 2010
2018 Year-to-Date Total Return for the nine months ended September 30, 2018:	-0.57%	

<b>For the Periods Ended December 31, 2017</b>	<b>Average Annual Total Return</b>		
	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
Return Before Taxes (%)	2.56%	1.04%	2.47%
Return After Taxes on Distributions (%)	2.56%	1.04%	2.47%
Return After Taxes on Distributions & Sale of Fund Shares (%)*	2.23%	1.26%	2.46%
Bloomberg Barclays Municipal Bond Index	5.45%	3.02%	4.46%

*(Index reflects no deduction for fees, expenses or taxes)*

\* Return after Taxes on Distributions and Sale of Fund Shares also includes any taxable gain or loss realized by a shareholder on the sale of a fund's shares.

## **MANAGEMENT**

### **Investment Adviser**

Dupree & Company, Inc. serves as the investment adviser and transfer agent for the Fund.

### **Portfolio Managers**

Vincent Harrison serves as portfolio manager of the Fund. Mr. Harrison has been lead portfolio manager of the Fund since 2004. Brian Tibe has served as assistant portfolio manager of the Fund since 2015. The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Fund.

For important information about the purchase and sale of Fund shares, tax information and financial intermediary compensation, please refer to "Summary Shareholder Information" on page 33 of this Prospectus.

# Mississippi Tax-Free Income Series

## INVESTMENT OBJECTIVES

The Fund seeks to provide a high and stable level of income exempt from federal and Mississippi personal income taxes derived from Mississippi municipal securities without incurring undue risk to principal.

## FEES AND EXPENSES

### Fees and Expenses of the Mississippi Tax-Free Income Series

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder fees (fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load)	NONE
Redemption Fee	NONE
Redemption Fee if by wire transfer	\$ 12.00
Exchange Fee	NONE
Maximum Account Fee	NONE

#### Annual fund operating expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.50%
Distribution (12b-1) Fees	0.00%
Other Expenses	0.42%
Total Annual Fund Operating Expenses*	0.92%

\* The Total Annual Fund Operating Expenses were 0.70% after voluntary fee waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$94	\$293	\$509	\$1,131

You would pay the same expenses assuming no redemption.

#### Portfolio Turnover

The Fund pays transactions costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction

costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund's operating expenses or in the example above, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 7.26% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGIES, RISKS AND PERFORMANCE

### Principal Investment Strategies

The Fund seeks to provide a steady flow of tax-exempt income derived from Mississippi municipal securities of investment grade quality (those rated BBB or Baa or higher by U.S. nationally recognized rating services at the time of purchase) with a weighted average nominal maturity normally 10 years or greater. The interest earned on these securities, in the opinion of bond counsel for the issuer, is exempt from federal and state taxation in the state of Mississippi. The Fund has a fundamental policy that during periods of normal market conditions either (1) the Fund's assets will be invested so that at least 80% of the income will be exempt from Federal and Mississippi income taxes or (2) the Fund will have at least 80% of its net assets invested in securities exempt from Federal and Mississippi income taxes. Maintaining a steady stream of tax-exempt income is a primary objective of the Fund. The investment adviser selects securities that it believes will provide the best balance between risk and return and typically uses a buy and hold strategy. Securities in the Fund's portfolio are typically held for income purposes, rather than trading them for capital gains. However, the investment adviser may sell a security at any time if it believes it could help the Fund meet its goals.

### Principal Risks of Investing

You may lose money investing in the Fund. Mutual fund shares are not obligations of, or guaranteed by, the U.S. government.

The principal risks of investing in the Fund are the possibility of default on the municipal securities, even though the securities are of investment grade; and possible loss of money. An issuer of municipal securities may be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a security's credit rating may affect the security's value and, thus, impact Fund performance. A number of the securities held in the Fund's portfolio may be insured securities. A change in the credit rating of any one or more of the municipal bond insurers that insure securities in the Fund's portfolio may affect the value of such securities, the Fund's share price, and Fund performance. The Fund's performance might also be adversely affected by the inability of an insurer to meet its insurance obligations. It is important

to note that insurance does not guarantee the market value of an insured security or the Fund's share price or distributions, and shares of the Fund are not insured.

Investment in the Fund may involve greater risk than an investment in a fund with a portfolio comprised of municipal securities issued by more than one state. This additional risk is due to the possibility of an economic or political development unique to a single state or region that may adversely affect the performance of a single state municipal bond fund. Since the Fund invests in Mississippi municipal securities, economic and political events in Mississippi are likely to directly affect the Fund's investments and its performance.

Typically, as interest rates rise the price of municipal bonds will fall; conversely, municipal bond prices will rise when interest rates fall. In general, portfolios with longer average maturities are more sensitive to these price changes. Interest rates have been at historic lows and are expected to rise. A low interest rate environment creates an elevated risk of future price declines, particularly for securities with longer maturities. You should expect the Fund's share price and total return to fluctuate.

A municipal security may be prepaid (called) before maturity. An issuer is more likely to call its securities when interest rates are falling. If a security is called, the Fund may have to replace it with a lower-yielding security. The Fund may hold a large number of securities subject to call risk. A call of some or all of these securities may lower the Fund's income and yield and its distributions to shareholders. The prices of municipal securities may also be affected by market activity and supply and demand factors. When there are more buyers than sellers, prices tend to rise. Conversely, when there are more sellers than buyers, prices tend to fall. Municipal securities may be issued on a when-issued or delayed basis, where payment and delivery take place at a future date. Since the market price of the security may fluctuate during the time before payment and delivery, the Fund assumes the risk that the value of the security at delivery may be more or less than the purchase price. The Fund may also invest in municipal lease obligations which differ from other municipal securities because the lease payments are subject to annual legislation appropriation. If the money is not appropriated, the lease can be cancelled without penalty and investors who own the lease obligations may not be paid.

The yields of municipal securities are dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal securities held by the Fund may go up or down, sometimes rapidly or unpredictably, as a result of market activity, interest rate fluctuation or as a result of supply and demand factors. Accordingly, the net asset value (NAV) of our shares will fluctuate.

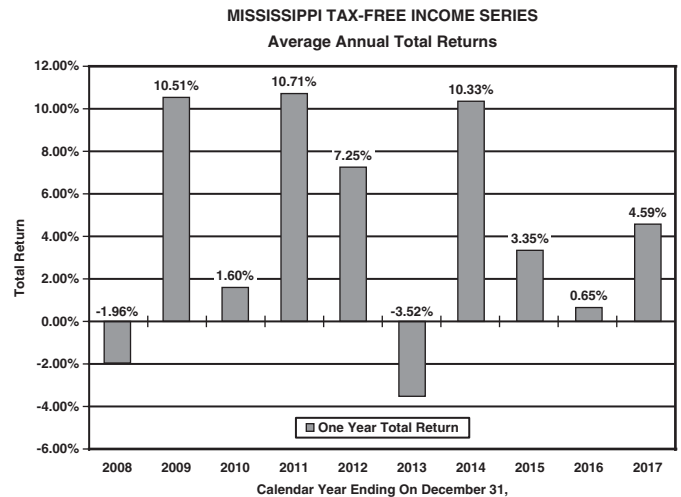
The portfolio of the Fund is non-diversified. A non-diversified portfolio may have as much as 50% of the portfolio invested in the securities of a single issuer, while a diversified portfolio may have as much as 25% of the portfolio invested in the securities of a single issuer. The potential for investment of 50% of the portfolio in the securities of a single issuer may involve more risk, because the consequences of a default by that issuer would be greater than a default by an issuer representing only 25% of the portfolio.

The Fund is also subject to management risk because it is an actively managed investment portfolio. The Fund's investment adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund's annual total returns may vary considerably from one year to the next.

The NAV of the Fund is calculated on a daily basis and may fluctuate considerably. There is no assurance that the investment objective of the Fund will be achieved.

**Risk/Return Bar Chart and Table**

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year. The table shows the Fund's average annual returns for the 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain current performance information at [www.dupree-funds.com](http://www.dupree-funds.com) or by calling (800) 866-0614 or (859) 254-7741.



After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Highest Quarter Total Return:	5.51%	September 30, 2009
Lowest Quarter Total Return:	-4.36%	December 31, 2010
2018 Year-to-Date Total Return for the nine months ended September 30, 2018:	-1.16%	

<b>For the Periods Ended December 31, 2017</b>	<b>Average Annual Total Return</b>		
	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
Return Before Taxes (%)	4.59%	2.98%	4.24%
Return After Taxes on Distributions (%)	4.57%	2.97%	4.23%
Return After Taxes on Distributions & Sale of Fund Shares (%)*	3.84%	2.99%	4.09%
Bloomberg Barclays Municipal Bond Index	5.45%	3.02%	4.46%

*(Index reflects no deduction for fees, expenses or taxes)*

\* Return after Taxes on Distributions and Sale of Fund Shares also includes any taxable gain or loss realized by a shareholder on the sale of a fund's shares.

## **MANAGEMENT**

### **Investment Adviser**

Dupree & Company, Inc. serves as the investment adviser and transfer agent for the Fund.

### **Portfolio Managers**

Vincent Harrison serves as portfolio manager of the Fund. Mr. Harrison has been lead portfolio manager of the Fund since 2004. Brian Tibe has served as assistant portfolio manager of the Fund since 2015. The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership in securities of the Fund.

For important information about the purchase and sale of Fund shares, tax information and financial intermediary compensation, please refer to "Summary Shareholder Information" on page 33 of this Prospectus.



# North Carolina Tax-Free Income Series

## INVESTMENT OBJECTIVES

The Fund seeks to provide a high and stable level of income exempt from federal and North Carolina personal income taxes derived from North Carolina municipal securities without incurring undue risk to principal.

## FEES AND EXPENSES

### Fees and Expenses of the North Carolina Tax-Free Income Series

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder fees (fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load)	NONE
Redemption Fee	NONE
Redemption Fee if by wire transfer	\$ 12.00
Exchange Fee	NONE
Maximum Account Fee	NONE

#### Annual fund operating expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.49%
Distribution (12b-1) Fees	0.00%
Other Expenses	0.22%
Total Annual Fund Operating Expenses*	0.71%

\* The Total Annual Fund Operating Expenses were 0.70% after voluntary fee waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$73	\$227	\$395	\$883

You would pay the same expenses assuming no redemption.

#### Portfolio Turnover

The Fund pays transactions costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction

costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example above, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 11.76% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGIES, RISKS AND PERFORMANCE

### Principal Investment Strategies

The Fund seeks to provide a steady flow of tax-exempt income derived from North Carolina municipal securities of investment grade quality (those rated BBB or Baa or higher by U.S. nationally recognized rating services at the time of purchase) with a weighted average nominal maturity normally greater than 10 years. The interest earned on these securities, in the opinion of bond counsel for the issuer, is exempt from federal and state taxation in the state of North Carolina. The Fund has a fundamental policy that during periods of normal market conditions either (1) the Fund's assets will be invested so that at least 80% of the income will be exempt from Federal and North Carolina income taxes or (2) the Fund will have at least 80% of its net assets invested in securities exempt from Federal and North Carolina income taxes. Maintaining a steady stream of tax-exempt income is a primary objective of the Fund.

The investment adviser selects securities that it believes will provide the best balance between risk and return and typically uses a buy and hold strategy. Securities in the Fund's portfolio are typically held for income purposes, rather than trading them for capital gains. However, the investment adviser may sell a security at any time if it believes it could help the Fund meet its goals.

### Principal Risks of Investing

You may lose money investing in the Fund. Mutual fund shares are not obligations of, or guaranteed by, the U.S. government.

The principal risks of investing in the Fund are the possibility of default on the municipal securities, even though the securities are of investment grade; and possible loss of money. An issuer of municipal securities may be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a security's credit rating may affect the security's value and, thus, impact Fund performance. A number of the securities held in the Fund's portfolio may be insured securities. A change in the credit rating of any one or more of the municipal bond insurers that insure securities in the Fund's portfolio may affect the value of such securities, the Fund's share price, and Fund performance. The Fund's

performance might also be adversely affected by the inability of an insurer to meet its insurance obligations. It is important to note that insurance does not guarantee the market value of an insured security or the Fund's share price or distributions, and shares of the Fund are not insured

Investment in the Fund may involve greater risk than an investment in a fund with a portfolio comprised of municipal securities issued by more than one state. This additional risk is due to the possibility of an economic or political development unique to a single state or region that may adversely affect the performance of a single state municipal bond fund. Since the Fund invests in North Carolina municipal securities, economic and political events in North Carolina are likely to directly affect the Fund's investments and its performance.

Typically, as interest rates rise the price of municipal bonds will fall; conversely, municipal bond prices will rise when interest rates fall. In general, portfolios with longer average maturities are more sensitive to these price changes. Interest rates have been at historic lows and are expected to rise. A low interest rate environment creates an elevated risk of future price declines, particularly for securities with longer maturities. You should expect the Fund's share price and total return to fluctuate.

A municipal security may be prepaid (called) before maturity. An issuer is more likely to call its securities when interest rates are falling. If a security is called, the Fund may have to replace it with a lower-yielding security. The Fund may hold a large number of securities subject to call risk. A call of some or all of these securities may lower the Fund's income and yield and its distributions to shareholders. The prices of municipal securities may also be affected by market activity and supply and demand factors. When there are more buyers than sellers, prices tend to rise. Conversely, when there are more sellers than buyers, prices tend to fall. Municipal securities may be issued on a when-issued or delayed basis, where payment and delivery take place at a future date. Since the market price of the security may fluctuate during the time before payment and delivery, the Fund assumes the risk that the value of the security at delivery may be more or less than the purchase price. The Fund may also invest in municipal lease obligations which differ from other municipal securities because the lease payments are subject to annual legislation appropriation. If the money is not appropriated, the lease can be cancelled without penalty and investors who own the lease obligations may not be paid.

The yields of municipal securities are dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal securities held by the Fund may go up or down, sometimes rapidly or unpredictably, as a result of market

activity, interest rate fluctuation or as a result of supply and demand factors. Accordingly, the net asset value (NAV) of our shares will fluctuate.

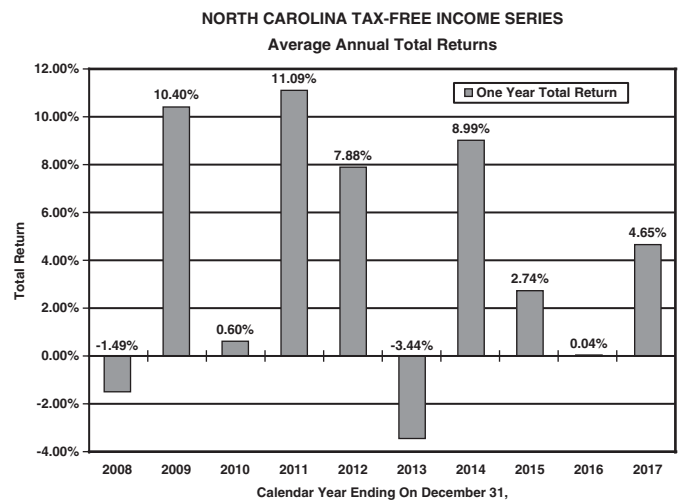
The portfolio of the Fund is non-diversified. A non-diversified portfolio may have as much as 50% of the portfolio invested in the securities of a single issuer, while a diversified portfolio may have as much as 25% of the portfolio invested in the securities of a single issuer. The potential for investment of 50% of the portfolio in the securities of a single issuer may involve more risk, because the consequences of a default by that issuer would be greater than a default by an issuer representing only 25% of the portfolio.

The Fund is also subject to management risk because it is an actively managed investment portfolio. The Fund's investment adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund's annual total returns may fluctuate considerably from one year to the next.

