

December 31, 2005

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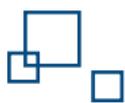
## *Guide to Doing Business*

*(including Privacy Policy)*

*The information disclosed in this Guide is part of and incorporated in the prospectuses of Mosaic Government Money Market, Mosaic Tax-Free Trust, Mosaic Equity Trust, and Mosaic Income Trust (Government and Intermediate Income Funds).*



[www.mosaicfunds.com](http://www.mosaicfunds.com)



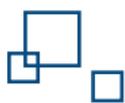
## **An Introduction to Mosaic Services**

This brochure is your guide to taking advantage of the many transaction choices available to Mosaic shareholders.

Mosaic's flagship fund, Mosaic Investors, was launched in 1978. Since that time, Mosaic Funds has grown to provide a wide range of investment options, including stock, bond, tax-free and money market funds.

If any of the information in this Guide prompts questions, please call us. Our toll-free nationwide number is 888-670-3600. Shareholder service representatives are available Monday through Friday, from 9:00 a.m. to 8:00 p.m., Eastern time.

Mosaic Tiles, our 24-hour automated information line, can be reached at 800-336-3063. Visit our website for additional information, including daily share prices: <http://www.mosaicfunds.com>.

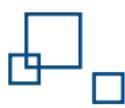


## **Mosaic Funds Privacy Notice to Customers**

At Mosaic Funds, our policy is not to disclose nonpublic personal information about our individual shareholders or former shareholders outside of the Mosaic Funds complex except as permitted by law.

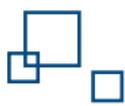
Within Mosaic Funds (our affiliated companies include each fund, Madison — our investment advisor — and Mosaic Funds Distributor — our broker/dealer distributor), in order to alert you to new, enhanced or improved products or services, we collect nonpublic personal information about you from your account application and from transactions in your account. Each fund may share this information internally with Madison or Mosaic Funds Distributor.

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you or to alert you to new, enhanced or improved products or services we provide. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.



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## Shareholder Account Transactions

### Confirmations, Statements and Reports

#### *Daily Transaction Confirmation.*

All purchases and redemptions (unless systematic) are confirmed in writing with a transaction confirmation. Transaction confirmations are mailed on the business day after a transaction is posted to your account. Therefore, you should receive the confirmation in the mail within a few days of your transaction.

#### *Quarterly Statement.*

Quarterly statements are mailed at the end of each calendar quarter. The statements reflect account activity through the most recent quarter. At the end of the calendar year, the statement will reflect account activity for the entire year.

We strongly recommend that you retain all daily transaction confirmations until you receive your quarterly statements. Likewise, you should keep all of your quarterly statements until you receive your year-end statement showing the activity for the entire year.

#### *Householding Delivery of Shareholder Documents.*

In addition to your transaction confirmations and quarterly statements, you will also receive an annual update of the prospectus for your fund and periodic financial statements. Only one prospectus and one annual and semi-annual report (or similar report or disclosure document) will be sent to family members sharing the same address unless a request is made for multiple mailings. Sending only one copy of these documents is efficient, saves paper products and reduces the volume of your mail.

To receive multiple copies, call us at 800-368-3195 and we will begin sending you additional copies free of charge within 30 days.

### Changes to an Account

To make any changes to an account, we recommend that you call us to discuss the changes to be made and ask about any documentation that you may need to provide. Though some changes may be made by phone, generally, in order to make

any changes to an account, Mosaic may require a written request signed by all of the shareholders with their signatures guaranteed.

### *Telephone Transactions.*

Mosaic Funds has a number of telephone transaction options. You can exchange your investment among the funds in the family, request a redemption and obtain account balance information by telephone. Mosaic will employ reasonable security procedures to confirm that instructions communicated by telephone are genuine; and if it does not, it may be liable for losses due to unauthorized or fraudulent transactions. These procedures can include, among other things, requiring one or more forms of personal identification prior to acting upon your telephone instructions, providing written confirmations of your transaction and recording all telephone conversations with shareholders. Certain transactions, including some account registration changes, must be authorized in writing.

### *Certificates.*

Certificates will not be issued to represent shares in any Mosaic fund.

