

SECURITIES AND EXCHANGE COMMISSION

FORM 497

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FILER

BULL & BEAR FUNDS II INC

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The investment objective of Bull & Bear U.S. Government Securities Fund, a no load mutual fund, is to provide for its shareholders:

- o A High Level of Current Income,
- o Liquidity, and
- o Safety of Principal.

The Fund pursues its investment objective by investing primarily in a diversified, managed portfolio of securities backed by the full faith and credit of the United States. Fund shares are not guaranteed or insured by the U.S. government or its agencies and there can be no assurance its investment objective will be achieved. Monthly dividends are paid to shareholders from the income the Fund earns on its investments.

NEWSPAPER LISTING. Shares of the Fund are sold at the net asset value per share which is shown daily in the mutual fund section of newspapers under the "Bull & Bear Group" heading.

This Prospectus sets forth concisely information about the Fund which prospective investors should know before investing in the Fund and should be retained for future reference. A careful reading of this Prospectus is recommended prior to any investment. A Statement of Additional Information about the Fund dated November 1, 1994, as amended or supplemented from time to time, has been filed with the Securities and Exchange Commission, is incorporated herein by reference, and is available to prospective investors without charge upon request to the Fund's Distributor, Bull & Bear Service Center, Inc., 11 Hanover Square, New York, NY 10005, telephone 1-800-847-4200. Shares of the Fund are not bank deposits or obligations of, or guaranteed or endorsed by any bank or any affiliate of any bank.

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 OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY

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OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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Expense Table. The tables below are intended to assist investors in understanding the costs and expenses Fund shareholders bear directly or indirectly. A \$2 monthly fee is charged to accounts with average monthly balances of less than \$500, except for accounts in the Bull & Bear Automatic Investment Program where shareholders invest \$100 or more each month (see "How to Purchase Shares").

Shareholder Transaction Expenses	
Sales Load Imposed on Purchases.....	NONE
Sales Load Imposed on Reinvested Dividends.....	NONE
Deferred Sales Load.....	NONE
Redemption Fees.....	NONE
Exchange Fees.....	NONE
Annual Fund Operating Expenses	
(as a percentage of average net assets)	
Management Fees	0.70%
12b-1 Fees.....	0.25%
Other Expenses.....	0.81%

Total Fund Operating Expenses.....	1.76%

<TABLE>
<CAPTION>
Example

1 year	3 years	5 years	10 years
--------	---------	---------	----------

<S>	<C>	<C>	<C>	<C>
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return and a redemption at the end of each time period:.....	\$18	\$55	\$95	\$207

The example should not be considered a representation of past or future expenses and actual performance and expenses may be greater or lesser than shown. The percentages given for "Annual Fund Operating Expenses" are based on the Fund's operating expenses and average daily net assets during its fiscal year ended June 30, 1994, except that 12b-1 fees have been restated to reflect the Fund's current fees. Long term shareholders may pay more than the economic equivalent of the maximum front-end sales charge permitted by the National Association of Securities Dealers, Inc.'s ("NASD") rules regarding investment companies. "Other Expenses" include the amounts paid to the Fund's Custodian (net of brokerage commission credits pursuant to an arrangement not anticipated to materially increase brokerage commissions paid by the Fund -- see "The Investment Manager") and Transfer and Dividend Disbursing Agent and the reimbursable to the Investment Manager and the Distributor for certain administrative and shareholder services. The assumption in the Example of a 5% annual return is required by regulations of the Securities and Exchange Commission ("SEC") and is not a prediction of, and does not represent the Fund's projected or actual performance.

Financial Highlights for a share of capital stock outstanding throughout each period. The following information is supplemental to the Fund's financial statements and report thereon of Tait, Weller & Baker, independent accountants, appearing in the June 30, 1994 Annual Report to Shareholders and incorporated by reference in the Statement of Additional Information.