The NAV of the Fund is calculated on a daily basis and may fluctuate considerably. There is no assurance that the investment objective of the Fund will be achieved.

**Risk/Return Bar Chart and Table**

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year. The table shows the Fund's average annual returns for the 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain current performance information at [www.dupree-funds.com](http://www.dupree-funds.com) or by calling (800) 866-0614 or (859) 254-7741.



After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those

shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Highest Quarter Total Return:	5.54%	September 30, 2009
Lowest Quarter Total Return:	-4.96%	December 31, 2010
2018 Year-to-Date Total Return for the nine months ended September 30, 2018:	-1.25%	

<b>For the Periods Ended December 31, 2017</b>	<b>Average Annual Total Return</b>		
	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
Return Before Taxes (%)	4.65%	2.51%	4.03%
Return After Taxes on Distributions (%)	4.65%	2.50%	4.02%
Return After Taxes on Distributions & Sale of Fund Shares (%)*	3.84%	2.61%	3.89%
Bloomberg Barclays Municipal Bond Index	5.45%	3.02%	4.46%

*(Index reflects no deduction for fees, expenses or taxes)*

\* Return after Taxes on Distributions and Sale of Fund Shares also includes any taxable gain or loss realized by a shareholder on the sale of a fund's shares.

## **MANAGEMENT**

### **Investment Adviser**

Dupree & Company, Inc. serves as the investment adviser and transfer agent for the Fund.

### **Portfolio Managers**

Vincent Harrison serves as portfolio manager of the Fund. Mr. Harrison has been lead portfolio manager of the Fund since 2004. Brian Tibe has served as the assistant portfolio manager of the Fund since 2015. The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Fund.

For important information about the purchase and sale of Fund shares, tax information and financial intermediary compensation, please refer to "Summary Shareholder Information" on page 33 of this Prospectus.

# North Carolina Tax-Free Short-to-Medium Series

## INVESTMENT OBJECTIVES

The Fund seeks to provide a high and stable level of income exempt from federal and North Carolina personal income taxes derived from North Carolina municipal securities without incurring undue risk to principal.

## FEES AND EXPENSES

### Fees and Expenses of the North Carolina Tax-Free Short to Medium Series

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder fees (fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load)	NONE
Redemption Fee	NONE
Redemption Fee if by wire transfer	\$ 12.00
Exchange Fee	NONE
Maximum Account Fee	NONE

#### Annual fund operating expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.50%
Distribution (12b-1) Fees	0.00%
Other Expenses	0.36%
Total Annual Fund Operating Expenses*	0.86%

\* The Total Annual Fund Operating Expenses were 0.70% after voluntary fee waivers by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$88	\$274	\$477	\$1,061

You would pay the same expenses assuming no redemption.

#### Portfolio Turnover

The Fund pays transactions costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction

costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example above, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 21.80% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGIES, RISKS AND PERFORMANCE

### Principal Investment Strategies

The Fund seeks to provide a steady flow of tax-exempt income derived from North Carolina municipal securities of investment grade quality (those rated BBB or Baa or higher by U.S. nationally recognized rating services at the time of purchase) with a weighted average nominal maturity normally ranging from 2-7 years. The interest earned on these securities, in the opinion of bond counsel for the issuer, is exempt from federal and state taxation in the state of North Carolina. The Fund has a fundamental policy that during periods of normal market conditions either (1) the Fund's assets will be invested so that at least 80% of the income will be exempt from Federal and North Carolina income taxes or (2) the Fund will have at least 80% of its net assets invested in securities exempt from Federal and North Carolina income taxes. Maintaining a steady stream of tax-exempt income is a primary objective of the Fund. The investment adviser selects securities that it believes will provide the best balance between risk and return and typically uses a buy and hold strategy. Securities in the Fund's portfolio are typically held for income purposes, rather than trading them for capital gains. However, the investment adviser may sell a security at any time if it believes it could help the Fund meet its goals.

### Principal Risks of Investing

You may lose money investing in the Fund. Mutual fund shares are not obligations of, or guaranteed by, the U.S. government.

The principal risks of investing in the Fund are the possibility of default on the municipal securities, even though the securities are of investment grade; and possible loss of money. An issuer of municipal securities may be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a security's credit rating may affect the security's value and, thus, impact Fund performance. A number of the securities held in the Fund's portfolio may be insured securities. A change in the credit rating of any one or more of the municipal bond insurers that insure securities in the Fund's portfolio may affect the value of such securities, the Fund's share price, and Fund performance. The Fund's performance might also be adversely affected by the inability of an insurer to meet its insurance obligations. It is important

to note that insurance does not guarantee the market value of an insured security or the Fund's share price or distributions, and shares of the Fund are not insured

Investment in the Fund may involve greater risk than an investment in a fund with a portfolio comprised of municipal securities issued by more than one state. This additional risk is due to the possibility of an economic or political development unique to a single state or region that may adversely affect the performance of a single state municipal bond fund. Since the Fund invests in North Carolina municipal securities, economic and political events in North Carolina are likely to directly affect the Fund's investments and its performance.

Typically, as interest rates rise the price of municipal bonds will fall; conversely, municipal bond prices will rise when interest rates fall. In general, portfolios with longer average maturities are more sensitive to these price changes. Interest rates have been at historic lows and are expected to rise. A low interest rate environment creates an elevated risk of future price declines, particularly for securities with longer maturities. You should expect the Fund's share price and total return to fluctuate.

A municipal security may be prepaid (called) before maturity. An issuer is more likely to call its securities when interest rates are falling. If a security is called, the Fund may have to replace it with a lower-yielding security. The Fund may hold a large number of securities subject to call risk. A call of some or all of these securities may lower the Fund's income and yield and its distributions to shareholders. The prices of municipal securities may also be affected by market activity and supply and demand factors. When there are more buyers than sellers, prices tend to rise. Conversely, when there are more sellers than buyers, prices tend to fall. Municipal securities may be issued on a when-issued or delayed basis, where payment and delivery take place at a future date. Since the market price of the security may fluctuate during the time before payment and delivery, the Fund assumes the risk that the value of the security at delivery may be more or less than the purchase price. The Fund may also invest in municipal lease obligations which differ from other municipal securities because the lease payments are subject to annual legislation appropriation. If the money is not appropriated, the lease can be cancelled without penalty and investors who own the lease obligations may not be paid.

The yields of municipal securities are dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal securities held by the Fund may go up or down, sometimes rapidly or unpredictably, as a result of market activity, interest rate fluctuation or as a result of supply and demand factors. Accordingly, the net asset value (NAV) of our shares will fluctuate.

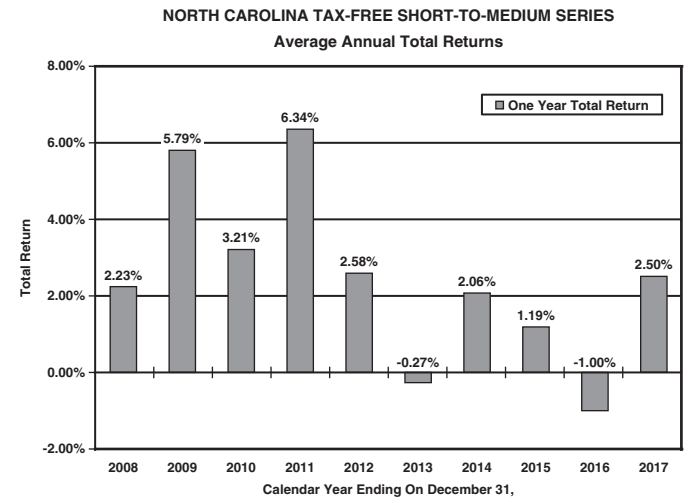
The portfolio of the Fund is non-diversified. A non-diversified portfolio may have as much as 50% of the portfolio invested in the securities of a single issuer, while a diversified portfolio may have as much as 25% of the portfolio invested in the securities of a single issuer. The potential for investment of 50% of the portfolio in the securities of a single issuer may involve more risk, because the consequences of a default by that issuer would be greater than a default by an issuer representing only 25% of the portfolio.

The Fund is also subject to management risk because it is an actively managed investment portfolio. The Fund's investment adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund's annual total returns may vary considerably from one year to the next.

The NAV of the Fund is calculated on a daily basis and may fluctuate considerably. There is no assurance that the investment objective of the Fund will be achieved.

**Risk/Return Bar Chart and Table**

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year. The table shows the Fund's average annual returns for the 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain current performance information at [www.dupree-funds.com](http://www.dupree-funds.com) or by calling (800) 866-0614 or (859) 254-7741.



After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Highest Quarter Total Return:	3.20%	September 30, 2009
Lowest Quarter Total Return:	-2.26%	December 31, 2016
2018 Year-to-Date Total Return for the nine months ended September 30, 2018:	-0.86%	

<b>For the Periods Ended December 31, 2017</b>	<b>Average Annual Total Return</b>		
	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
Return Before Taxes (%)	2.50%	.89%	2.44%
Return After Taxes on Distributions (%)	2.50%	.88%	2.43%
Return After Taxes on Distributions & Sale of Fund Shares (%)*	2.10%	1.07%	2.38%
Bloomberg Barclays Municipal Bond Index	5.45%	3.02%	4.46%

*(Index reflects no deduction for fees, expenses or taxes)*

\* Return after Taxes on Distributions and Sale of Fund Shares also includes any taxable gain or loss realized by a shareholder on the sale of a fund's shares.

## **MANAGEMENT**

### **Investment Adviser**

Dupree & Company, Inc. serves as the investment adviser and transfer agent for the Fund.

### **Portfolio Managers**

Vincent Harrison serves as portfolio manager of the Fund. Mr. Harrison has been lead portfolio manager of the Fund since 2004. Brian Tibe has served as the assistant portfolio manager of the Fund since 2015. The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership in securities in the Fund.

For important information about the purchase and sale of Fund shares, tax information and financial intermediary compensation, please refer to "Summary Shareholder Information" on page 33 of this Prospectus.

# Tennessee Tax-Free Income Series

## INVESTMENT OBJECTIVES

The Fund seeks to provide a high and stable level of income exempt from federal and Tennessee state taxes derived from Tennessee municipal securities without incurring undue risk to principal.

## FEES AND EXPENSES

### Fees and Expenses of the Tennessee Tax-Free Income Series

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder fees (fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load)	NONE
Redemption Fee	NONE
Redemption Fee if by wire transfer	\$ 12.00
Exchange Fee	NONE
Maximum Account Fee	NONE

#### Annual fund operating expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.50%
Distribution (12b-1) Fees	0.00%
Other Expenses	0.21%
Total Annual Fund Operating Expenses*	0.71%

\* The Total Annual Fund Operating Expenses were 0.70% after voluntary fee waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$73	\$227	\$395	\$883

You would pay the same expenses assuming no redemption.

#### Portfolio Turnover

The Fund pays transactions costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held

in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example above, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 15.77% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGIES, RISKS AND PERFORMANCE

### Principal Investment Strategies

The Fund seeks to provide a steady flow of tax-exempt income derived from Tennessee municipal securities of investment grade quality (those rated BBB or Baa or higher by U.S. nationally recognized rating services at the time of purchase) with a weighted average nominal maturity normally greater than 10 years. The interest earned on these securities, in the opinion of bond counsel for the issuer, is exempt from federal and state taxation in the state of Tennessee. The Fund has a fundamental policy that during periods of normal market conditions either (1) the Fund's assets will be invested so that at least 80% of the income will be exempt from Federal and Tennessee income taxes or (2) the Fund will have at least 80% of its net assets invested in securities exempt from Federal and Tennessee income taxes. Maintaining a steady stream of tax-exempt income is a primary objective of the Fund. The investment adviser selects securities that it believes will provide the best balance between risk and return and typically uses a buy and hold strategy. Securities in the Fund's portfolio are typically held for income purposes, rather than trading them for capital gains. However, the investment adviser may sell a security at any time if it believes it could help the Fund meet its goals.

### Principal Risks of Investing

You may lose money investing in the Fund. Mutual fund shares are not obligations of, or guaranteed by, the U.S. government.

The principal risks of investing in the Fund are the possibility of default on the municipal securities, even though the securities are of investment grade; and possible loss of money. An issuer of municipal securities may be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a security's credit rating may affect the security's value and, thus, impact Fund performance. A number of the securities held in the Fund's portfolio may be insured securities. A change in the credit rating of any one or more of the municipal bond insurers that insure securities in the Fund's portfolio may affect the value of such securities, the Fund's share price, and Fund performance. The Fund's performance might also be adversely affected by the inability of an insurer to meet its insurance obligations. It is important to note that insurance does not guarantee the market value of

an insured security or the Fund's share price or distributions, and shares of the Fund are not insured

Investment in the Fund may involve greater risk than an investment in a fund with a portfolio comprised of municipal securities issued by more than one state. This additional risk is due to the possibility of an economic or political development unique to a single state or region that may adversely affect the performance of a single state municipal bond fund. Since the Fund invests in Tennessee municipal securities, economic and political events in Tennessee are likely to directly affect the Fund's investments and its performance.

Typically, as interest rates rise the price of municipal bonds will fall; conversely, municipal bond prices will rise when interest rates fall. In general, portfolios with longer average maturities are more sensitive to these price changes. Interest rates have been at historic lows and are expected to rise. A low interest rate environment creates an elevated risk of future price declines, particularly for securities with longer maturities. You should expect the Fund's share price and total return to fluctuate.

A municipal security may be prepaid (called) before maturity. An issuer is more likely to call its securities when interest rates are falling. If a security is called, the Fund may have to replace it with a lower-yielding security. The Fund may hold a large number of securities subject to call risk. A call of some or all of these securities may lower the Fund's income and yield and its distributions to shareholders. The prices of municipal securities may also be affected by market activity and supply and demand factors. When there are more buyers than sellers, prices tend to rise. Conversely, when there are more sellers than buyers, prices tend to fall. Municipal securities may be issued on a when-issued or delayed basis, where payment and delivery take place at a future date. Since the market price of the security may fluctuate during the time before payment and delivery, the Fund assumes the risk that the value of the security at delivery may be more or less than the purchase price. The Fund may also invest in municipal lease obligations which differ from other municipal securities because the lease payments are subject to annual legislation appropriation. If the money is not appropriated, the lease can be cancelled without penalty and investors who own the lease obligations may not be paid.

The yields of municipal securities are dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal securities held by the Fund may go up or down, sometimes rapidly or unpredictably, as a result of market activity, interest rate fluctuation or as a result of supply and demand factors. Accordingly, the net asset value (NAV) of our shares will fluctuate.

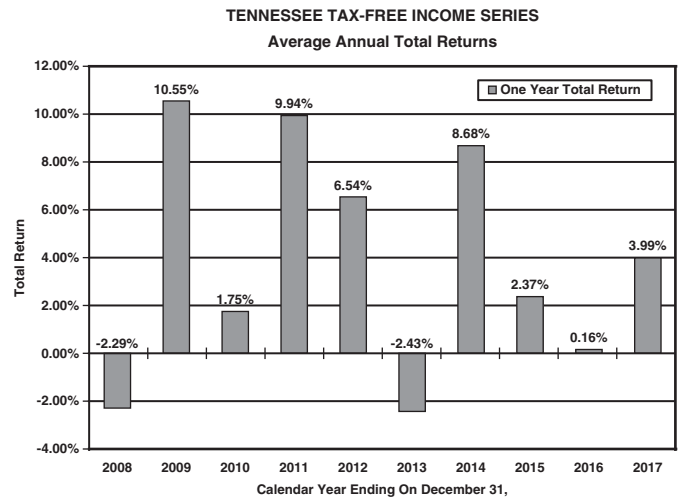
The portfolio of the Fund is diversified. A diversified portfolio may have as much as 25% of the portfolio invested in the securities of a single issuer.