## **How to Open A New Account**

### **Important Information About Procedures for Opening a New Account**

In compliance with the USA PATRIOT Act of 2001, Mosaic will verify certain information on your account application as part of our anti-money laundering program. As requested on the application, you must supply your full name, date of birth, social security number and permanent street address. Mailing addresses containing a P.O. Box may not be accepted. Please contact us at 888-670-3600 if you need additional assistance when completing your application.

If we do not have a reasonable belief of your identity, your account will be rejected or you will not be allowed to perform a transaction in your account until such information is received. Mosaic also reserves the right to close your account within five (5) business days if you do not provide us with required clarifying identity information and/or documentation.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask for other identifying documents or information.

## Minimum Initial Investment

- \$1,000 for a regular account
- \$500 for an IRA account\*
- \$100 for an Education Savings Account with automatic monthly investments of at least \$100\*

Mosaic may waive the minimum initial investment for accounts opened through institutional relationships like “wrap account” programs, etc.

\*Not available to Mosaic Tax-Free Trust accounts.

## By Check

Open your new account by completing an application and sending it along with a check payable to Mosaic Funds as follows:

### **Regular Mail:**

Mosaic Funds  
c/o US Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701

### **Overnight:**

Mosaic Funds  
c/o US Bancorp Fund Services, LLC  
615 E. Michigan Street, 3rd Floor  
Milwaukee, WI 53202

## By Wire

Please call Mosaic before you wire money (no later than close of New York Stock Exchange) to ensure proper and timely credit to your account.

If you are making your first investment with Mosaic, we must have a completed account application before you wire funds. You can mail or overnight deliver your account application to us. You may also fax the account application by calling us at 888-670-3600 for a fax number. Upon receipt of your

completed account application, we will establish an account for you. The account number assigned will be required as part of the instruction that you should give to your bank to send the wire. Your bank must include both the name of the applicable Mosaic fund you are purchasing and your name so that monies can be correctly applied. Your bank should transmit funds by wire to:

Please wire money to:

US Bank Milwaukee, NA

777 East Wisconsin Avenue

Milwaukee, WI

ABA # 075000022

Credit: US Bancorp Fund Services

Acct # 112-952-137

FFC: Mosaic \_\_\_\_\_ [fund name]

(Shareholder name, fund #, and account number)

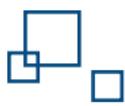
## By Exchange

You may open a new account by exchange from an existing account when your new account will have the same registration and tax identification number as the existing account. A new account application is required only when the account registration or tax identification number will be different from the application for the existing account. Exchanges may only be made into funds that are sold in the shareholder's state of residence.

## Unacceptable Forms of Investment

Mosaic does not accept payment in cash. Mosaic does not accept cashier's checks in amounts of less than \$10,000. To prevent check fraud, Mosaic does not accept third party checks, Treasury checks, credit card "convenience" checks, traveler's checks, money orders or starter checks for the purchase of shares.

If your check does not clear, your purchase will be cancelled. If your check is returned for any reason, a \$25 fee will be assessed against your account. You will also be responsible for any losses suffered by your Mosaic fund as a result. Mosaic reserves the right to reject any purchase in whole or in part.



## How to Purchase Additional Shares

### *Purchase Price.*

Share prices (net asset values or “NAV”) are determined every day that the NY Stock Exchange is open. Purchases are priced at the next share price determined after the purchase request is received in proper form by Mosaic.

### *Purchases and Uncollected Funds.*

Sometimes a shareholder investment check or electronic transfer is returned to Mosaic Funds unpaid. In other words, we sometimes get checks that bounce. Mosaic has a procedure to protect you and other shareholders from loss resulting from these items. We may delay paying the proceeds of any redemption for 12 days or more until we can determine that the check or other deposit item (including purchases by Electronic Funds Transfer “EFT”) used for purchase of the shares has cleared. Such deposit items are considered “uncollected” until Mosaic determines that they have actually been paid by the bank on which they were drawn.

Purchases made by federal funds wire are considered collected when received and not subject to the 12 day hold. All purchases earn dividends from the day after the day of credit to a shareholder’s account, even while not collected.