<S>	Years Ended June 30,								
<C>	1994	1993	1992	1991	1990	1989	1988	1987	1986(3)
PER SHARE DATA									
Net asset value at beginning of period	\$15.53	\$14.80	\$13.82	\$13.69	\$13.90	\$14.36	\$14.68	\$14.84	\$15.00
Income from investment operations:									
Net investment income	.78	.78	.90	.98	1.07	1.22	1.44	1.47	.58
Net realized and unrealized gain (loss) on investments	(1.03)	.75	1.00	.13	(.21)	(.43)	(.27)	(.21)	(.27)
Total from investment operations	(.25)	1.53	1.90	1.11	.86	.79	1.17	1.26	.31
Less distributions:									
Distributions from net investment income	(.65)	(.80)	(.92)	(.98)	(1.07)	(1.25)	(1.49)	(1.42)	(.47)
Increase (decrease) in net asset value	(.90)	.73	.98	.13	(.21)	(.46)	(.32)	(.16)	(.16)
Net asset value at end of period	\$14.63	\$15.53	\$14.80	\$13.82	\$13.69	\$13.90	\$14.36	\$14.68	\$14.84
TOTAL RETURN	(1.76)%	10.75%	14.10%	8.48%	6.42%	5.87%	8.45%	8.74%	6.80%
RATIOS/SUPPLEMENTAL DATA									
Net assets at end of period (000's omitted)	\$17,777	\$22,636	\$26,187	\$31,496	\$33,001	\$38,266	\$63,451	\$46,768	\$8,794
Ratio of expenses to average net assets(1)	1.85%	1.91%	1.86%	1.86%	1.99%	1.74%	1.96%	2.06%	1.21%(4)
Ratio of net investment income to average net assets(2)	4.16%	5.38%	6.40%	7.14%	7.86%	8.87%	9.95%	9.40%	10.40%(4)
Portfolio turnover rate	261%	176%	140%	407%	279%	217%	174%	185%	31%

- <FN>
- Ratio prior to reimbursement by the Investment Manager was 2.18%, 2.36% and 1.99%, in 1986, 1987 and 1988, respectively.
 - Ratio prior to reimbursement by the Investment Manager was 9.43%, 9.10% and 9.92% in 1986, 1987 and 1988, respectively.
 - From commencement of operations. March 7, 1986.
 - Annualized.

</FN>
</TABLE>

Information relating to outstanding debt during the fiscal year shown below:

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Fiscal Year Ended June 30 -----	Amount of Debt Outstanding at End of Period -----	Average Amount of Debt Outstanding During the Period -----	Average Number of Shares Outstanding During the Period -----	Average Amount of Debt Per Share During Period -----
<S> 1992	<C> \$0	<C> \$96,885	<C> 1,851,772	<C> \$0.05

</TABLE>

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GENERAL

Purposes of the Fund. The Fund, a no load mutual fund, is for long term investors who wish to invest in a professionally managed portfolio consisting primarily of securities backed by the full faith and credit of the United States. Although the Fund's yield will vary, the Fund is not intended for investors who wish to speculate on short term swings in interest rates or appropriate as a complete investment program. There is no assurance the Fund will achieve its investment objective. The net asset value of the Fund will change as interest rates fluctuate.

Check Writing Privilege for Easy Access. Shareholders have the convenience of making redemptions without charge simply by writing a check for \$250 or more. There is no limit on the number of checks a shareholder may write.

Dividends and Other Distributions. The Fund declares dividends from net investment income daily and distributes such dividends to shareholders monthly, together with any net short term capital gains. The Fund may also realize net long term capital gains from the sale of securities and it distributes substantially all of such gains, if any, to shareholders annually. Dividends and other distributions may be reinvested in shares of the Fund or any other Bull & Bear Fund (see "Dividend Sweep Privilege"), or at the shareholder's option, paid in cash.

Yield Information. Please call 1-800-847-4200 or 1-212-363-1100 to obtain the Fund's yield.

Portfolio Management. The Fund's Portfolio Manager for the past four years has been G. Clifford McCarthy. Mr. McCarthy is Senior Vice President and a member of Investment Policy Committee of Bull & Bear Advisers, Inc. (the "Investment Manager") with overall responsibility for the Bull & Bear fixed income funds. Mr. McCarthy was formerly a partner of Salomon Brothers and a Vice President of Citicorp Investment Management, directing its fixed income portfolios. More recently, he was an officer of Printon, Kane & Co. and Balfour, MacLaine Inc. A graduate of Wagner College, Mr. McCarthy is a member of the Bond Club of New York.