The Fund is also subject to management risk because it is an actively managed investment portfolio. The Fund's investment adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund's annual total returns may vary considerably from one year to the next.

The NAV of the Fund is calculated on a daily basis and may fluctuate considerably. There is no assurance that the investment objective of the Fund will be achieved.

### Risk/Return Bar Chart and Table

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year. The table shows the Fund's average annual returns for the 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain current performance information at [www.dupree-funds.com](http://www.dupree-funds.com) or by calling (800) 866-0614 or (859) 254-7741.



After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Highest Quarter Total Return:	5.56%	September 30, 2009
Lowest Quarter Total Return:	-3.86%	December 31, 2010
2018 Year-to-Date Total Return for the nine months ended September 30, 2018:	-1.01%	



For the Periods Ended December 31, 2017	Average Annual Total Return		
	1 year	5 years	10 years
Return Before Taxes (%)	3.99%	2.48%	3.82%
Return After Taxes on Distributions (%)	3.99%	2.48%	3.82%
Return After Taxes on Distributions & Sale of Fund Shares (%)*	3.49%	2.60%	3.74%
Bloomberg Barclays Capital Municipal Bond Index	5.45%	3.02%	4.46%

*(Index reflects no deduction for fees, expenses or taxes)*

\* Return after Taxes on Distributions and Sale of Fund Shares also includes any taxable gain or loss realized by a shareholder on the sale of a fund's shares.

## MANAGEMENT

### Investment Adviser

Dupree & Company, Inc. serves as the investment adviser and transfer agent for the Fund.

### Portfolio Managers

Vincent Harrison has served as portfolio manager of the Fund. Mr. Harrison has been lead portfolio manager of the Fund since 2004. Brian Tibe has served as the assistant portfolio manager of the Fund since 2015. The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Fund.

For important information about the purchase and sale of Fund shares, tax information and financial intermediary compensation, please refer to "Summary Shareholder Information" on page 33 of this Prospectus.

# Tennessee Tax-Free Short-to-Medium Series

## INVESTMENT OBJECTIVES

The Fund seeks to provide a high and stable level of income exempt from federal and Tennessee state taxes derived from Tennessee municipal securities without incurring undue risk to principal.

## FEES AND EXPENSES

### Fees and Expenses of the Tennessee Tax-Free Short to Medium Series

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder fees (fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load)	NONE
Redemption Fee	NONE
Redemption Fee if by wire transfer	\$ 12.00
Exchange Fee	NONE
Maximum Account Fee	NONE

#### Annual fund operating expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.50%
Distribution (12b-1) Fees	0.00%
Other Expenses	0.48%
Total Annual Fund Operating Expenses*	0.98%

\* The Total Annual Fund Operating Expenses were 0.70% after voluntary fee waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$100	\$312	\$542	\$1,201

You would pay the same expenses assuming no redemption.

#### Portfolio Turnover

The Fund pays transactions costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction

costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example above, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 22.75% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGIES, RISKS AND PERFORMANCE

### Principal Investment Strategies

The Fund seeks to provide a steady flow of tax-exempt income derived from Tennessee municipal securities of investment grade quality (those rated BBB or Baa or higher by U.S. nationally recognized rating services at the time of purchase) with a weighted average nominal maturity normally ranging from 2-7 years. The interest earned on these securities, in the opinion of bond counsel for the issuer, is exempt from federal and state taxation in the state of Tennessee. The Fund has a fundamental policy that during periods of normal market conditions either (1) the Fund's assets will be invested so that at least 80% of the income will be exempt from Federal and Tennessee income taxes or (2) the Fund will have at least 80% of its net assets invested in securities exempt from Federal and Tennessee income taxes. Maintaining a steady stream of tax-exempt income is a primary objective of the Fund. The investment adviser selects securities that it believes will provide the best balance between risk and return and typically uses a buy and hold strategy. Securities in the Fund's portfolio are typically held for income purposes, rather than trading them for capital gains. However, the investment adviser may sell a security at any time if it believes it could help the Fund meet its goals.

### Principal Risks of Investing

You may lose money investing in the Fund. Mutual fund shares are not obligations of, or guaranteed by, the U.S. government.

The principal risks of investing in the Fund are the possibility of default on the municipal securities, even though the securities are of investment grade; and possible loss of money. An issuer of municipal securities may be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a security's credit rating may affect the security's value and, thus, impact Fund performance. A number of the securities held in the Fund's portfolio may be insured securities. A change in the credit rating of any one or more of the municipal bond insurers that insure securities in the Fund's portfolio may affect the value of such securities, the Fund's share price, and Fund performance. The Fund's performance might also be adversely affected by the inability of an insurer to meet its insurance obligations. It is important

to note that insurance does not guarantee the market value of an insured security or the Fund's share price or distributions, and shares of the Fund are not insured

Investment in the Fund may involve greater risk than an investment in a fund with a portfolio comprised of municipal securities issued by more than one state. This additional risk is due to the possibility of an economic or political development unique to a single state or region that may adversely affect the performance of a single state municipal bond fund. Since the Fund invests in Tennessee municipal securities, economic and political events in Tennessee are likely to directly affect the Fund's investments and its performance.

Typically, as interest rates rise the price of municipal bonds will fall; conversely, municipal bond prices will rise when interest rates fall. In general, portfolios with longer average maturities are more sensitive to these price changes. Interest rates have been at historic lows and are expected to rise. A low interest rate environment creates an elevated risk of future price declines, particularly for securities with longer maturities. You should expect the Fund's share price and total return to fluctuate.

A municipal security may be prepaid (called) before maturity. An issuer is more likely to call its securities when interest rates are falling. If a security is called, the Fund may have to replace it with a lower-yielding security. The Fund may hold a large number of securities subject to call risk. A call of some or all of these securities may lower the Fund's income and yield and its distributions to shareholders. The prices of municipal securities may also be affected by market activity and supply and demand factors. When there are more buyers than sellers, prices tend to rise. Conversely, when there are more sellers than buyers, prices tend to fall. Municipal securities may be issued on a when-issued or delayed basis, where payment and delivery take place at a future date. Since the market price of the security may fluctuate during the time before payment and delivery, the Fund assumes the risk that the value of the security at delivery may be more or less than the purchase price. The Fund may also invest in municipal lease obligations which differ from other municipal securities because the lease payments are subject to annual legislation appropriation. If the money is not appropriated, the lease can be cancelled without penalty and investors who own the lease obligations may not be paid.

The yields of municipal securities are dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal securities held by the Fund may go up or down, sometimes rapidly or unpredictably, as a result of market activity, interest rate fluctuation or as a result of supply and demand factors. Accordingly, the net asset value (NAV) of our shares will fluctuate.

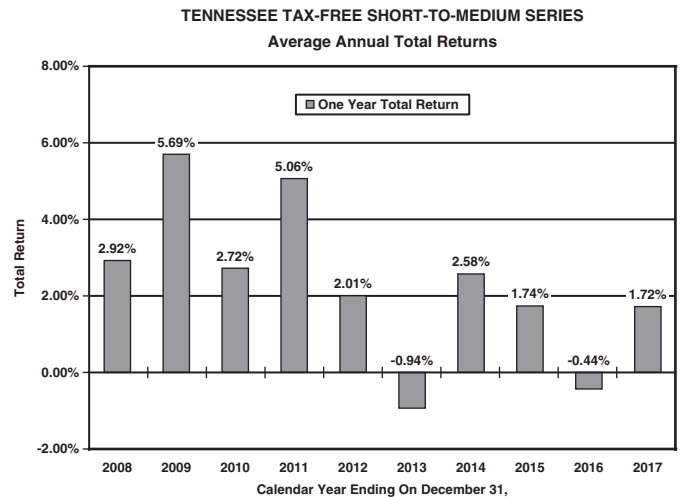
The portfolio of the Fund is non-diversified. A non-diversified portfolio may have as much as 50% of the portfolio invested in the securities of a single issuer, while a diversified portfolio may have as much as 25% of the portfolio invested in the securities of a single issuer. The potential for investment of 50% of the portfolio in the securities of a single issuer may involve more risk, because the consequences of a default by that issuer would be greater than a default by an issuer representing only 25% of the portfolio.

The Fund is also subject to management risk because it is an actively managed investment portfolio. The Fund's investment adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund's annual total returns may vary considerably from one year to the next.

The NAV of the Fund is calculated on a daily basis and may fluctuate considerably. There is no assurance that the investment objective of the Fund will be achieved.

### Risk/Return Bar Chart and Table

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year. The table shows the Fund's average annual returns for the 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain current performance information at [www.dupree-funds.com](http://www.dupree-funds.com) or by calling (800) 866-0614 or (859) 254-7741.



After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors

who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Highest Quarter Total Return:	3.65%	September 30, 2009
Lowest Quarter Total Return:	-1.89%	December 31, 2016
2018 Year-to-Date Total Return for the nine months ended September 30, 2018:	-0.42%	

For the Periods Ended December 31, 2017	Average Annual Total Return		
	1 year	5 years	10 years
Return Before Taxes (%)	1.72%	.92%	2.28%
Return After Taxes on Distributions (%)	1.72%	.92%	2.28%
Return After Taxes on Distributions & Sale of Fund Shares (%)*	1.69%	1.09%	2.25%
Bloomberg Barclays Municipal Bond Index	5.45%	3.02%	4.46%

*(Index reflects no deduction for fees, expenses or taxes)*

\* Return after Taxes on Distributions and Sale of Fund Shares also includes any taxable gain or loss realized by a shareholder on the sale of a fund's shares.

## MANAGEMENT

### Investment Adviser

Dupree & Company, Inc. serves as the investment adviser and transfer agent for the Fund.

### Portfolio Managers

Vincent Harrison serves as portfolio manager of the Fund. Mr. Harrison has been lead portfolio manager of the Fund since 2004. Brian Tibe has served as assistant portfolio manager of the Fund since 2015. The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership in securities in the Fund.

For important information about the purchase and sale of Fund shares, tax information and financial intermediary compensation, please refer to "Summary Shareholder Information" on page 33 of this Prospectus.

# Taxable Municipal Bond Series

## INVESTMENT OBJECTIVES

The Fund seeks to provide a high and stable level of taxable income derived from taxable municipal bonds without incurring undue risk to principal.

## FEES AND EXPENSES

### Fees and Expenses of the Taxable Municipal Bond Series

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder fees (fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load)	NONE
Redemption Fee	NONE
Redemption Fee if by wire transfer	\$ 12.00
Exchange Fee	NONE
Maximum Account Fee	NONE

#### Annual fund operating expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.50%
Distribution (12b-1) Fees	0.00%
Other Expenses	0.42%
Total Annual Fund Operating Expenses*	0.92%

\* The Total Annual Fund Operating Expenses were 0.70% after voluntary fee waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$94	\$293	\$509	\$1,131

You would pay the same expenses assuming no redemption.

#### Portfolio Turnover

The Fund pays transactions costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in

annual fund operating expenses or in the example above, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 4.31% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGIES, RISKS AND PERFORMANCE

### Principal Investment Strategies

The Fund seeks to provide a steady flow of taxable income derived from taxable municipal securities of investment grade quality (those rated BBB or Baa or higher by U.S. nationally recognized rating services at the time of purchase) with a weighted average nominal maturity normally greater than 10 years. The Fund generally purchases taxable municipal bonds with nominal maturities typically ranging from 10-30 years. The weighted average nominal maturity of the Fund's portfolio will normally average between 10-30 years. Maintaining a steady stream of taxable income is a primary objective of the Fund. The investment adviser selects securities that it believes will provide the best balance between risk and return and typically uses a buy and hold strategy. Securities in the Fund's portfolio are typically held for income purposes, rather than trading securities for capital gains. However, the investment adviser may sell a security at any time if it believes it could help the Fund meet its goals.

The interest earned on these securities is fully taxable at the federal level and may be subject to tax at the state level. In periods of normal market conditions either (1) the Fund's assets will be invested so that at least 80% of the income will be taxable or (2) the Fund will have at least 80% of its net assets invested in taxable municipal bonds. The Fund may invest up to 20% of its net assets in taxable debt obligations other than municipal bonds, including but not limited to, U.S. Treasury securities and obligations of the U.S. government, its agencies, and instrumentalities. We may purchase bonds subject to the Alternative Minimum Tax for this portfolio

The Fund may also invest in taxable municipal bonds issued pursuant to the American Recovery and Reinvestment Act of 2009 (the "Act") or other legislation providing for the issuance of taxable municipal debt on which the issuer receives federal support ("Build America Bonds"). Enacted in February 2009, the Act authorized state and local governments to issue taxable bonds for which, provided certain specified conditions are met, issuers may either (i) receive reimbursement from the U.S. Treasury with respect to the interest payments on the bonds ("direct pay" Build America Bonds) or (ii) provide tax credits to investors in bonds ("tax credit" Build America Bonds). The federal interest subsidy on direct pay Build America Bonds continues for the life of the bonds. Build America Bonds provide an alternative form of financing to state and local

governments and, in certain cases, may provide a lower net cost of funds to issuers.

Unlike most other municipal bonds, interest received on Build America Bonds is subject to federal income tax and may be subject to state tax. Issuance of Build America Bonds ceased on December 31, 2010, as Congress declined to extend the provisions of the Act. As such, at the present time issuers do not have the ability to issue new Build America Bonds. However, Build America Bonds continue to be actively traded in the secondary market.

The Fund does not invest in any “tax credit” bonds authorized by the Act. As such, the Fund does not receive or pass through to shareholders tax credits as a result of investments.

### **Principal Risks of Investing**

You may lose money investing in the Fund. Mutual fund shares are not obligations of, or guaranteed by, the U.S. government.

The principal risks of investing in the Fund are the possibility of default on the municipal securities, even though the securities are of investment grade; and possible loss of money. Changes in an issuer’s financial strength or in a security’s credit rating may affect the security’s value and, thus, impact Fund performance. A number of the securities held in the Fund’s portfolio may be insured securities. A change in the credit rating of any one or more of the municipal bond insurers that insure securities in the Fund’s portfolio may affect the value of such securities, the Fund’s share price, and Fund performance. The Fund’s performance might also be adversely affected by the inability of an insurer to meet its insurance obligations. It is important to note that insurance does not guarantee the market value of an insured security or the Fund’s share price or distributions, and shares of the Fund are not insured.

Typically, as interest rates rise the price of municipal bonds will fall; conversely, municipal bond prices will rise when interest rates fall. In general, portfolios with longer average maturities are more sensitive to these price changes. Interest rates have been at historic lows and are expected to rise. A low interest rate environment creates an elevated risk of future price declines, particularly for securities with longer maturities. You should expect the Fund’s share price and total return to fluctuate.

A municipal security may be prepaid (called) before maturity. An issuer is more likely to call its securities when interest rates are falling. If a security is called, the Fund may have to replace it with a lower-yielding security. The Fund may hold a large number of securities subject to call risk. A call of some or all of these securities may lower the Fund’s income and yield and its distributions to shareholders. The prices of municipal securities may also be affected by market activity and supply and demand factors. When there are more buyers than sellers, prices tend to rise. Conversely, when there are more sellers than buyers, prices tend to fall. Municipal securities may be

issued on a when-issued or delayed basis, where payment and delivery take place at a future date. Since the market price of the security may fluctuate during the time before payment and delivery, the Fund assumes the risk that the value of the security at delivery may be more or less than the purchase price. The Fund may also invest in municipal lease obligations which differ from other municipal securities because the lease payments are subject to annual legislation appropriation. If the money is not appropriated, the lease can be cancelled without penalty and investors who own the lease obligations may not be paid.