## Minimum Subsequent Investment

Subsequent investments may be made for \$50 or more.

Mosaic may waive this minimum for accounts associated with institutional relationships like “wrap account” programs, etc.

## By Check

Please make your check payable to Mosaic Funds. Mosaic generally does not accept third party checks. Mail it along with an investment slip or, if you don’t have one, please write your fund and account number (and the name of the fund) on your check.

**Regular Mail:**

Mosaic Funds  
c/o US Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701

**Overnight:**

Mosaic Funds  
c/o US Bancorp Fund Services, LLC  
615 E. Michigan Street, 3rd Floor  
Milwaukee, WI 53202

**By Wire**

If you are making a subsequent purchase, your bank should wire funds as indicated below. To ensure proper and timely credit of a wire, you should notify us at 888-670-3600 before each wire is made. It is essential that your bank include complete information about your account in all wire instructions. If you have questions about how to invest by wire, please call us. Your bank may charge you a fee for sending a wire to Mosaic.

Please wire money to:

US Bank Milwaukee, NA  
777 East Wisconsin Avenue  
Milwaukee, WI  
ABA # 075000022  
Credit: US Bancorp Fund Services  
Acct # 112-952-137  
FFC: Mosaic \_\_\_\_\_ [fund name]  
(Shareholder name, fund #, and account number)

**By Automatic Investment Plan  
or "Instant" EFT**

You can elect to have a monthly (or less frequent) automatic investment plan. Mosaic will automatically debit your checking or savings account, on a predetermined basis, to purchase shares in your account. In order to participate in this plan, your financial institution must be a member of the Automated Clearing House (ACH) network. Any change or termination of the plan should be submitted to Mosaic at least five (5) days prior to the desired effective date. The minimum monthly investment for the plan is \$100.

You may also make “instant” or “on-demand” purchases by electronic funds transfer through the ACH network by calling Mosaic to place your order. Orders must be in the amount of \$100 or more. Like the Automatic Investment Plan, banking information must be established on your account prior to making a purchase. Your shares will be purchased at the net asset value calculated on the day of your purchase order. Mosaic does not charge for this service. However, if your order is rejected by your financial institution, a \$25 fee will be charged to your account.

## Unacceptable Forms of Investment

In general, you cannot make subsequent investments to a Mosaic account using a third party check (endorsing a check made out to you or another person) or with a credit card “convenience” check or by money order.

## How to Redeem Shares

### *Redemption Price.*

Share prices (net asset values or “NAVs”) are determined every day that the New York Stock Exchange is open. Redemptions are priced at the next share price determined after the redemption request is received in proper form by Mosaic.

### *Signature Guarantees.*

To protect your investments, Mosaic requires signature guarantees for certain redemptions.

What is a signature guarantee? It is a certification by a financial institution that knows you and recognizes that your signature on a document is genuine.

A signature guarantee helps Mosaic ensure the identity of the authorized shareholder(s). If you anticipate the need to redeem large amounts of money, we encourage you to establish pre-authorized bank wire instructions on your account. You can pre-authorize bank wire instructions by completing the appropriate section of a new application or by calling us to inquire about any necessary documents. A signature guarantee may be required to add or change bank wire instruction on an account.

A signature guarantee is required for any redemption when:

- (1) the proceeds are to be greater than \$50,000,
- (2) the proceeds are to be delivered to someone other than you, as shareholder of record,
- (3) the proceeds are to be delivered to an address other than your address of record, or
- (4) you made any change to your registration or account privileges within the last 15 days.

### *Redemptions and Uncollected Funds.*

Payment of your redemption proceeds will be made promptly, but not later than seven days after the receipt of your request in good form. However, in order to prevent possible fraud against any fund, we may delay paying the proceeds of any redemption until we can determine that the check or other deposit item (including purchases by Electronic Funds Transfer "EFT") used to purchase shares has cleared. Such deposit items are considered "uncollected" until Mosaic determines that the bank on which they were drawn has actually paid them. This may take up to 12 days. Purchases made with federal funds wire are considered collected when received and not subject to the 12-day hold.