THE FUND'S INVESTMENT PROGRAM

The Fund's investment objective is to provide a high level of current income, liquidity, and safety of principal. The Fund pursues its investment objective by investing at least 65% of its total assets in securities backed by the full faith and credit of the United States ("U.S. Government Securities"), including direct obligations of the United States (such as Treasury bills, notes, and bonds) and certain agency securities, such as those issued by the Government National Mortgage Association ("GNMA"). There can be no assurance

that the Fund will achieve its investment objective. U.S. Government Securities.

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The Fund may also invest up to 35% of its total assets in securities issued by agencies and instrumentalities of the U.S. Government that may have different levels of government backing but which are not backed by the full faith and credit of the U.S. Government. Such securities include, for example, those issued by the Federal National Mortgage Association ("FNMA") that are supported by the agency's limited right to borrow money from the U.S. Treasury under certain circumstances, those issued by the Federal Home Loan Bank that are supported only by the credit of the agency that issued them, and those supported primarily or solely by specific pools of assets and the creditworthiness of a U.S. Government-related issuer, such as mortgage-backed securities (including collateralized-mortgage obligations ("CMOs")) issued by FNMA, the Federal Home Loan Mortgage Corporation ("FHLMC"), or the Resolution Trust Corporation. The Fund may also invest in certain zero coupon securities that are U.S. Treasury notes and bonds that have been stripped of their unmatured interest coupon receipts or interests in such U.S. Treasury securities or coupons, including Certificates of Accrual Treasury Securities and Treasury Income Growth Receipts. There is no guarantee that the U.S. Government will support securities not backed by its full faith and credit. Accordingly, these securities may involve greater risk than U.S. Government Securities backed by the U.S. Government's full faith and credit.

The securities purchased by the Fund may have long, intermediate, and short maturities. Consistent with seeking to maximize current income, the proportion invested in each category can be expected to vary depending upon the Investment Manager's evaluation of the market outlook. All securities in which the Fund invests are subject to variations in market value due to interest rate fluctuations. If interest rates fall, the market value of such securities tend to rise; if interest rates rise, the value of such securities tend to fall. Moreover, the longer the remaining maturity of such a security, the greater the effect of interest rate changes on the market value of the security.

Collateralized Mortgage Obligations. CMOs are debt obligations collateralized by mortgage loans or mortgage pass-through securities. The CMOs in which the Fund invests are collateralized by GNMA certificates or other government mortgage-backed securities (such collateral are called mortgage assets). Multi-class pass-through securities are interests in trusts that are comprised of mortgage assets and that have multiple classes similar to those in CMOs. Unless the context indicates otherwise, references herein to CMOs include multi-class pass-through securities. Payments of principal and interest on the mortgage assets, and any reinvestment income thereon, provide the means to pay debt service on the CMOs or to make scheduled distributions on the multi-class pass-through securities. Principal prepayments on the mortgage assets may cause the CMOs to be retired substantially earlier than their stated maturities or final distribution dates.

Repurchase Agreements. The Fund may enter into repurchase agreements with U.S. banks and dealers involving securities in which the Fund is authorized to invest. A repurchase agreement is an instrument under which the Fund purchases securities from a bank or dealer and simultaneously commits to resell the securities to the bank or dealer at an agreed upon date and price. The Fund's custodian maintains custody of the underlying securities until their repurchase; thus the obligation of the bank or dealer to pay the repurchase price is, in effect, secured by such securities. The Fund's risk is limited to the ability of the seller to pay the agreed upon amount on the repurchase date; if the seller defaults, the underlying securities constitute collateral for the seller's obligation to pay. If, however, the seller defaults and the value of the collateral declines, the Fund may incur loss and expenses in selling the collateral. To attempt to limit the risk in engaging in repurchase agreements, the Fund enters into repurchase agreements only with banks and dealers believed by the Investment Manager to present minimum credit risks in accordance with guidelines established by the Board of Directors. The Fund will not enter into a repurchase agreement with a maturity of more than seven days if, as a result, more than 15% of the value of its net assets would then be invested in illiquid securities including such agreements.