The yields of municipal securities are dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal securities held by the Fund may go up or down, sometimes rapidly or unpredictably, as a result of market activity, interest rate fluctuation or as a result of supply and demand factors. Accordingly, the net asset value of our shares will fluctuate.

The portfolio of the Fund is non-diversified. A non-diversified portfolio may have as much as 50% of the portfolio invested in the securities of a single issuer, while a diversified portfolio may have as much as 25% of the portfolio invested in the securities of a single issuer. The potential for investment of 50% of the portfolio in the bonds of a single issuer may involve more risk, because the consequences of a default by that issuer would be greater than a default by an issuer representing only 25% of the portfolio.

The Fund is also subject to management risk because it is an actively managed investment portfolio. The Fund’s investment adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results.

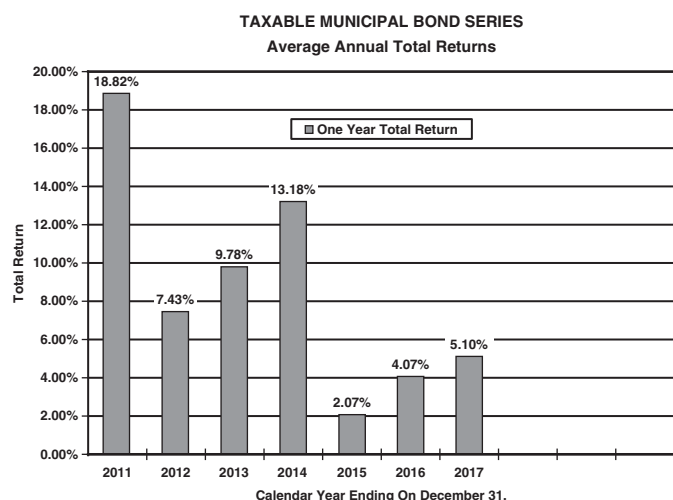
Build America Bonds may be less liquid than other types of municipal obligations. Less liquid bonds can become more difficult to value and illiquidity may negatively affect prices of bonds held in the portfolio. Because issuers of direct pay Build America Bonds have to meet certain requirements to receive a reimbursement from the U.S. Treasury, there is always the possibility that such requirements may not be met by the issuer. Under such a scenario, there is a risk that the reimbursement from the U.S. Treasury may be interrupted which may be a problem if the funds are pledged to service the debt of the underlying direct pay Build America Bonds. Additionally, if issuers owe money to the federal government, the reimbursement from the U.S. Treasury may be subject to an “offset” which could potentially reduce the amount of money available to service debt payments on direct pay Build America Bonds. Additionally, under the Budget Control Act of 2011,

the Congressionally-mandated sequestration process has resulted in a delay or reduction in the payments to some issuers of Build America Bonds. Any interruption, delay, reduction, and/or offset of the reimbursement from the U.S Treasury may reduce the demand for such direct pay Build America Bonds and/or potentially trigger extraordinary call features of the bonds. This may, in turn, reduce market prices and cause the value of Fund shares to fall.

The net asset value (NAV) of the Fund is calculated on a daily basis and may fluctuate considerably. There is no assurance that the investment objective of the Fund will be achieved.

**Risk/Return Bar Chart and Table**

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund’s performance from year to year. The table shows the Fund’s average annual returns for the 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund’s past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain current performance information at [www.dupree-funds.com](http://www.dupree-funds.com) or by calling (800) 866-0614 or (859) 254-7741.



After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor’s tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Highest Quarter Total Return:	11.29%	September 30, 2011
Lowest Quarter Total Return:	-3.53%	June 30, 2013
2018 Year-to-Date Total Return for the nine months ended September 30, 2018:	0.53%	

For the Periods Ended December 31, 2017	Average Annual Total Return Since Inception November 2010		
	1 year	5 years	
Return Before Taxes (%)	5.10%	4.41%	5.85%
Return After Taxes on Distributions (%)	5.10%	4.35%	5.80%
Return After Taxes on Distributions & Sale of Fund Shares (%)*	5.06%	4.50%	5.70%
Bloomberg Barclays Municipal Taxable Bond Index	8.15%	4.56%	6.33%

(Index reflects no deduction for fees, expenses or taxes)

\* Return after Taxes on Distributions and Sale of Fund Shares also includes any taxable gain or loss realized by a shareholder on the sale of a fund’s shares.

**MANAGEMENT**

**Investment Adviser**

Dupree & Company, Inc. serves as the investment adviser and transfer agent for the Fund.

**Portfolio Managers**

Vincent Harrison has served as lead portfolio manager of the Fund since inception. Brian Tibe has served as the assistant portfolio manager of the Fund since 2015. The Statement of Additional Information provides additional information about the portfolio managers’ compensation, other accounts managed by the portfolio managers, and the portfolio managers’ ownership of securities in the Fund.

For important information about the purchase and sale of Fund shares, tax information and financial intermediary compensation, please refer to “Summary Shareholder Information” on page 33 of this Prospectus.

# Intermediate Government Bond Series

## INVESTMENT OBJECTIVES

The Fund seeks to provide a high and stable level of income derived from bonds issued by the U.S. Government and its agencies without incurring undue risk to principal.

## FEES AND EXPENSES

### Fees and Expenses of the Intermediate Government Bond Series

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder fees (fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load)	NONE
Redemption Fee	NONE
Redemption Fee if by wire transfer	\$ 12.00
Exchange Fee	NONE
Maximum Account Fee	NONE

#### Annual fund operating expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.20%
Distribution (12b-1)Fees	0.00%
Other Expenses	0.41%
Total Annual Fund Operating Expenses*	0.61%

\* The Total Annual Fund Operating Expenses are after custodian expense reduction for which no recovery will be sought.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$62	\$195	\$340	\$762

You would pay the same expenses assuming no redemption.

#### Portfolio Turnover

The Fund pays transactions costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in

annual fund operating expenses or in the example above, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 1.99% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGIES, RISKS AND PERFORMANCE

### Principal Investment Strategies

At least eighty percent (80%) of the portfolio of the Intermediate Government Bond Series will be invested in securities issued by the U.S. Government or its agencies or instrumentalities, with the remainder of the portfolio invested in bank accounts fully insured by the FDIC or collateralized by bonds issued by the U.S. Government or its agencies or U.S. Treasury or Agency Notes and Bills. This investment policy is non-fundamental and can be changed by the Fund's Board of Trustees upon 60 days' prior notice to shareholders. The weighted average nominal maturity of the Fund will normally range between 3-10 years. Maintaining a high level of income is a primary objective of the Fund. The investment adviser selects securities that it believes will provide the best balance between risk and return and typically uses a buy and hold strategy. Securities in the Fund's portfolio are typically held for income purposes, rather than trading them for capital gains. However, the investment adviser may sell a security at any time if it believes it could help the Fund meet its goals.

### Principal Risks of Investing

You may lose money investing in the Fund. Mutual fund shares are not obligations of, or guaranteed by, the U.S. government.

The principal risks of investing in the Fund are the possibility of default, even though the bonds are of investment grade; and possible loss of money. An issuer of government securities may be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a security's credit rating may affect the security's value and, thus, impact Fund performance. Shares of the Fund are not insured by the U.S. government nor are the Fund's share price or distributions.

Typically, as interest rates rise, the price of government bonds will fall; conversely, government bond prices will rise when interest rates fall. In general, portfolios with longer average maturities are more sensitive to these price changes. Interest rates have been at historic lows and are expected to rise. A low interest rate environment creates an elevated risk of future price declines, particularly for securities with longer maturities. You should expect the Fund's share price and total return to fluctuate.

A U.S. government security may be prepaid (called) before maturity. An issuer is more likely to call its securities when



interest rates are falling. If a security is called, the Fund may have to replace it with a lower-yielding security. The Fund may hold a large number of securities subject to call risk. A call of some or all of these securities may lower the Fund's income and yield and its distributions to shareholders. The prices of U.S. government securities may also be affected by market activity and supply and demand factors. When there are more buyers than sellers, prices tend to rise. Conversely, when there are more sellers than buyers, prices tend to fall. U.S. government securities may be issued on a when-issued or delayed basis, where payment and delivery take place at a future date. Since the market price of the security may fluctuate during the time before payment and delivery, the Fund assumes the risk that the value of the security at delivery may be more or less than the purchase price.

The yields of government bonds are dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the U.S. government bond markets and general monetary and economic conditions. In periods of rising interest rates, the yield of the Fund typically would tend to be somewhat lower. When interest rates are falling, the inflow of net new money to the Fund will likely be invested in portfolio instruments producing lower yields than the balance of the Fund's portfolio, reducing the current yield of the Fund. In period of rising interest rates, if there is an outflow of money, the yield may rise, although the share price will generally decline. The market values of U.S government bonds held by the Fund may go up or down, sometimes rapidly or unpredictably, as a result of market activity, interest rate fluctuation or as a result of supply and demand factors. Accordingly, the net asset value of our shares will fluctuate.

The portfolio of the Fund is non-diversified. A non-diversified portfolio may have as much as 50% of the portfolio invested in the bonds of a single issuer, while a diversified portfolio may have as much as 25% of the portfolio invested in the bonds of a single issuer. The potential for investment of 50% of the portfolio in the bonds of a single issuer may involve more risk, because the consequences of a default by that issuer would be greater than a default by an issuer representing only 25% of the portfolio.

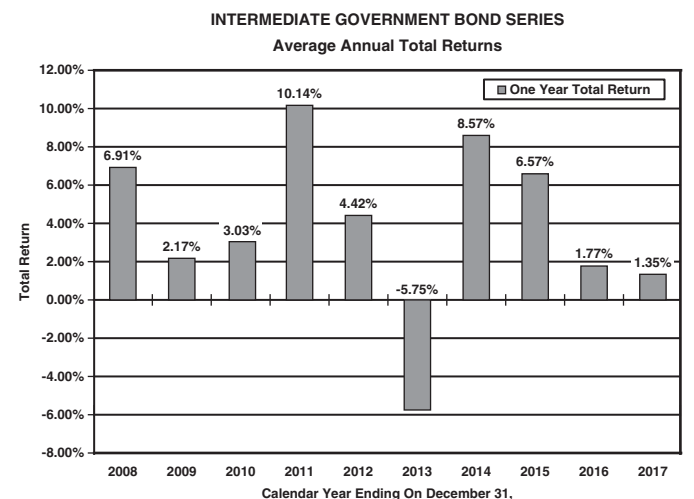
The Fund is also subject to management risk because it is an actively managed investment portfolio. The Fund's investment adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. The Fund's annual total returns may vary considerably from one year to the next.

The net asset value (NAV) of the Fund is calculated on a daily basis and may fluctuate considerably. There is no assurance that the investment objective of the Fund will be achieved.

**Risk/Return Bar Chart and Table**

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the

Fund's performance from year to year. The table shows the Fund's average annual returns for the 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain current performance information at [www.dupree-funds.com](http://www.dupree-funds.com) or by calling (800) 866-0614 or (859) 254-7741.



After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Highest Quarter Total Return:	6.01%	September 30, 2011
Lowest Quarter Total Return:	-5.05%	June 30, 2013
2018 Year-to-Date Total Return for the nine months ended September 30, 2018:	-1.21%	

For the Periods Ended December 31, 2017	Average Annual Total Return		
	1 year	5 years	10 years
Return Before Taxes (%)	1.35%	1.43%	3.35%
Return After Taxes on Distributions (%)	.25%	.30%	2.07%
Return After Taxes on Distributions & Sale of Fund Shares (%)*	.76%	.57%	2.07%
Bloomberg Barclays U.S. Intermediate Government Bond Index	1.14%	.92%	2.70%

(Index reflects no deduction for fees, expenses or taxes)

\* Return after Taxes on Distributions and Sale of Fund Shares also includes any taxable gain or loss realized by a shareholder on the sale of a fund's shares.

**MANAGEMENT**

**Investment Adviser**

Dupree & Company, Inc. serves as the investment adviser and transfer agent for the Fund.

**Portfolio Managers**

Vincent Harrison has served as portfolio manager of the Fund. Mr. Harrison has been lead portfolio manager of the Fund since 2004. Brian Tibe has served as the assistant portfolio manager of the Fund since 2015. The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership in securities in the Fund.

For important information about the purchase and sale of Fund shares, tax information and financial intermediary compensation, please refer to "Summary Shareholder Information" on page 33 of this Prospectus.

## SUMMARY OF SHAREHOLDER INFORMATION

### BUYING AND SELLING FUND SHARES

#### Purchase Minimums (all Funds)

Minimum Initial Investment:	\$100.00
Minimum Additional Investment:	None

#### To Buy or Sell Shares:

You can buy or sell shares of a Fund on any business day which the Fund is open through your investment representative, or directly from the Funds by mail or telephone. You can pay for shares by check, electronic funds transfer or wire.

Dupree Mutual Funds  
P.O. Box 1149  
Lexington, KY 40588-1149  
Telephone: (800) 866-0614 (toll free)

### DIVIDENDS, CAPITAL GAINS, AND TAXES

The single-state tax-exempt Funds intend to distribute income that is exempt from regular federal and state income tax, however, fund distributions may be subject to capital gains tax. A portion of the Fund's distributions may be subject to federal and/or state income taxes or to the federal alternative minimum tax. If you hold your fund shares through a tax-deferred investment plan, such as a 401(k) plan or an IRA, any distributions received from the fund may be taxable as ordinary income upon withdrawal from the tax-deferred plan, regardless of whether the distributions were tax-exempt when earned.

The Taxable Municipal Bond Series' distributions are taxable as ordinary income and/or capital gains. If you hold your Fund shares through a tax-deferred investment plan, such as a 401(k) plan or an IRA, any distributions received from the Fund may be taxable as ordinary income upon withdrawal from the tax-deferred plan, regardless of whether the distributions were tax-exempt when earned.

The Intermediate Government Bond Series' distributions are taxable as ordinary income on the federal level and may be taxable on the state level, and Fund distributions may be subject to capital gains tax. If you hold your Fund shares through a tax-deferred investment plan, such as a 401(k) plan or an IRA, any distributions received from the Fund may be taxable as ordinary income upon withdrawal from the tax-deferred plan, regardless of whether the distributions were tax-exempt when earned.

### PAYMENTS TO BROKER-DEALERS AND OTHER FINANCIAL INTERMEDIARIES

If you purchase the Funds through a broker-dealer or other financial intermediary (such as a bank), Dupree & Company, Inc. may pay the intermediary for the sales of Fund shares or for providing administrative and related shareholder services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## SHAREHOLDER INFORMATION

### BUYING SHARES

Our goal is to make doing business with us as easy as possible. You can buy shares at the next net asset value computed after we receive your investment in proper form as described below. There are no sales charges or loads. To help the government fight the funding of terrorism and money laundering activities, the USA PATRIOT Act requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account.

#### Terms of Offering

If you send us a check that does not clear, we may cancel your order and hold you responsible for any loss that we have incurred. We may recover our loss by redeeming shares held in your account, and we may prohibit or restrict you from placing future orders. **The Trust does not accept third-party checks, money orders, travelers' checks, or cash.** We reserve the right to refuse official checks or cashier's checks.

We retain the right to reject any order and to raise or lower the minimum investment size for any persons or class of persons. An order to purchase shares is not binding on us until confirmed in writing by the Transfer Agent.

If you purchase shares through an investment representative, that party is responsible for transmitting orders in accord with contractual arrangements. There may be different cut-off times for purchase and sale requests. Consult your investment representative for specific information.

#### Initial Investment

Your initial investment need only be \$100.00 for any of our Funds.