### **By Telephone or By Mail**

Upon request by telephone or in writing, we will send a redemption check up to \$50,000 to you, the shareholder, at your address of record only. A redemption request for more than \$50,000 or for proceeds to be sent to anyone or anywhere other than the shareholder at the address of record must be made in writing, signed by all shareholders with their signatures guaranteed. See section "Signature Guarantees" above. Redemption requests in proper form received by mail and telephone are normally processed within one business day.

### *Stop Payment Fee.*

To stop payment on a check issued by Mosaic, call our Shareholder Service department immediately.

Normally, Mosaic Funds charges a fee of \$25.00, or the cost of stop payment, if greater, for stop payment requests on a check issued by Mosaic on behalf of a shareholder. Certain documents may be required before such a request can be processed.

## By Wire

With one business day's notice, we can send funds by wire transfer to the bank and account designated on the account application or by subsequent written authorization. If you anticipate the need to redeem large amounts of money, we encourage you to establish pre-authorized bank wire instructions on your account. You can pre-authorize bank wire instructions by completing the appropriate section of a new application or by calling us to inquire about any necessary documents. A signature guarantee may be required to add or change bank wire instruction on an account. See pages 8-9 for signature guarantee requirements.

Mosaic accepts signature guarantees from banks with FDIC insurance, certain credit unions, trust companies, and members of a domestic stock exchange. A guarantee from a notary public is not an acceptable signature guarantee.

Redemptions by wire can be arranged by calling the telephone numbers on the back page of your prospectus and this Guide to Doing Business. Requests for wire transfer must be made by 4:00 p.m. Eastern time the day before the wire will be sent.

### *Wire Fee.*

There will be a \$15 fee for redemptions by wire to domestic banks. Wire transfers sent to a foreign bank for any amount will be processed for a fee of \$30 or the cost of the wire if greater.

## By Exchange

You can redeem shares from one Mosaic account and concurrently invest the proceeds in another Mosaic account by telephone when your account registration and tax identification number are the same. There is no charge for this service.

## By Customer Check

If you requested check writing privileges and submitted a signature card, you can write checks in any amount payable to anyone. Check writing privileges are not available from Mosaic Equity Trust accounts.

A confirmation statement showing the amount and number of each check you write will be sent to you. Mosaic does not return canceled checks, but will provide copies of specifically requested checks.

### *Stop Payment Fee.*

To stop payment on a customer check that you wrote, call us immediately.

Mosaic will honor stop payment requests on unpaid checks that you wrote for a fee of \$25.00.

### *Ordering Customer Checks.*

When you complete a signature card for check writing privileges an initial supply of preprinted checks will be sent free of charge. The cost of check reorders is \$3.00 and will be charged to the shareholder's account.

## **By Systematic Withdrawal Plan**

You can elect to have a systematic withdrawal plan whereby Mosaic will automatically redeem shares in your Mosaic account and send the proceeds to a designated recipient. To establish a systematic withdrawal plan, complete the appropriate section of the application or call us for information. The minimum amount for a systematic withdrawal is \$100. Shareholders may change the amount or discontinue the systematic withdrawal plan anytime, but should allow five days to process the change.

### *Electronic Funds Transfer Systematic Withdrawal.*

A systematic withdrawal can be processed as an electronic funds transfer, commonly known as EFT, to credit a bank account or financial institution.

### *Check Systematic Withdrawal.*

Or it can be processed as a check that is mailed to anyone you designate.

## **Special Redemption Rules for IRAs**

Because IRA owners must make a written withholding election for income tax purposes when they redeem shares from their IRA, you must request IRA redemptions in writing. Before you think you may need to redeem funds from your IRA at Mosaic,

call us for a form that contains the required tax election provisions.

Shareholders must indicate on their redemption request whether or not to withhold federal income tax. Income tax withholding of 10% will apply to redemption requests unless you elect not to have tax withheld.

## **Distribution Options**

Each Mosaic Fund may make periodic payments of dividends from income or capital gains. Your account application allows you to select the distribution option you would like for each type of distribution. If you do not make a selection on your application, all your distributions will be automatically reinvested in your account.