When-Issued Securities. The Fund may purchase securities on a "when-issued" basis. In such transactions delivery and payment occur after the date of the commitment to make the purchase. Although the Fund will enter into when-issued

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transactions with the intention of acquiring the securities, the Fund may sell

the securities prior thereto for investment reasons, which may result in a gain or loss. Acquiring securities in this manner involves a risk that yields available on the delivery date may be higher than those received in such transactions. When the Fund agrees to purchase securities on a when-issued basis, its custodian will set aside in a segregated account cash or securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities with a market value at least equal to the amount of the commitment. If necessary, assets will be added to the account daily so that the value of the account will not be less than the amount of the Fund's purchase commitment. Failure of the issuer to deliver the security may result in the Fund incurring a loss or missing an opportunity to make an alternative investment.

Lending. Pursuant to an arrangement with its custodian, the Fund may lend portfolio securities or other assets of the Fund to other parties limited to one third of the Fund's total assets. If the Fund engages in lending transactions, it will enter into lending agreements that require that the loans be continuously secured by cash, securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities, or any combination of cash and such securities, as collateral equal at all times to at least the market value of the assets lent. To the extent of such activities, the custodian will apply credits against its custodial charges. There are risks to the Fund of delay in receiving additional collateral and risks of delay in recovery of, and failure to recover, the assets lent should the borrower fail financially or otherwise violate the terms of the lending agreement. Loans will be made only to borrowers deemed by the Investment Manager to be of good standing and when, in the judgment of the Investment Manager, the consideration which can be earned currently from such lending transactions justifies the attendant risk. Any loan made by the Fund will provide that it may be terminated by either party upon reasonable notice to the other party.

Portfolio Turnover. The Fund does not intend to purchase securities for short term trading. The Fund may sell any of its portfolio securities that have been held for a short time, however, if the Investment Manager believes the security's market value will fall or when the Investment Manager believes there is a more attractive security to acquire or in order to satisfy redemption requests. For the fiscal years ended June 30, 1994 and 1993, the Fund's portfolio turnover rate was 261% and 76%, respectively. Higher portfolio turnover involves correspondingly greater Fund transaction costs and increases the potential for short term capital gains and taxes payable by shareholders.

Other Information. The Fund's investment objective is fundamental and may not be changed without shareholder approval. The Fund is also subject to certain investment restrictions, set forth in the Statement of Additional Information, that are fundamental and cannot be changed without shareholder approval. The Fund's other investment policies described herein, unless otherwise stated, are not fundamental and may be changed by the Board of Directors without shareholder approval. The Fund may borrow money from banks for temporary or emergency purposes (not for leveraging or investment) and engage in reverse repurchase agreements, but not in excess of an amount equal to one third of the Fund's total assets. The Fund may not purchase securities for investment while any bank borrowing equaling more than .5% of its total assets is outstanding.

HOW TO PURCHASE SHARES

The Fund's shares are sold on a continuing basis without a sales charge, at the net asset value per share next determined after receipt and acceptance of the order by Bull & Bear Service Center (see "Determination of Net Asset Value"). The minimum initial investment is \$1,000 for regular accounts and \$500 for Individual Retirement Accounts ("IRAs") and profit sharing plans. The minimum subsequent investment is \$100. The initial investment minimums are waived for investors electing to invest \$100 or more each month in the Fund through the Bull & Bear Automatic Investment Program.

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Bull & Bear Automatic Investment Program. By participating in the Bull & Bear Automatic Investment Program, a shareholder can establish a convenient and affordable long term investment program. The Program is designed to facilitate the automatic monthly investment of \$100 or more into the shareholder's Fund account.

- o The Bull & Bear Bank Transfer Plan lets shareholders electronically purchase Fund shares on a certain day each month by transferring a specified dollar amount from the shareholder's regular checking account, NOW account, or bank money market deposit account.
- o Through the Bull & Bear Salary Investing Plan, part or all of a shareholder's salary may be invested electronically in shares of the Fund at each pay period, depending upon the direct deposit program of the shareholder's employer.