#### Purchases Made By Wire Transfer

Please call us at (800) 866-0614 for wire instructions if you would like to purchase shares via a wire transfer.

#### Purchases Made By Mail

Make your check (all checks must be made in U.S. dollars and drawn on U.S. banks) payable to the Fund you want to invest in and send your check to:

Regular Mail:  
Dupree Mutual Funds  
P.O. Box 1149  
Lexington, KY 40588-1149

Overnight Mail:  
Dupree Mutual Funds  
Vine Center  
125 South Mill Street, Suite 100  
Lexington, KY 40507

Along with one of the following:

- A completed new account application (if new account)

- The detachable stub which you will find at the top of your most recent account statement
- A letter specifying the account number and name of Fund

Funds deposited into your Dupree account may not be withdrawn until the Transfer Agent has confirmed that the funds used to purchase Dupree shares have cleared your bank.

#### **Automatic Purchase Plan**

Once your account is open, you may make investments automatically by authorizing Dupree Mutual Funds to draw on your bank account. Please call us at (800) 866-0614 for more information.

#### **Individual Retirement Accounts**

Shareholders of the Intermediate Government Bond Series and Taxable Municipal Bond Series may establish Individual Retirement Accounts. The tax-exempt municipal bond Funds are not eligible for IRAs. Please contact us for more information and account application forms.

#### **SELLING SHARES**

You may sell all or part of the shares in your account at any time without any penalties or sales commissions. The sale of shares may result in a capital gain or loss depending upon your tax basis in the shares, and losses are subject to potential limitation or disallowance under various tax rules. To sell shares, simply use one of the methods described below. We generally do not require a signature guarantee (but reserve the right to do so); however, on your account application, you will be asked to indemnify and hold harmless the Trust, the Transfer Agent and their officers, agents and employees, from losses, claims, expenses and liabilities based on actions taken as the result of your instructions. The Trust will utilize reasonable procedures, such as recording telephone redemption requests or making inquiries of information that should only be known to the shareholder and the Trust, to confirm that instructions communicated by telephone or in writing are genuine. If reasonable procedures are followed by the Trust, it will not be liable for losses due to unauthorized or fraudulent telephone instructions.

#### **By Telephone**

In Lexington, KY (859) 254-7741

Toll Free National Number (800) 866-0614

All accounts will automatically receive telephone redemption, exchange and transfer privileges unless indicated otherwise on the initial application form. We will mail or wire the money only to the address or bank account previously filed with us. Changes to any redemption instructions must be made in writing and signed by all owners. The telephone cannot be used to redeem shares for which you hold certificates of beneficial interest or until the Transfer Agent has confirmed that funds used to purchase Dupree Shares have cleared your bank, typically 7 business days after receipt of funds.

#### **By Mail**

You must send us a written request for redemption, signed by each registered holder exactly as the shares are registered along with (if applicable):

- Any certificates of beneficial interest
- Documents required by Corporations, Executors, Administrators, Trustees and Guardians.

#### **Third-Party Intermediary**

If you invest through a third party (rather than directly with the Trust), the third party may charge you fees different from than those described here. Banks, brokers, 401(k) plans, financial advisers and financial supermarkets may charge transaction fees and may set different minimum investments or limitations on buying or selling shares. Consult a representative of your plan or financial institution if in doubt. All such transactions through third parties depend upon your contractual relations with the third party and whether there is an arrangement with the third party.

The Funds have authorized one or more financial intermediaries to receive on its behalf purchase and redemption orders. Such financial intermediaries may authorize or designate other intermediaries to receive purchase and redemption orders on the Funds' behalf. The Funds will be deemed to have received a purchase or redemption order when an authorized broker or, if applicable, a financial intermediary's authorized designee, receives the order.

#### **Payment of Redemption Proceeds**

The Trust typically expects to pay redemption proceeds on the next business day, regardless of whether the payment is made by check, Automated Clearing House (ACH) electronic fund transfer or wire. The Trust typically expects to pay redemptions from cash, cash equivalents, proceeds from the sale of fund shares, any lines of credit, and then from the sale of portfolio securities. These redemption payment methods will be used in regular and stressed market conditions. The Transfer Agent will normally mail a check, initiate an ACH transfer or wire redemption proceeds the business day following the receipt of necessary documents in required form. In order to receive proceeds by check, the redeeming amount must be at least \$100.00. In order to receive proceeds by wire the redeeming amount must be at least \$500.00. A \$12.00 wire charge fee applies to all redemptions processed by wire. The Transfer Agent may deduct the wire charge from the redemption proceeds. Your own bank may also impose a wire charge on your account to which the funds are wired. There is no fee for processing redemption proceeds through the ACH electronic funds transfer system. Electronic transfers processed through the ACH system may take up to 48 hours to clear your bank.

We reserve the right on all redemptions to delay payment seven (7) days if to do otherwise would negatively affect existing shareholders.

Shares redeemed to close an account will earn dividends through the date of redemption. In addition to the redemption proceeds, redeeming shareholders will receive dividends declared but unpaid. If you redeem only a portion of your shares, you will receive all dividends declared and unpaid on all your shares on the next dividend payment date.

### **Redemption Price**

The redemption price of shares redeemed will be the net asset value (NAV) per share as calculated in the first determination of the NAV after the Trust has received all necessary documents in proper form.

### **Suspension of Redemption**

We may suspend the right of redemption or postpone payment for more than seven days during any of the following:

- The New York Stock Exchange (NYSE) is closed
- The Securities and Exchange Commission (SEC) determines trading on the NYSE is restricted
- There is an emergency as determined by the SEC where it is not reasonably practicable for us to dispose of securities.
- Such other period as the SEC may by order permit for the protection of the shareholders

### **Redemption by Trust**

If your account balance falls below \$100 as a result of shareholder redemption and not simply market valuation change, we may redeem your shares and close out your account. We will mail you a notice requesting that you bring the account balance back up to the minimum investment amount of \$100. If you choose not to do so within thirty (30) days from the date of notice, we will close your account and mail the proceeds to the address of record.

If you should reside in a state or should move to a state where the Trust does not routinely offer its shares for sale or if you should transfer or attempt to transfer any of your shares to another person residing in a state where the Trust does not routinely offer its shares for sale, the Trust reserves the right to involuntarily redeem your shares and close out your account and/or modify your dividend and/or capital gains payment options to receive your dividends and/or capital gains distributions in cash in lieu of reinvestment in the Trust.

The Trust reserves the right to redeem the shares of and close, at any time without notice, any account if it is determined that the account owner is not complying with the Trust's policies and procedures.

### **Redemption In-Kind**

The Trust does not reserve the right to redeem in-kind.

### **Transfer and Exchange of Shares**

You may transfer your shares to another owner. You may exchange shares between Funds offered in your state of residence without a sales charge at the next determination of net asset value; however, the Trust reserves the right to reject any exchange in excess of \$50,000 and to modify or terminate the exchange privilege at any time only upon sixty (60) days

written notice. An exchange is treated for federal tax purposes as a redemption and purchase of shares and may result in the realization of a capital gain or loss, depending on the cost or other tax basis of the shares exchanged. No representation is made as to the deductibility of any such loss. The Transfer Agent will provide you with information about the documents required.

### **Withdrawal Plan**

You may withdraw fixed or variable amounts from your account at regular intervals. Once started, a withdrawal plan may be discontinued at any time without penalty upon receiving written instructions from you.

### **Inactive Accounts**

If your account is inactive (i.e., you do not make any deposits or withdrawals) and you have not otherwise communicated with us about your account during the applicable period provided by law, we may be required to report your account as "abandoned property" to the appropriate state authority under the relevant escheat laws. State unclaimed or abandoned property laws generally apply to both unclaimed securities, including shares in the Funds, and uncashed dividends or other distributions from the Funds. In order to prevent your assets from being deemed abandoned and escheated to a state, we recommend that you maintain contact with the Funds in a manner that demonstrates activity under the relevant state's laws.

### **DIVIDENDS AND DISTRIBUTIONS**

Generally, we declare dividends separately for each Fund each business day. The Alabama, Kentucky, Mississippi, North Carolina and Tennessee Income Series pay such dividends as of the last business day of each quarter. The Kentucky, North Carolina and Tennessee Short-to-Medium Series, the Taxable Municipal Bond Series and the Intermediate Government Bond Series pay such dividends as of the last business day of each month. If no other business day(s) intervenes between a weekend or holiday on which the Dupree office is closed, then dividends will be paid on the second to last business day of the quarter (Income Series) or month (Short-to-Medium Series, Taxable Municipal Bond Series and Intermediate Government Bond Series). Each Fund will distribute substantially all of its income and capital gains to its shareholders every year. The Trustees have the authority to change dividend payment dates.

### **Undeliverable Redemption/Distribution Checks**

Distributions (dividends) will be paid via ACH electronic funds transfer or automatically reinvested if the amount of the distribution is \$10 or less. For any shareholder who chooses to receive distributions in cash: If distribution checks (1) are returned and marked as "undeliverable" or (2) have not been negotiated within six months from the date of issuance, your account will be changed automatically so that all future distributions are reinvested in your account. Redemption and fund distribution checks that have not been negotiated within six months from the date of issuance will be considered void. The checks will be canceled and the money reinvested in the

appropriate Fund on your behalf. We will send out “unresponsive payee” notices in accordance with SEC rules and regulations.

Capital gains, if any, will normally be distributed between October 31 and January 31 in order to comply with federal income tax regulations (See Statement of Additional Information for additional information). Income dividends and capital gains distributions, if any, will be paid in additional shares by credit to the shareholder’s account or in cash at the shareholder’s election. Any such election remains in effect until the Transfer Agent receives notice terminating the election at least three days before the payment date of a dividend or distribution. The available elections are indicated on the new account application form. Distributions (dividends) will be paid via ACH electronic funds transfer or automatically reinvested if the amount of the distribution is \$10 or less.

### **FREQUENT PURCHASES AND REDEMPTION OF FUND SHARES**

The Trust discourages and does not accommodate market timing. Frequent purchases and redemptions by a shareholder in any Fund may be disruptive of our efforts to maximize the yield of the Fund because it may mean that cash is not invested or that borrowing to pay redemption proceeds may be necessary. In addition, frequent trading into and out of the Funds can harm all shareholders by disrupting Fund investment strategies, increasing Fund expenses, decreasing tax efficiency and diluting share value. Management of the Trust monitors trading practices of shareholders and has not detected patterns of frequent purchases and redemptions. Accordingly, the Trustees have elected not to adopt a policy or procedure to restrict such practices, but reserve the right to do so if frequent trading practices are detected. As stated above, we reserve the right to reject any order to purchase shares or to delay payment of redemption proceeds seven (7) days if to do otherwise would negatively affect existing shareholders.

### **TAXES**

Each Series of the Trust intends to qualify as a “regulated investment company (RIC)” under the Internal Revenue Code. Accordingly, we must distribute at least 90% of our net income earned in any year. Ordinarily, the dividends we pay our shareholders of the tax-exempt municipal bond funds will be exempt interest dividends that will be excludable from gross income for federal (including alternative minimum tax) and state income tax purposes in certain states.

Bond Counsel for the bonds held in the tax exempt municipal bond funds have not undertaken to advise in the future whether any events after the date of issuance of the bonds may affect the tax exempt status of interest on the bonds or the tax consequences of ownership of the bonds. No assurance can be given that future legislation, or amendments to the tax code, if enacted into law, will not contain provisions which could directly or indirectly eliminate or reduce the benefit of the exclusion of the interest on the bonds from gross income for federal income tax purposes retroactively or prospectively.

Because many states adopt the Internal Revenue Code as a part of the state taxation system, any changes to the federal income and/or capital gains laws may result in changes to state tax laws, resulting in a loss of or reduction in the exemption of municipal bond interest for state income tax purposes. Prospective purchasers of the tax-exempt municipal bond funds should consult their own tax advisors regarding the potential consequences of any federal budget proposal and/or other legislative proposals to the treatment of interest on the bonds and distributions paid by the tax exempt municipal bond funds.

The Internal Revenue Service (IRS) may audit the issuers of municipal bonds and, in rare instances, declare that the interest paid on certain municipal bonds that were originally issued as tax-exempt bonds is not excludable from gross income. Such reclassifications or actions could cause interest from a municipal security to become taxable retroactively thereby increasing your tax liability. Moreover, such reclassifications or actions could cause the value of a security to drop which may result in a decline in the value of a Fund’s shares. While the reclassification of income by the IRS is a relatively rare event, it is nonetheless a risk of investing in tax-exempt municipal bonds. Dividends and distributions paid on the Intermediate Government Bond Series and the Taxable Municipal Bond Series generally will be subject to federal income tax and may be subject to state income tax.

Distributions of income from investments in non-municipal securities or net short-term capital gains or net long-term capital gains exceeding our capital loss carry forwards (if any) will be taxable as more fully described in the “Statement of Additional Information.” Ad valorem taxes may also be imposed in some states. The sale of shares may result in a capital gain or loss depending upon your tax basis in the shares. An exchange of Fund shares for shares of another Fund will be treated as a sale of the original Fund shares, and any gain on the transaction may be subject to federal and state income taxes.

You must report your total tax-free income on your federal income tax return. The IRS uses this information to help determine the tax status of any social security payments you may receive during the year. Tax-exempt dividends paid to social security recipients may increase the portion of social security benefits that is subject to tax. You should always consult with your tax adviser about the effects of investments in the Trust and recognize that the tax laws of the several states afford different tax treatment to their residents. Under current law, an additional 3.8% Medicare tax may be imposed on certain net investment income (including ordinary dividends and capital gains distributions received from a Fund and net gains from redemptions or other taxable dispositions of Fund shares) for certain individuals, estates, and trusts in the event that certain income thresholds are exceeded.

### **Financial Intermediary Compensation**

Financial intermediaries may impose other charges or restrictions different from those applicable to shareholders who

invest in the Funds directly. The Funds, Dupree & Company, Inc., and each of their respective directors, trustees, officers, employees, and agents are not responsible for the failure of any financial intermediary to carry out its obligations to its customers.

## **FURTHER INFORMATION – TAX-EXEMPT MUNICIPAL BOND SERIES**

### **Investment Objectives and Principal Investment Strategies**

All of our single state tax-exempt municipal bond Funds, whatever their maturity range, have an investment objective of realizing a high level of tax-exempt income without incurring undue risk to principal by investing in state specific municipal securities. The interest earned on these securities, in the opinion of bond counsel for the issuer, is exempt from federal and state taxation in the state of issuance. In conformity with regulations adopted by the SEC, each single state tax-exempt municipal bond Fund has a fundamental policy that during periods of normal market conditions either (1) the Fund's assets will be invested so that at least 80% of the income will be tax-exempt or (2) the Fund will have at least 80% of its net assets invested in tax-exempt securities. In addition, under normal market conditions, at least 80% of the value of each Fund's assets will be invested in municipal securities of the state identified in the name of the Fund. The investment policies may not be changed without approval of the holders of a majority of the outstanding shares representing each Fund.

Yield on municipal securities is dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal securities vary depending upon available yields both in the municipal securities markets and in the short-term money markets. Therefore, the net asset value of our shares will change as interest rates fluctuate, generally declining as interest rates rise and rising as interest rates fall. The types of municipal securities and the general characteristics of each type are described in the Statement of Additional Information.

All of our single state tax-exempt municipal bond Funds have fundamental policies of investing at least 80% of the value of the assets in securities meeting the following quality standards:

- A) Bonds rated at the time of purchase within the four highest grades assigned by U.S. nationally recognized rating services.
- B) Notes rated at the time of purchase within the three highest grades assigned by U.S. nationally recognized rating services; and bonds and notes not rated by a recognized rating agency within the grades specified above, but secured by the full faith and credit of the United States government (e.g., refunded or defeased bonds or notes secured by United States Treasury Bills or Notes).