If you do not want your distributions automatically reinvested, you can have your distributions (1) automatically invested in another Mosaic account, (2) paid to you by check or (3) deposited directly to your bank account. However, for your protection, if you elect to receive distributions in cash and the U.S. Postal Service cannot deliver your check, or if a check remains uncashed for six months, we reserve the right to reinvest your distribution check in your account at your fund's then current net asset value and to reinvest all subsequent distributions.

## **Payments in Kind**

If, in the opinion of the Trustees, extraordinary conditions exist which make cash payments undesirable, payments for any shares redeemed may be made in whole or in part in securities and other property of any Trust. However, each Trust elected, pursuant to rules of the Securities and Exchange Commission, to permit any shareholder of record to make redemptions wholly in cash to the extent the shareholder's redemptions in any 90-day period do not exceed the lesser of 1% of the aggregate net assets of any Trust or \$250,000.

Any property of any Trust distributed to shareholders will be valued at fair value. In disposing of any such property

received from a Trust, a shareholder might incur commission costs or other transaction costs. There is no assurance that a shareholder attempting to dispose of any such property would actually receive the full net asset value for it. Except as described herein, however, we intend to pay for all share redemptions in cash.



## **How to Close an Account**

To close an account, you should call us and request that your account be closed. You cannot close your account by writing a check.

When you close your account, shares will be redeemed at the next determined net asset value. You can close your account by telephone, wire transfer or by mail as explained above in the section “How To Redeem Shares.”



## **Other Fees and Minimum Balance Requirement**

### **Returned Investment Check Fee**

Your account will be charged (by redemption of shares) \$25.00 for items deposited for investment that are returned unpaid for any reason.

### **Minimum Balance**

Mosaic reserves the right to involuntarily redeem accounts with balances of less than \$700. Prior to closing any such account, Mosaic will give you 30 days written notice, during which time you may increase the balance to avoid having the account closed. This does not apply to IRA or Education Savings Accounts.

### **Broker Fees**

If you purchase or redeem shares through a securities broker, your broker may charge you a transaction fee. This charge is kept by the broker and not transmitted to Mosaic Funds. However, you can engage in any transaction directly with Mosaic Funds to avoid such charges.

## Research and Other Fees

Shareholders who need investment records for years prior to the past calendar year may be charged a research fee of \$5.00 per document. Mosaic reserves the right to impose additional charges, upon 30 days written notice, to cover the costs of unusual transactions. Services for which charges could be imposed include, but are not limited to, processing items sent for special collection, international wire transfers, research and processes for retrieval of documents or copies of documents.

## Retirement Plans and Custodian Fees

All Mosaic Funds except Mosaic Tax-Free Trust can be used for retirement plan investments, including IRAs.

### *Annual IRA Fee and Fee Waiver.*

Effective in 2003, there will be a \$15.00 fee per IRA account with a \$30.00 maximum per year. You can prepay this fee. Mosaic will waive the annual IRA fee if the value of all your Mosaic IRA accounts is at least \$30,000 or if the value of all your Mosaic accounts (both IRA and non-IRA) is at least \$100,000. The waiver is based on accounts with the same social security number, valued at the time the IRA fee is charged.

### *Distribution and Transfer Fees.*

There is a \$25.00 fee for each distribution from an IRA (including rollovers) or transfer of an IRA to another institution. The fee does not apply to redemptions established under a systematic withdrawal program.

### *Excess Contribution and Recharacterization Fees.*

There is a \$25 fee to process a refund of an excess IRA contribution in any year. Also, IRA contributions that must be reconverted or recharacterized are subject to this \$25 processing fee.

## Traditional IRAs

Traditional Individual Retirement Accounts (“Traditional IRAs”) may be opened with a reduced minimum investment of \$500. Even though they may be nondeductible or partially deductible, traditional IRA contributions up to the allowable annual limits may be made, and the earnings on such

contributions will accumulate tax-free until distribution. Traditional IRA contributions that you deducted from your income taxes and the earnings on such contributions will be taxable when distributed.

Mosaic Funds will provide you with an IRA disclosure statement with an IRA application. The disclosure statement explains various tax rules that apply to traditional IRAs. A separate application is required for IRA accounts.