- o The Bull & Bear Government Direct Deposit Plan allows the shareholder to deposit automatically part or all of certain U.S. Government checks in the shareholder's Fund account. Eligible U.S. Government checks include payments for Social Security, pension benefits, military or retirement benefits, salary, veteran's benefits and most other recurring payments.

For more information concerning this Program, or to request the necessary authorization form(s), please call Bull & Bear Service Center, 1-800-847-4200. Shareholders may terminate participation in the Program at any time by written notice received at least 10 days prior to the scheduled investment date. The Fund reserves the right to redeem any account if participation in the Program is terminated and the account's value is less than \$500. The Plans do not assure a profit or protect against loss in a declining market.

Initial Investment. The Account Application that accompanies this Prospectus should be completed, signed and, with a check or other negotiable bank draft payable to U.S. Government Securities Fund, mailed to Bull & Bear Service Center, P.O. Box 419789, Kansas City, MO 64141-6789. Initial investments also may be made by having your bank wire money, as set forth below, in order to avoid mail delays.

Subsequent Investments. Subsequent investments may be made at any time by wiring money as set forth below, or by mailing a check or other negotiable bank draft (\$100 minimum), made payable to U.S. Government Securities Fund, together with a Bull & Bear FastDeposit form to Bull & Bear Service Center, P.O. Box 419789, Kansas City, MO 64141-6789. If that form is not used, a letter should indicate the Fund and account number to which the subsequent investment is to be credited, and name(s) of the registered owner(s).

Investment by Telephone. Shareholders may purchase additional shares of the Fund by telephone through the Automated Clearing House (ACH) system as long as the shareholder's bank is a member of the ACH system and the shareholder has a completed, approved authorization on file. The funding for the purchase will be automatically deducted from the bank account designated on the shareholder's authorization. For requests received by 3:00 p.m., eastern time, the investment normally will be credited to the Fund account on the next business day of the Fund. There is a minimum of \$100 for each investment by telephone. Any subsequent changes in bank account information must be submitted in writing, signature guaranteed, and with a voided check or deposit slip. To initiate an investment by telephone, please call 1-800-847-4200.

Investment by Wire. When making an initial investment by wire, investors must first telephone Bull & Bear Service Center, 1-800-847-4200, to give the name(s) under which the account is to be registered, tax identification number, the name of the bank sending the wire, and to be assigned a Bull & Bear U.S. Government Securities Fund account number. Investors may then purchase shares by requesting their bank to transmit immediately available funds ("Federal funds") by wire to the Transfer Agent at: United Missouri Bank NA, ABA #10-10-00695; for Account Number 98-7052-724-3; U.S. Government Securities Fund, investor's name(s) and account number. The account number and the investor's name(s) must be specified in the wire as they are to appear on the account registration. In addition, the account number

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the investor(s) has been assigned should be entered on the completed Account Application and promptly forwarded to Bull & Bear Service Center, P.O. Box 419789, Kansas City, MO 64141-6789. This service is not available on days when the Federal Reserve wire system is closed. Subsequent investments may be made at any time through the wire procedure described above, which must include the shareholder name(s) and account number, after notifying Bull & Bear Service Center by telephone.

Shareholder Accounts. By investing in the Fund, a shareholder has an account established to which all full and fractional shares (to three decimal places) will be credited, together with any dividends that are paid in additional shares (see "Distributions and Taxes"). Stock certificates will be issued only for full shares when requested in writing. In order to facilitate redemptions and exchanges, it is recommended that shareholders not request certificates. Shareholders receive quarterly statements showing monthly dividends and confirmation statements for any other purchase or sale of Fund shares.

When Orders are Effective. The purchase price for shares of the Fund is the net asset value of such shares next determined after receipt and acceptance by Bull & Bear Service Center of a purchase order in proper form. Dividends on shares purchased will commence on the day following the effective date of the purchase. All checks are accepted subject to collection at full face value in Federal funds and must be drawn in U.S. dollars on a U.S. bank. The Fund reserves the right to reject any order. Accounts are charged \$30 by the Transfer Agent for investment checks which are not honored by the investor's bank. The Fund may

waive or lower the investment minimums with respect to any person or class of persons.