- C) No more than 20% of the value of our total assets in any of the Funds will be invested in securities which are not rated. The Trust will not purchase securities which in the opinion of the Investment Adviser would not have been rated in one of the grades specified above. In addition, our Investment Adviser will make its own evaluation of each security it selects for each portfolio and will continue to evaluate each portfolio security so long as we hold it.

As an additional matter of fundamental policy, except as indicated below, the only securities we will purchase for the Funds are those producing income exempt from both federal and state income taxes in the states where the securities were originally issued, though ad valorem taxes may be due in some states. The IRS may audit issuers of municipal bonds and, in some cases, may determine that the interest paid on certain municipal bonds that were originally issued as tax-exempt bonds is not excludable from adjusted gross income. We do not purchase securities subject to the Alternative Minimum Tax (AMT) for any of our tax-exempt municipal bond Funds.

The only exception to the policies previously described is that we may temporarily invest up to 50% of the value of our total assets in certain taxable obligations when, in the judgment of our investment adviser, abnormal market conditions make it advantageous to assume a defensive posture in taxable obligations. We also reserve the right to hold such cash reserves as the investment adviser deems necessary for temporary defensive purposes.

The taxable obligations and cash equivalents in which we may invest on a temporary basis include obligations of the U.S. Government and its agencies and instrumentalities; certificates of deposit; banker's acceptances and other short-term debt obligations of United States and Canadian banks with total assets of at least \$1,000,000,000; commercial paper rated A-2 or better by S&P or Prime-2 or better by Moody's; and repurchase agreements relating to an underlying security in which we are authorized to invest. When investing in taxable obligations and cash equivalents on a short term basis, our investment objective of producing income exempt from both federal and state income taxes may not be realized.

For the single state tax-exempt municipal bond Funds, we generally purchase municipal securities with maturities that provide the maximum amount of yield to shareholders without incurring undue risk to principal. This strategy generally results in the Income Series Funds having a weighted average nominal maturity of 10-20 years. For the Short-to-Medium Series Funds, we typically purchase municipal securities to maintain approximately a 5-year average dollar-weighted maturity. Though we typically employ a buy and hold strategy for all of our single state tax-exempt municipal bond funds, bonds are sometimes called by the issuer or sold prior to maturity.

### **Risks**

The inherent risk associated with investment in municipal securities is the risk of default. In addition, the net asset value

of our shares may be impacted by the general economic conditions in the country and/or within the states of Alabama, Kentucky, Mississippi, North Carolina and Tennessee, respectively. The limitation of our investments of each Fund to a single state may involve greater risk than if we invested in municipal securities issued by more than one state, due to the possibility of an economic or political development that could uniquely affect the ability of issuers to meet the debt obligations of the securities.

State income is subject to fluctuation on a year to year basis. Changes in an issuer's financial strength or changes in the credit rating assigned to an obligation may also affect the value of that security. Consequently, the downgrading of the credit quality of an obligation may result in a decrease in share price. State constitutional limits on tax increases, budget deficits, erosion of the tax base, and other financial difficulties may also pose a risk to timely payment on municipal securities.

Many municipal securities may be called or redeemed before maturity. Each single state tax-exempt municipal bond fund may have a large amount of its assets invested in securities subject to call risk. If securities are called or redeemed, the proceeds may have to be reinvested in lower yielding securities thereby potentially reducing the series' income and any distribution to shareholders. The weighted average nominal maturity takes into consideration the final maturity of a security only. The effective maturity takes into consideration the possibility that the issuer may call the bond before its maturity date.

The single state tax-exempt municipal bond Funds may invest in municipal lease obligations, including but not limited to certificates of participation, which may involve additional risks since the relevant legislative body must appropriate public funds annually to make the lease payments. If public funds are not appropriated, municipal lease obligations may be canceled without penalty thereby raising the risk that an investor may not be paid.

### **State Specific Risk Factors**

Credit quality in the tax-exempt sector has continued to improve as state fiscal conditions show signs of improvement and greater stability. According to the *Fiscal Survey of States* compiled by the National Association of State Budget Officers ("NASBO"), states are expected to increase general fund spending by 3.2% in fiscal 2019; by comparison, last spring, states were expecting an increase of just 1.0% based on governors' fiscal 2018 budgets. After weak revenue growth in fiscal 2016 and 2017, tax collections are projected to rebound in fiscal 2018, with total general fund revenues growing an estimated 4.9%. States are also expected to add to their rainy day funds, with the median balance as a share of general fund spending rising to 6.2% in fiscal 2019.

Medicaid spending continues to be a significant line item for state budgets. According to NASBO, the median growth rate for Medicaid spending from all fund sources is estimated at

5.2% for fiscal 2018. Medicaid expansion spending from state funds is estimated to increase \$3.6 billion in fiscal 2018 with the state share gradually rising to 10% by 2020. It is important to note that economic, budgetary, political, and other considerations within any state are unpredictable and subject to change at any time. A number of states continue to be burdened by large unfunded pension and healthcare obligations. Investors in single-state municipal bond funds should be aware that large unfunded pension and healthcare obligations that are not addressed in a satisfactory manner could potentially result in a state or locality having the credit rating of its bonds downgraded and/or the filing of a bankruptcy petition that would lead to a drop in bond prices and a corresponding increase in yields for any affected securities.

The Commonwealth of Kentucky's pension plans are among the worst funded in the nation. In the aggregate, the Commonwealth of Kentucky faces a funding shortfall across its pension systems of \$33 billion (estimates range as high as \$82 billion if alternate investment return assumptions are utilized). In May of 2018, S&P Global Ratings ("Standard & Poor's") lowered its rating on the Commonwealth's appropriation backed debt one notch from 'A' to 'A-'. Among other things, the downgrade reflected Standard & Poor's view that Kentucky's substantially underfunded pension liabilities place long-term pressures on the state's finances.

The Commonwealth of Kentucky's non-agricultural economy is diversified among the following sectors: services, wholesale and retail trade, manufacturing, and government. In 2017, real GDP increased by 1.8%, which was below the national average. Kentucky's current-dollar GDP in 2017 was \$202.5 billion and ranked 28<sup>th</sup> in the United States. The state's General Fund receipts have continued their upward trend and have risen for eight consecutive years. In 2017, Kentucky had per capita personal income of \$39,393, which was below the national average of \$50,392 (Source: U.S. Bureau of Economic Analysis). The state's annual average unemployment rate stood at 4.2% at the end of June (Source: U.S. Bureau of Labor Statistics). Kentucky had net tax-supported debt per capita of \$1,995 as of calendar year-end 2017, which was substantially above the national net tax-supported debt median of \$987 (Source: Moody's Investors Services, *Medians-State Debt Continues Slow Growth Trend*, April 24, 2018). As of September 30, 2018, Kentucky's appropriation supported debt was rated A1 by Moody's Investors Service and A- by Standard & Poor's.

Alabama's non-agricultural economy is diversified among the following sectors: government, textiles, automobile, aerospace, manufacturing, and forest products industries. In 2017, Alabama's real GDP grew 1.2%, which was well below the national average. Alabama's current-dollar GDP in 2017 was \$211.0 billion and ranked 27<sup>th</sup> in the United States. In 2017, Alabama had a per capita personal income of \$39,976, which was below the national average of \$50,392 (Source: U.S. Bureau of Economic Analysis). The state's annual average



unemployment rate stood at 4.1% at the end of June (Source: U.S. Bureau of Labor Statistics). Alabama had net tax-supported debt per capita of \$898 as of calendar year-end 2017, which is lower than the national net tax-supported debt median of \$987 (Source: Moody's Investors Services, *Medians-State Debt Continues Slow Growth Trend*, April 24, 2018). As of September 30, 2018, Alabama's general obligation debt was rated Aa1 by Moody's Investors Service and AA by Standard & Poor's.

Mississippi's non-agricultural economy is diversified among the following sectors: manufacturing, services, gaming, and tourism. In 2017, Mississippi real GDP grew by a mere 0.3%, which was substantially below the national average. Mississippi's current-dollar GDP in 2017 was \$111.7 billion and ranked 36<sup>th</sup> in the United States. In 2017, Mississippi had a per capita personal income of \$36,346, which was the lowest in the nation (Source: U.S. Bureau of Economic Analysis). The state's annual average unemployment rate stood at 4.7% at the end of June (Source: U.S. Bureau of Labor Statistics). Mississippi had net tax-supported debt per capita of \$1,854 as of calendar year-end 2017, which was substantially above the national net tax-supported median of \$987 (Source: Moody's Investors Services, *Medians- State Debt Continues Slow Growth Trend*, April 24, 2018). As of September 30, 2018, the state of Mississippi's general obligation debt was rated Aa2 by Moody's Investors Service and AA by Standard & Poor's.

North Carolina's non-agricultural economy is diversified among the following sectors: manufacturing, services, industry, textiles, trade, and tourism. In 2017, the state's real GDP grew by 2.3%, which was slightly better than the national average. North Carolina's 2017 current-dollar GDP was \$538.3 billion and ranked 10<sup>th</sup> in the United States. In 2017, North Carolina had per capita personal income of \$43,303, which was below the national average of \$50,392 (Source: U.S. Bureau of Economic Analysis). The state's average annual unemployment rate stood at 4.2% at the end of June (Source: U.S. Bureau of Labor Statistics). North Carolina had net tax-supported debt per capita of \$611 as of calendar year-end 2017, which was below the national net tax-supported debt median of \$987 (Source: Moody's Investors Services, *Medians-State Debt Continues Slow Growth Trend*, April 24, 2018). As of September 30, 2018, the state's general obligation debt was rated Aaa by Moody's Investors Service and AAA by Standard & Poor's.

Tennessee's non-agricultural economy is diversified among the following sectors: manufacturing, wholesale and retail trade, services and government. In 2017, the state's real GDP grew by 2.5%, which was above the national average. Tennessee's current-dollar GDP in 2017 was \$345.2 billion and ranked 18<sup>th</sup> in the United States. In 2017, Tennessee had a per capita personal income of \$44,266, which was below the national average of \$50,392 (Source: U.S. Bureau of Economic Analysis). The state's average annual unemployment rate at 3.5% at the end of June (Source: U.S. Bureau of Labor Statistics). Tennessee had net tax-supported debt per capita of \$312 as of calendar year-end 2017, which was substantially

below the national net tax-supported debt median of \$987 (Source: Moody's Investors Services, *Medians-State Debt Continues Slow Growth Trend*, April 24, 2018). As of September 30, 2018, the state's general obligation debt was rated Aaa by Moody's Investors Services and AAA by Standard & Poor's.

### **Portfolio Holdings**

The Trust's policies for disclosure of its portfolio securities are set forth in the Statement of Additional Information and the Trust's web site at [www.dupree-funds.com](http://www.dupree-funds.com).

### **FURTHER INFORMATION – TAXABLE MUNICIPAL BOND SERIES**

#### **Investment Objectives and Strategies**

The Fund seeks to provide a high level of taxable income derived from taxable municipal bonds without incurring undue risk to principal. The interest earned on these bonds is fully taxable at the federal level and may be taxable at the state level.

Yield on municipal bonds is dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the municipal securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher credit quality pay lower yields than issues of longer maturity and/or lower credit quality. The market values of municipal bonds vary depending upon available yields both in the municipal securities markets and in the short-term money markets. Therefore, the net asset value of our shares will change as interest rates rise and rising as interest rates fall. The types of municipal bonds and the general characteristics of each type are described in the Statement of Additional Information.

The Taxable Municipal Bond Fund has a fundamental policy of investing at least 80% of the value of the assets in taxable municipal bonds meeting the following quality standards:

- A) Bonds rated at the time of purchase within the four highest grades assigned by U.S. nationally recognized rating services.
- B) Notes rated at the time of purchase within the three highest grades assigned by U.S. nationally recognized rating services; and bonds and notes not recognized by U.S. nationally recognized rating services within the grades specified above, but secured by the full faith and credit of the United States government (e.g., refunded or defeased bonds or notes secured by United States Treasury bills or Notes).
- C) No more than 20% of the value of our total assets in the Fund will be invested in bonds which are not rated. The Trust will not purchase bonds which in the opinion of the investment adviser would not have been rated in one of the grades specified above. In addition, our investment adviser will make its own investment evaluation of each bond it purchases for the portfolio of the Fund and will continue to evaluate each portfolio security so long as we hold it.

As an additional matter of fundamental policy, except as indicated below, the only securities we will purchase for the Fund's portfolio are those producing income taxable at the federal level and which may be taxable at the state level.

The investment policies may not be changed without approval of the holders of a majority of the outstanding shares of the Fund. The only exception to the policies previously described is that we may temporarily invest up to 50% of the value of the Fund's total assets in certain non-municipal taxable obligations such as U.S. Treasury securities; certificates of deposit; bankers acceptances and other short-term obligations of the United States and Canadian banks with total assets of at least \$1 billion; commercial paper rated A-2 or better by S&P or Prime-2 or better by Moody's; and repurchase agreements relating to an underlying security in which we are authorized to invest. When investing in taxable obligations and cash equivalents on a short-term basis, our investment objective of realizing a high level of current income may not be realized.

The Fund will normally have an average weighted maturity of greater than 10 years. The Fund anticipates purchasing taxable municipal bonds with nominal maturities typically ranging from 15-30 years. Although we generally employ a buy and hold strategy for our Fund, bonds are sometimes called by the issuer or sold prior to maturity. We may purchase bonds subject to the Alternative Minimum Tax for our Taxable Municipal Bond Series.

#### **Risks**

The inherent risk associated with investment in taxable municipal bonds is the risk of default. In addition, the NAV of our shares may be impacted by the general economic conditions in the country and/or within the various states in which we purchase taxable municipal bonds. State income is subject to fluctuation on a year to year basis. Changes in an issuer's financial strength or changes in the credit rating assigned to a bond may also affect the value of that bond. Consequently, the downgrading of the credit quality of a bond may result in a decrease in share price. State constitutional limits on tax increases, budget deficits, erosion of the tax base, and other financial difficulties may also pose a risk to timely payment on bonds.

Many taxable municipal bonds may be called or redeemed before maturity. The Fund may have a large amount of assets invested in bonds subject to call risk. If bonds are called or redeemed, the proceeds may have to be reinvested in lower yielding bonds thereby potentially reducing the Fund's income and any distribution to shareholders. The weighted average nominal maturity takes into consideration the final maturity of a bond only. The effective maturity takes into consideration the possibility that the issuer may call the bond before its maturity date. The Fund may also invest in taxable municipal lease obligations, including but not limited to certificates of participation, which may involve additional risks since the relevant legislative body must appropriate public funds annually to make the lease payments. If public funds are not

appropriated, taxable municipal lease obligations may be canceled without penalty thereby raising the risk that an investor may not be paid.

Build America Bonds may be less liquid than other types of municipal obligations. Less liquid bonds can become more difficult to value and illiquidity may negatively affect prices of bonds held in the portfolio. Because issuers of direct pay Build America Bonds have to meet certain requirements to receive a reimbursement from the U.S. Treasury, there is always the possibility that such requirements may not be met by the issuer. Under such a scenario, there is a risk that the reimbursement from the U.S. Treasury may be interrupted which may be a problem if the funds are pledged to service the debt of the underlying direct pay Build America Bonds. Additionally, if issuers owe money to the federal government, the reimbursement from the U.S. Treasury may be subject to an "offset" which could potentially reduce the amount of money available to service debt payments on direct pay Build America Bonds. Additionally, under the Budget Control Act of 2011, the Congressionally-mandated sequestration process could potentially result in a delay or interruption of payments to issuers of Build America Bonds. Any interruption, delay, and/or offset of the reimbursement from the U.S. Treasury may reduce the demand for such direct pay Build America Bonds which may, in turn, reduce market prices and cause the value of Fund shares to fall.