## **Roth IRAs**

Roth IRA may be opened with a reduced minimum investment of \$500. Roth IRAs are nondeductible; however, the earnings on such contributions will accumulate and are distributed tax-free as long as you meet the Roth IRA requirements.

Mosaic Funds will provide you with an IRA disclosure statement with an IRA application. The disclosure statement explains various tax rules that apply to Roth IRAs. A separate application is required for IRA accounts.

## **Conversion Roth IRAs**

You may convert all or part of your Traditional IRA into a Roth IRA at Mosaic. Please call us for a Conversion Roth IRA form if you want to accomplish this conversion. You will be required to pay taxes on some or all of the amounts converted from a traditional IRA to a Conversion Roth IRA. You should consult your tax advisor and your IRA disclosure statement before you accomplish this conversion.

## **Education Savings Account (“Education IRA”)**

Mosaic Funds offers Coverdell Education Savings Accounts (previously known as “Education IRAs”). Eligible investors may establish an Education Savings Account with a reduced minimum investment of \$100 as long as the shareholder establishes and maintains a Mosaic Education Savings Account automatic investment plan of at least \$100 monthly.

The Mosaic Education Savings Account is designed to invest up to \$166.67 each month. As a result, each Mosaic Education Savings Account that is open for a full year will reach, but not exceed, the annual \$2,000 limit. If you establish a Mosaic Education Savings Account program in the middle of the year,

you can make an additional investment during the year to the Education Savings Account to make up for any months you missed before your automatic monthly investments started.

Mosaic Funds will provide you with an Education Savings Account disclosure document with an Education Savings Account application. The disclosure document explains various tax rules that apply to Education Savings Accounts. A separate application is required for Education Savings Accounts.

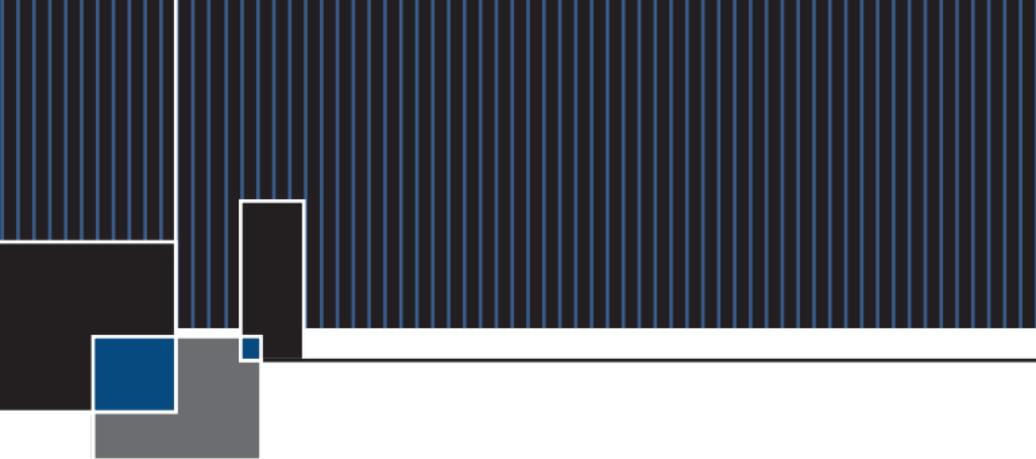
#### *Education Savings Account Fee.*

Mosaic does not charge an annual fee on Education Savings Accounts that have an active automatic investment plan of at least \$100 monthly or on Education Savings Accounts of \$5,000 or greater. All other Education Savings Accounts may be charged a fee of \$15.00 for each Education Savings Account, with a \$30.00 maximum per year. You can prepay this fee.

## **Employer Plans**

Mosaic also offers SEP IRAs, and SIMPLE retirement plans. Further information on the retirement plans available through Mosaic, including minimum investments, may be obtained by calling Mosaic's shareholder service department.





## TELEPHONE NUMBERS

### Shareholder Service

Toll-free nationwide: 888-670-3600

### Mosaic Tiles (24 hour automated information)

Toll-free nationwide: 800-336-3063

### New Accounts

Toll-free nationwide: 800-368-3195

## TRANSFER AGENT

Mosaic Funds  
c/o US Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701