SHAREHOLDER SERVICES

An investor participating in any of the Fund's special plans or services may terminate or modify such participation at any time. Shares or cash should not be withdrawn from any Tax-Advantaged Retirement Plan described below, however, without consulting a tax adviser concerning possible adverse tax consequences. Additional information regarding any of the following services is available from the Fund's Distributor, Bull & Bear Service Center, 1-800-847-4200.

Check Writing Privilege for Easy Access. The Transfer Agent will, upon request, provide shareholders with free, unlimited checks that may be made payable to the order of anyone in any amount of not less than \$250. The Fund will arrange for the checks to be honored by United Missouri Bank ("UMB") for this purpose. This Check Writing Privilege enables the shareholder to continue receiving dividends on shares redeemed by check until such time as the check is presented to UMB for payment. UMB has the right to refuse any checks which do not conform with its requirements. The shareholder will be subject to UMB's rules and regulations governing checking accounts, including a \$20 charge for refused checks, which may change without notice. When such a check is presented to UMB for payment, the Transfer Agent, as the shareholder's agent, will cause the Fund to redeem a sufficient number of full and fractional shares in the shareholder's account to cover the amount of the check. The Fund generally will not honor for up to 10 days a check written by a shareholder that requires the redemption of shares recently purchased by check or until it is reasonably assured of payment of the check representing the purchase. Since the value of Fund shares and of a shareholder's account changes daily, shareholders should not attempt to close an account by writing a check.

Dividend Sweep Privilege. Shareholders may elect to have invested automatically either all dividends, or all dividends and capital gain distributions paid by the Fund in any other Bull & Bear Fund. Shares of the other Bull & Bear Fund will be purchased at the current net asset value calculated on the payment date. For more information concerning this privilege and the other Bull & Bear Funds, or to request a Dividend Sweep Authorization Form, please call Bull & Bear Service Center, 1-800-847-4200. Shareholders may cancel this privilege by mailing written notification to Bull & Bear Service Center, P.O. Box 419789, Kansas City, MO 64141-6789. To select a new Fund after cancellation, shareholders must submit a new Authorization Form. Enrollment in or cancellation of this privilege is generally effective three business days following receipt. This privilege is available only for existing accounts and may not be used

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to open new accounts. The Fund may modify or terminate this privilege at any time or charge a service fee. No such fee currently is contemplated.

Systematic Withdrawal Plan. Shareholders who own Fund shares with a value of at least \$20,000 may elect an automatic withdrawal of cash in fixed or variable amounts from their Fund accounts at monthly or quarterly intervals in the minimum amount of \$100. Under the Systematic Withdrawal Plan, all dividends and other distributions, if any, are reinvested in the Fund.

Assignment. Shares of the Fund may be transferred to another owner. Instructions are available from Bull & Bear Service Center, 1-800-847-4200.

Exchange Privileges. Shareholders may exchange at least \$500 worth of shares of the Fund for shares of any other Bull & Bear Fund (provided the registration is exactly the same, the shares may be sold in the shareholder's state of residence, and the exchange may otherwise legally be made). Information, including a free prospectus, on any of the Funds listed below is available from Bull & Bear Service Center, 11 Hanover Square, New York, NY 10005, telephone 1-800-847-4200. The other Fund's prospectus should be read in advance.

To implement an exchange, shareholders should call Bull & Bear Service Center toll-free at 1-800-847-4200 between 9 a.m. and 5 p.m. eastern time, on any business day of the Fund and provide the following information: account registration including address and number; taxpayer identification number; percentage, number, or dollar value of shares to be redeemed; name and, if different, the account number of the Bull & Bear Fund to be purchased; and, the identity and telephone number of the caller. A "business day of the Fund" is any day on which the New York Stock Exchange is open for business. The following are not business days of the Fund: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The other Bull & Bear Funds are:

- o Bull & Bear Dollar Reserves is a high quality money market fund investing in U.S. Government securities. Income is free from state income taxes. Free

unlimited check writing (\$250 minimum per check). Pays monthly dividends.