#### **Portfolio Holdings**

The Trust's policies for disclosure of its portfolio securities are set forth in the Statement of Additional Information and the Trust's website at [www.dupree-funds.com](http://www.dupree-funds.com).

#### **FURTHER INFORMATION – INTERMEDIATE GOVERNMENT BOND SERIES**

##### **Investment Objectives and Strategies**

The Fund seeks to provide a high level of current income without incurring undue risk to principal by investing at least 80% of the value of our total assets in a professionally managed non-diversified portfolio of bonds: (1) issued by the U.S. Government such as U.S. Treasury Bonds; or (2) issued by agencies or instrumentalities of the U.S. Government, such as, but not limited to, obligations of the Federal Farm Credit Banks, the Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), the Government National Mortgage Association (Ginnie Mae), and the Federal Home Loan Bank. The remaining assets may be invested in bank accounts fully insured by the FDIC or collateralized by bonds described in 1) and 2); repurchase agreements fully collateralized by bonds described in 1) and 2); and U.S. Treasury or Agency Notes and Bills. The types of bonds the Series invests in and a discussion of their characteristics are described in the Statement of Additional Information.

U.S. Government bonds may be backed by the full faith and credit of the U.S. Treasury, the right to borrow from the U.S.

Treasury, or the right to borrow from the agency or instrumentality issuing or guaranteeing the security. Certain issuers of U.S. Government bonds, including Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, are sponsored or chartered by Congress but their bonds are neither issued nor guaranteed by the U.S. Treasury. Ginnie Mae bonds are U.S. Government bonds which represent interests in pools of mortgage loans. The principal and interest payments on Ginnie Mae bonds are fully guaranteed by the U.S. Government.

### Risks

Generally speaking, U.S. Government bonds are high quality securities. However, as with any investment, there are risks associated with investing in U.S. Government bonds. The yield on U.S. Government bonds is dependent on a variety of factors, including the maturity and quality of the particular obligation, the size of the total offering, prevailing conditions in the U.S. Government securities markets and general monetary and economic conditions. Generally, issues of shorter maturity and/or higher quality pay lower yields than issues of longer maturity and/or lower quality. The market values of U.S. Government bonds vary depending upon available yields both in the U.S. Government bond markets and in the short-term money markets. Therefore, the NAV of the Fund's shares will change as interest rates fluctuate, generally declining as interest rates rise and rising as interest rates fall. Typically, the longer the maturity of a bond, the greater the impact a change in interest rates could have on a bond's price.

Changes in an issuer's financial strength or changes in the credit rating assigned to a bond may also affect the value of that bond. Many U.S. Government bonds may be called or redeemed before maturity. The Intermediate Government Bond Series may have a large amount of its assets invested in bonds subject to call risk. If bonds are called or redeemed, the proceeds may have to be reinvested in lower yielding bonds thereby potentially reducing the series' income and any distribution to shareholders. Neither the Fund's share price nor its yield is guaranteed by the U.S. Government

### Portfolio Holdings

The Trust's policies for disclosure of its portfolio securities are set forth in the Statement of Additional Information and the Trust's web site at [www.dupree-funds.com](http://www.dupree-funds.com).

### Investment Adviser and Advisory Agreements

Our investment activities are managed by Dupree & Company, Inc., P.O. Box 1149, Lexington, Kentucky 40588-1149. Dupree & Company, Inc. was formed in 1962 to continue a business originally founded in 1941. Dupree & Company, Inc. also serves as transfer agent, dividend disbursing agent, and fund accountant. Dupree & Company, Inc. (or its subsidiary) has served as the investment adviser for all Series of the Trust since inception in 1979 as the Kentucky Tax-Free Income Series.

Dupree & Company, Inc. serves as the investment adviser for each of our ten Series pursuant to separate Investment

Advisory Agreements with each Series. Each agreement will continue in effect until October 31, 2019, and may be continued thereafter for annual periods if renewed. Subject to the direction of the Trustees, Dupree & Company, Inc. is responsible for the actual management of the Trust's portfolios. The compensation paid to the investment adviser is inclusive of certain administrative services and provision of office space, facilities, equipment and personnel for management of the Trust. The compensation paid to the investment adviser pursuant to the Investment Advisory Agreements is a percentage of the daily net assets of each Fund as follows:

Range of Total Assets (in dollars)	100,000,001- \$0-100,000,000	150,000,001- \$150,000,000	500,000,001- \$500,000,000	750,000,001- \$750,000,000
All Municipal Bond Series	.50 of 1%	.45 of 1%	.40 of 1%	.35 of 1%
Intermediate Government Bond Series	.20 of 1%	.20 of 1%	.20 of 1%	.20 of 1%
Range of Total Assets (in dollars)	750,000,001			
All Municipal Bond Series	\$1,000,000,000		\$1,000,000,001+	
Intermediate Government Bond Series	.30 of 1%		.25 of 1%	
	.20 of 1%		.20 of 1%	

Dupree & Company, Inc. has reserved the right to voluntarily waive management fees or assume and pay other expenses of any Fund at its sole option and will not seek to recover any such amounts. For the fiscal year ended June 30, 2018, the aggregate advisory fees paid to Dupree & Company, Inc. (after waivers and fee or expense reductions) as a percentage of average net assets was:

Alabama Tax-Free Income Series	.38 of 1%
Kentucky Tax-Free Income Series	.38 of 1%
Kentucky Tax-Free Short-to-Medium Series	.45 of 1%
Mississippi Tax-Free Income Series	.29 of 1%
North Carolina Tax-Free Income Series	.48 of 1%
North Carolina Tax-Free Short-to-Medium Series	.34 of 1%
Tennessee Tax-Free Income Series	.49 of 1%
Tennessee Tax-Free Short-to-Medium Series	.23 of 1%
Taxable Municipal Bond Series	.28 of 1%
Intermediate Government Bond Series	.20 of 1%

A discussion regarding the basis for the Board of Trustees approval of the Investment Advisory Agreements with Dupree & Company, Inc. is available in the Semi-Annual Report for the six month period ending December 31, 2018, which is available free of charge upon request. The Semi-Annual Report is also available on the Dupree Mutual Funds website which is located at [www.dupree-funds.com](http://www.dupree-funds.com).

In addition, the Trust has entered into a Transfer Agent and Dividend Disbursing Agent Service Agreement with Dupree & Company, Inc. The agreement provides for a fee computed on the average daily net asset value at the annual rate of .15 of 1% on the first \$20,000,000 and .12 of 1% of all amounts in excess of \$20,000,000. Dupree & Company, Inc. may, at its sole cost and expense, enter into sub-shareholder servicing agreements

with commercial banks, investment advisers, or other entities to provide assistance in maintaining books, accounts and records of shareholders advised by those entities.

### **Fund Portfolio Managers**

Vincent Harrison serves as lead portfolio manager for all ten Series of the Trust. Mr. Harrison has been portfolio manager of the Trust since 2004. Brian Tibe serves as assistant portfolio manager for all ten Series of the Trust. Mr. Tibe has been employed by the investment adviser since 2005 and assumed his responsibilities as assistant portfolio manager in 2015. From 2005 to 2015, Mr. Tibe was responsible for handling shareholder calls, processing fund subscriptions and redemptions, and providing general customer service to shareholders of the Trust. The portfolio managers do not manage any other accounts other than the ten Series of the Trust. The Statement of Additional Information provides additional information about the portfolio managers' compensation and ownership in securities of the Funds.

### **DETERMINING NET ASSET VALUE**

The price used when you buy or sell shares in a Fund is the next net asset value computed after we receive your order in proper form. The net asset value per share of each Fund is determined separately at the close of the market, generally 4:00 p.m. ET each weekday the Dupree & Company, Inc. office is open by dividing the total value of the assets of a Fund, minus liabilities, by the total number of shares outstanding.

The Dupree & Company, Inc. office is closed on the following holidays: Thanksgiving, Christmas, New Year's Day, and Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, and Columbus Day. The above listed closing dates correspond with the dates the bond market is closed in the U.S.

On any business day when the markets close early we will close and calculate each Fund's NAV at the market closing time. On those days when the market has an early close a time of 2:00 p.m. ET, any purchase and/or redemption orders received after 2:00 p.m. ET will be processed and become effective on the next business day at the then prevailing NAV. We may elect to remain open on those dates which there are an early or full market close.

Purchase and sales orders accepted after the Trust's order cut-off time (market close) will be effective the following business day at the NAV computed on the following day.

Since all of our funds are no-load, a sales charge or commission does not reduce the value of your investment in any of our Funds. The securities in which we invest are traded primarily on the over-the-counter market. We value municipal securities (tax-exempt and taxable) in accord with the Board of Trustees approved Dupree Municipal Valuation System. The Dupree Municipal Valuation System is designed to determine the expected price that would be received for each municipal

security held by the Trust, if that security were to be sold in an arms-length transaction on each day. Dupree & Company, Inc. will value each municipal security based initially on original purchase price. On subsequent days, the municipal security will be assigned the current market value calculated by Dupree & Company, Inc.'s accounting system. The prices generated for each municipal security by Dupree & Company, Inc.'s accounting system are compared, on a weekly basis, with yields and prices obtained from Board-approved pricing services and other municipal securities valuation services. A municipal security valuation that is not supported by a valuation source requires management to value the municipal security in consultation with the Board's Valuation Committee.

The securities held in the Intermediate Government Bond Series are priced daily utilizing prices from a Board-approved pricing service or other securities valuation services. The prices are examined by Dupree & Company, Inc. for accuracy and daily price changes are evaluated, modified, or challenged as appropriate.

Further discussion of "Determining Net Asset Value" may be found in the Trust's Statement of Additional Information.

### **DISTRIBUTION ARRANGEMENTS**

We do not impose any sales loads, including deferred sales loads, front-end sales loads, loads on reinvestments of dividends or other distributions, redemption fees, exchange fees or account fees. Accordingly, there are no arrangements to offer break-points or special arrangements available to any prospective or existing shareholder to reduce or eliminate loads. Our shares are sold directly by the Trust and there are no distribution plans under Rule 12b-1.

Dupree & Company, Inc. as the shareholder servicing agent may enter into sub-shareholder servicing arrangements with registered investment advisers, trusts and other financial institutions. Shareholders of the Trust are not charged any fees in connection with any sub-shareholder servicing arrangements. Any entity with which Dupree & Company, Inc. enters into a sub-shareholder servicing agreement is required to comply with all provisions of the Trust's Privacy Policy.

## FINANCIAL HIGHLIGHTS

### Alabama Tax-Free Income Series

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, whose report, along with the Fund's financial statements, are included in the Annual Report which is available upon request.

Selected data for a share outstanding:

	For the years ended June 30,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$12.29	\$12.77	\$12.36	\$12.32	\$12.10
Income from investment operations:					
Net investment income	0.36	0.37	0.39	0.41	0.42
Net gains/(losses) on securities	(0.21)	(0.48)	0.41	0.04	0.23
Total from investment operations	0.15	(0.11)	0.80	0.45	0.65
Less distributions:					
Distributions from net investment income	(0.36)	(0.37)	(0.39)	(0.41)	(0.42)
Distributions from capital gains	—	—	—	—	(0.01)
Total distributions	(0.36)	(0.37)	(0.39)	(0.41)	(0.43)
Net asset value, end of year	\$12.08	\$12.29	\$12.77	\$12.36	\$12.32
Total return	1.24%	(0.82)%	6.61%	3.64%	5.56%
Net assets, end of year (in thousands)	\$25,255	\$26,555	\$29,378	\$25,511	\$23,358
Ratio of net expenses to average net assets (a)	0.70%	0.70%	0.71%	0.71%	0.72%
Ratio of gross expenses to average net assets	0.82%	0.78%	0.78%	0.79%	0.81%
Ratio of net investment income to average net assets	2.96%	3.00%	3.14%	3.26%	3.48%
Portfolio turnover	13.83%	6.95%	5.37%	9.65%	10.48%

(a) Percentages are after expense waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

### Kentucky Tax-Free Income Series

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, whose report, along with the Fund's financial statements, are included in the Annual Report which is available upon request.

Selected data for a share outstanding:

	For the years ended June 30,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$7.76	\$8.06	\$7.83	\$7.89	\$7.74
Income from investment operations:					
Net investment income	0.23	0.24	0.25	0.26	0.27
Net gains/(losses) on securities	(0.16)	(0.30)	0.23	(0.06)	0.16
Total from investment operations	0.07	(0.06)	0.48	0.20	0.43
Less distributions:					
Distributions from net investment income	(0.23)	(0.24)	(0.25)	(0.26)	(0.27)
Distributions from capital gains	0.00(b)	0.00(b)	0.00(b)	0.00(b)	(0.01)
Total distributions	(0.23)	(0.24)	(0.25)	(0.26)	(0.28)
Net asset value, end of year	\$7.60	\$7.76	\$8.06	\$7.83	\$7.89
Total return	0.93%	(0.70)%	6.25%	2.60%	5.65%
Net assets, end of year (in thousands)	\$954,333	\$990,213	\$1,023,745	\$989,630	\$969,549
Ratio of net expenses to average net assets (a)	0.56%	0.55%	0.55%	0.55%	0.57%
Ratio of gross expenses to average net assets	0.56%	0.55%	0.55%	0.55%	0.57%
Ratio of net investment income to average net assets	2.98%	3.05%	3.15%	3.29%	3.45%
Portfolio turnover	16.81%	10.44%	11.53%	7.80%	9.43%

(a) Percentages are after custodian expense reduction for which no recovery will be sought.

(b) Rounds to less than \$0.01.

### Kentucky Tax-Free Short-to-Medium Series

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, whose report, along with the Fund's financial statements, are included in the Annual Report which is available upon request.

Selected data for a share outstanding:

	For the years ended June 30,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$5.33	\$5.45	\$5.35	\$5.44	\$5.43
Income from investment operations:					
Net investment income	0.09	0.10	0.11	0.12	0.12
Net gains/(losses) on securities	(0.11)	(0.12)	0.10	(0.09)	0.01
Total from investment operations	(0.02)	(0.02)	0.21	0.03	0.13
Less distributions:					
Distributions from net investment income	(0.09)	(0.10)	(0.11)	(0.12)	(0.12)
Net asset value, end of year	\$5.22	\$5.33	\$5.45	\$5.35	\$5.44
Total return	(0.32)%	(0.44)%	3.88%	0.50%	2.35%
Net assets, end of year (in thousands)	\$62,646	\$72,172	\$85,169	\$80,055	\$82,218
Ratio of net expenses to average net assets (a)	0.70%	0.71%	0.72%	0.73%	0.74%
Ratio of gross expenses to average net assets	0.75%	0.73%	0.72%	0.73%	0.74%
Ratio of net investment income to average net assets	1.76%	1.79%	1.96%	2.17%	2.14%
Portfolio turnover	4.69%	14.84%	26.49%	20.19%	9.06%

(a) Percentages are after expense waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

### Mississippi Tax-Free Income Series

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, whose report, along with the Fund's financial statements, are included in the Annual Report which is available upon request.

Selected data for a share outstanding:

	For the years ended June 30,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$12.14	\$12.55	\$12.03	\$11.95	\$11.65
Income from investment operations:					
Net investment income	0.33	0.34	0.36	0.37	0.38
Net gains/(losses) on securities	(0.22)	(0.41)	0.52	0.08	0.31
Total from investment operations	0.11	(0.07)	0.88	0.45	0.69
Less distributions:					
Distributions from net investment income	(0.33)	(0.34)	(0.36)	(0.37)	(0.38)
Distributions from capital gains	0.00(b)	0.00(b)	0.00	0.00	(0.01)
Total distributions	(0.33)	(0.34)	(0.36)	(0.37)	(0.39)
Net asset value, end of year	\$11.92	\$12.14	\$12.55	\$12.03	\$11.95
Total return	0.99%	(0.48)%	7.49%	3.80%	6.08%
Net assets, end of year (in thousands)	\$11,615	\$12,448	\$11,505	\$10,916	\$10,450
Ratio of net expenses to average net assets (a)	0.70%	0.70%	0.70%	0.69%	0.69%
Ratio of gross expenses to average net assets	0.92%	0.85%	0.88%	0.86%	0.90%
Ratio of net investment income to average net assets	2.75%	2.80%	2.97%	3.07%	3.26%
Portfolio turnover	7.26%	14.06%	3.26%	6.47%	1.96%

(a) Percentages are after expense waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

(b) Rounds to less than \$0.01.

### North Carolina Tax-Free Income Series

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, whose report, along with the Fund's financial statements, are included in the Annual Report which is available upon request.

Selected data for a share outstanding:

	For the years ended June 30,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$11.50	\$12.02	\$11.53	\$11.54	\$11.31
Income from investment operations:					
Net investment income	0.31	0.32	0.34	0.36	0.37
Net gains/(losses) on securities	(0.16)	(0.52)	0.49	(0.01)	0.24
Total from investment operations	0.15	(0.20)	0.83	0.35	0.61
Less distributions:					
Distributions from net investment income	(0.31)	(0.32)	(0.34)	(0.36)	(0.37)
Distributions from capital gains	—	—	—	—	(0.01)
Total distributions	(0.31)	(0.32)	(0.34)	(0.36)	(0.38)
Net asset value, end of year	\$11.34	\$11.50	\$12.02	\$11.53	\$11.54
Total return	1.27%	(1.68)%	7.28%	3.00%	5.57%
Net assets, end of year (in thousands)	\$131,178	\$139,272	\$150,347	\$123,717	\$98,879
Ratio of net expenses to average net assets (a)	0.70%	0.69%	0.70%	0.71%	0.72%
Ratio of gross expenses to average net assets	0.71%	0.69%	0.70%	0.71%	0.72%
Ratio of net investment income to average net assets	2.66%	2.73%	2.87%	3.04%	3.29%
Portfolio turnover	11.76%	11.50%	6.09%	4.56%	9.73%

(a) Percentages are after expense waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

### North Carolina Tax-Free Short-to-Medium Series

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, whose report, along with the Fund's financial statements, are included in the Annual Report which is available upon request.

Selected data for a share outstanding:

	For the years ended June 30,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$10.85	\$11.05	\$10.94	\$11.06	\$11.00
Income from investment operations:					
Net investment income	0.16	0.16	0.17	0.19	0.20
Net gains/(losses) on securities	(0.21)	(0.20)	0.11	(0.12)	0.08
Total from investment operations	(0.05)	(0.04)	0.28	0.07	0.28
Less distributions:					
Distributions from net investment income	(0.16)	(0.16)	(0.17)	(0.19)	(0.20)
Distributions from capital gains	—	—	—	—	(0.02)
Total distributions	(0.16)	(0.16)	(0.17)	(0.19)	(0.22)
Net asset value, end of year	\$10.64	\$10.85	\$11.05	\$10.94	\$11.06
Total return	(0.45)%	(0.33)%	2.59%	0.60%	2.53%
Net assets, end of year (in thousands)	\$22,267	\$21,930	\$25,134	\$24,463	\$25,952
Ratio of net expenses to average net assets (a)	0.70%	0.73%	0.83%	0.83%	0.81%
Ratio of gross expenses to average net assets	0.86%	0.82%	0.83%	0.83%	0.81%
Ratio of net investment income to average net assets	1.50%	1.49%	1.56%	1.69%	1.80%
Portfolio turnover	21.80%	11.15%	24.05%	9.79%	7.10%

(a) Percentages are after expense waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

### Tennessee Tax-Free Income Series

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, whose report, along with the Fund's financial statements, are included in the Annual Report which is available upon request.

Selected data for a share outstanding:

	For the years ended June 30,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$11.44	\$11.89	\$11.51	\$11.55	\$11.27
Income from investment operations:					
Net investment income	0.31	0.33	0.34	0.36	0.37
Net gains/(losses) on securities	(0.20)	(0.45)	0.38	(0.04)	0.28
Total from investment operations	0.11	(0.12)	0.72	0.32	0.65
Less distributions:					
Distributions from net investment income	(0.31)	(0.33)	(0.34)	(0.36)	(0.37)
Net asset value, end of year	\$11.24	\$11.44	\$11.89	\$11.51	\$11.55
Total return	0.94%	(1.03)%	6.40%	2.77%	5.86%
Net assets, end of year (in thousands)	\$108,121	\$108,260	\$116,831	\$109,672	\$104,894
Ratio of net expenses to average net assets (a)	0.70%	0.70%	0.71%	0.70%	0.71%
Ratio of gross expenses to average net assets	0.71%	0.71%	0.71%	0.70%	0.71%
Ratio of net investment income to average net assets	2.70%	2.82%	2.96%	3.08%	3.25%
Portfolio turnover	15.77%	9.27%	9.67%	7.01%	14.44%

(a) Percentages are after expense waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

### Tennessee Tax-Free Short-to-Medium Series

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, whose report, along with the Fund's financial statements, are included in the Annual Report which is available upon request.

Selected data for a share outstanding:

	For the years ended June 30,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$10.70	\$10.93	\$10.74	\$10.81	\$10.75
Income from investment operations:					
Net investment income	0.16	0.17	0.16	0.18	0.19
Net gains/(losses) on securities both realized and unrealized	(0.18)	(0.23)	0.19	(0.07)	0.06
Total from investment operations	(0.02)	(0.06)	0.35	0.11	0.25
Less distributions:					
Distributions from net investment income	(0.16)	(0.17)	(0.16)	(0.18)	(0.19)
Net asset value, end of year	\$10.52	\$10.70	\$10.93	\$10.74	\$10.81
Total return	(0.17)%	(0.54)%	3.28%	0.99%	2.36%
Net assets, end of year (in thousands)	\$10,003	\$10,499	\$11,340	\$11,033	\$10,785
Ratio of net expenses to average net assets (a)	0.70%	0.75%	0.86%	0.85%	0.86%
Ratio of gross expenses to average net assets	0.98%	0.88%	0.86%	0.85%	0.86%
Ratio of net investment income to average net assets	1.53%	1.59%	1.47%	1.64%	1.78%
Portfolio turnover	22.75%	10.95%	7.37%	14.32%	11.38%

(a) Percentages are after expense waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.



## Taxable Municipal Bond Series

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, whose report, along with the Fund's financial statements, are included in the Annual Report which is available upon request.

Selected data for a share outstanding:

	For the years ended June 30,				
	2018	2017	2016	2015	2014
Net asset value, beginning of period	\$10.48	\$10.98	\$10.53	\$10.57	\$10.45
Income from investment operations:					
Net investment income	0.51	0.47	0.50	0.52	0.51
Net gains/(losses) on securities	(0.24)	(0.43)	0.45	(0.04)	0.18
Total from investment operations	0.27	0.04	0.95	0.48	0.69
Less distributions:					
Distributions from net investment income	(0.51)	(0.47)	(0.50)	(0.52)	(0.51)
Distributions from capital gains	0.00	(0.07)	0.00	0.00	(0.06)
Total distributions	(0.51)	(0.54)	(0.50)	(0.52)	(0.57)
Net asset value, end of period	\$10.24	\$10.48	\$10.98	\$10.53	\$10.57
Total return	2.66%	0.78%	9.29%	4.49%	6.90%
Net assets, end of period (in thousands)	\$10,957	\$11,037	\$12,180	\$11,303	\$12,369
Ratio of net expenses to average net assets (a)	0.70%	0.62%	0.86%	0.83%	0.89%
Ratio of gross expenses to average net assets	0.92%	0.74%	0.86%	0.83%	0.89%
Ratio of net investment income to average net assets	4.95%	4.79%	4.71%	4.80%	4.95%
Portfolio turnover	4.31%	11.04%	10.55%	8.45%	9.71%

(a) Percentages are after expense waivers and reductions by the Adviser and Custodian. The Adviser and Custodian have agreed not to seek recovery of these waivers and reductions.

## Intermediate Government Bond Series

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, whose report, along with the Fund's financial statements, are included in the Annual Report which is available upon request.

Selected data for a share outstanding:

	For the years ended June 30,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$10.23	\$10.70	\$10.29	\$10.25	\$10.05
Income from investment operations:					
Net investment income	0.25	0.26	0.26	0.26	0.28
Net gains/(losses) on securities	(0.36)	(0.47)	0.41	0.04	0.20
Total from investment operations	(0.11)	(0.21)	0.67	0.30	0.48
Less distributions:					
Distributions from net investment income	(0.25)	(0.26)	(0.26)	(0.26)	(0.28)
Net asset value, end of year	\$9.87	\$10.23	\$10.70	\$10.29	\$10.25
Total return	(1.05)%	(1.99)%	6.57%	2.96%	4.89%
Net assets, end of year (in thousands)	\$15,033	\$15,606	\$17,476	\$18,728	\$21,224
Ratio of net expenses to average net assets (a)	0.61%	0.58%	0.53%	0.51%	0.56%
Ratio of gross expenses to average net assets	0.61%	0.58%	0.53%	0.51%	0.56%
Ratio of net investment income to average net assets	2.53%	2.49%	2.47%	2.54%	2.81%
Portfolio turnover	1.99%	0.00%	0.00%	2.44%	15.33%

(a) Percentages are after custodian expense reduction for which no recovery will be sought.

## **PRIVACY POLICY**

Dupree Mutual Funds is committed to preserving the security and confidentiality of your personal information. Your customer records are maintained exclusively by our transfer agent, Dupree & Company, Inc. an affiliated company of Dupree Mutual Funds that services your account and keeps your personal information private. We understand how important privacy is to our customers, and therefore we do not sell or barter any part of your personal information or our own mailing lists to any person or organization.

We are providing this notice to help explain to you the policies Dupree Mutual Funds and Dupree & Company, Inc. have adopted to collect, use, and protect your private personal financial information. Our policies with respect to safeguarding this information extend to all current, prospective, or former customers. Therefore, even if you decide not to open an account with us or decide to close your account, we will continue to follow our privacy policies and practices with respect to any nonpublic financial information we may have received about you.

### **Information We May Collect**

From time to time, we may collect personal information about customers or potential customers if you have inquired about or opened an account with us, made transactions in your account, or requested customer services or financial products from us. The information we collect about you and your account may be received from one or more of the following sources: information you provide to us on applications and forms, over the telephone, through regular or electronic mail, or during in-person consultations; information about your transaction history with us (such as your purchases, sales, or account balances) that we have obtained through processing your customer requests or providing other account services, information we receive about you (such as personal identification information) from consumer or credit reporting agencies or databases.

### **How Your Information Is Used**

Your personal financial information is used to provide you with products and services you request, to help us service your account and to send account statements, reports, and the like, and to advise you of additional products and services we offer which may interest you. Your personal information is never used to market any financial products or services to you, other than the financial services we offer to you as our customer or made available to you in connection with your account. Every person who has access to your personal information in order to service your account, exchange or transfer shares, or perform other services you may request is under a duty to protect the confidentiality of your personal information. Further, your personal information is protected by physical, electronic and procedural safeguards to ensure that unauthorized persons cannot gain access to your customer record or other nonpublic financial information.

### **Disclosure of Your Information**

We do not disclose your nonpublic personal information to anyone, except as we are permitted or required by law to do or to facilitate transactions with a sub-shareholder servicing agent if you purchase or redeem shares through such agent. For example, we use independent service providers to create microfilm records or to print or mail account statements and other materials that you request. To protect your privacy, our service providers are subject to strict confidentiality requirements and agreements to protect your personal information and to use it only to perform the services for which we hired them.

### **Safeguarding and Disposal of Your Information**

The physical and electronic records of your nonpublic personal information are available only to personnel of Dupree & Company to serve your account and to certain third party providers who may microfilm records or provide mailing or printing services. Destruction of any physical records containing your nonpublic personal information is done by shredding, pulverizing, burning or other methods to render the information impractical to read or reconstruct. Disposal of other media of records is done in such a manner so as to delete all nonpublic personal information.

### **Changes in Our Privacy Policy**

We periodically review our policies, procedures, and service agreements and may, from time to time, amend them. In the event we need to amend our Privacy Policy, we will nevertheless continue to maintain the security and confidentiality of your personal information and will notify you of any changes before they become effective. If you have any questions regarding our privacy policy, you may contact a customer service representative for further information.

**MARKETING PROTECTION AND “NO MARKETING” NOTICE**

Because we do not share your personal financial information with others, except to facilitate service to you, you should not receive marketing materials from anybody other than us. You may choose to stop all marketing from us. Your choice to stop marketing from us will apply until you tell us to change your choice. To stop all marketing from us, contact us:

By telephone: (800) 866-0614

On the Web at [info@dupree-funds.com](mailto:info@dupree-funds.com)

By mail: Check the box and complete the form below and send to:

Dupree Mutual Funds  
P.O. Box 1149  
Lexington KY 40588



Please do not send me marketing material

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

## HOW TO REACH US

### DUPREE MUTUAL FUNDS

P.O. Box 1149  
Lexington, KY 40588-1149

### PHONE

(859) 254-7741  
(800) 866-0614

### FACSIMILE

(859) 254-1399

### ONLINE

WEBSITE: [www.dupree-funds.com](http://www.dupree-funds.com)

E-MAIL: [info@dupree-funds.com](mailto:info@dupree-funds.com)

### INVESTMENT ADVISER TRANSFER AGENT AND DIVIDEND DISBURSING AGENT

Dupree & Company, Inc.  
P.O. Box 1149  
Lexington, KY 40588-1149

Additional information about the Trust's investments is available in the Trust's Annual and Semi-Annual reports to shareholders. A statement containing additional information about the Trust, dated November 1, 2018 (the Statement of Additional Information) has been filed with the SEC and can be obtained, without charge, by writing or calling us at the address or phone number listed above. The Statement of Additional Information and other information and reports are available on our internet website, [www.dupree-funds.com](http://www.dupree-funds.com) or by e-mail request to [info@dupree-funds.com](mailto:info@dupree-funds.com). The Statement of Additional Information is incorporated by reference into this Prospectus.

To request other information free of charge including the Statement of Additional Information, Annual and Semi-Annual reports and to make shareholder inquiries, phone us at (800) 866-0614 or (859) 254-7741. In the Annual Report, you will find a discussion of the market conditions and investment strategies that significantly affected each fund's performance during the past year.

Information about the Trust may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling the SEC at (202) 551-8090. Reports and other information about the Trust are available on the EDGAR database on the SEC's Internet site at <https://www.sec.gov>. Copies of the information may be obtained upon payment of the duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC, Public Reference Section, Washington, D.C. 20549-1520.

### CUSTODIAN

U.S. Bank  
425 Walnut Street, ML 6118  
P.O. Box 1118  
Cincinnati, OH 45201-6118

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP  
1900 Scripps Center  
312 Walnut Street  
Cincinnati, OH 45202

### LEGAL COUNSEL

Thompson Hine, LLP  
41 South High Street, Suite 1700  
Columbus, OH 43215



### DUPREE MUTUAL FUNDS

A No-Load Fund Family  
Prospectus, November 1, 2018

Investment Co. Act File #811-2918