- o Bull & Bear Municipal Income Fund invests for the highest possible income exempt from Federal income tax consistent with preservation of principal. Free unlimited check writing (\$250 minimum per check). Pays monthly dividends.
- o Bull & Bear Global Income Fund seeks a high level of income from a global portfolio of primarily investment grade fixed income securities. Free unlimited check writing (\$250 minimum per check). Pays monthly dividends.
- o Bull & Bear Quality Growth Fund seeks growth of capital and income from a portfolio of common stocks of large, quality companies with potential for significant growth of earnings and dividends.
- o Bull & Bear U.S. and Overseas Fund invests worldwide for the highest possible total return.
- o Bull & Bear Special Equities Fund invests aggressively for maximum capital appreciation.
- o Bull & Bear Gold Investors seeks long term capital appreciation in investments with the potential to provide a hedge against inflation and preserve the purchasing power of the dollar.

Exchange requests received between 9 a.m. and 4 p.m. eastern time, on any business day of the Fund, will be effected at the net asset values of the Fund and the other Bull & Bear Fund as determined at the close of regular trading on that business day. Exchange requests received between 4 p.m. and 5 p.m. eastern time, on any business day of the Fund, will be effected at the close of regular trading on the next business day of the Fund. Shareholders unable to reach Bull & Bear Service Center at the above telephone number may, in emergencies, call 1-212-363-1100 or communicate by fax 1-212-363-1103 or cable to the address BULLNBear NEWYORK. Exchanges may be difficult or impossible to implement

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during periods of rapid changes in economic or market conditions. Exchange privileges may be terminated or modified by the Fund upon 60 days' notice. For tax purposes, exchanges are treated as a redemption and purchase of shares. Shareholders may give exchange instructions to Bull & Bear Service Center by telephone without further documentation. If certificates have been issued to the shareholder, this procedure may be utilized only if, prior to giving telephone instructions, the shareholder delivers the certificates to the Transfer Agent for deposit into the shareholder's account.

- o Bull & Bear Securities (Discount Brokerage Account) Transfers. Shareholders with an account at Bull & Bear Securities, Inc., an affiliate of the Investment Manager and a wholly owned subsidiary of Bull & Bear Group, Inc. offering discount brokerage services, may access their investment in any of the Bull & Bear Funds to pay for securities purchased in their brokerage account and purchase Bull & Bear Funds in their brokerage account. Shareholders may request a Discount Brokerage Account Application from Bull & Bear Securities, Inc., 1-800-262-5800.

Tax-Advantaged Retirement Plans. These plans provide an opportunity for individuals to set aside money for retirement in a tax-advantaged account in which earnings can be compounded without incurring a tax liability until the money and earnings are withdrawn. Contributions may be fully or partially deductible for Federal income tax purposes as noted below. Information on any of the plans described below is available from Bull & Bear Service Center, 1-800-847-4200.

The minimum investment to establish a Bull & Bear IRA or other retirement plan is \$500. Minimum subsequent investments are \$100. The initial investment minimums are waived for investors electing to invest \$100 or more each month in the Fund through the Bull & Bear Automatic Investment Program. There are no set-up fees for any Bull & Bear Retirement Plans. Subject to change on 30 days' notice, the plan custodian charges Bull & Bear IRAs a \$10 annual fiduciary fee and \$10 for each distribution prior to age 59 1/2; however, the annual fiduciary fee is waived for IRAs with assets of \$10,000 or more and for shareholders investing regularly through the Bull & Bear Automatic Investment Program.

- o Individual Retirement Accounts. Anyone with earned income who is less than age 70 1/2 at the end of the tax year, even if also participating in another type of retirement plan, may establish an IRA and contribute each year up to \$2,000 or 100% of earned income, whichever is less, and an aggregate of up to \$2,250 when a non-working spouse is also covered in a separate spousal account. If each spouse has at least \$2,000 of earned income each year, they may contribute up to \$4,000 annually. Also, employers may make

contributions to an IRA on behalf of an individual under a Simplified Employee Pension Plan ("SEP") in an amount up to 15% of up to \$150,000 of compensation. Generally, taxpayers may contribute to an IRA during the tax year and through the next year until the income tax return for that year is due, without regard to extensions. For example, most individuals may contribute for the 1994 tax year from January 1, 1994 through April 15, 1995.

Deductibility. Contributions to IRAs are fully deductible for most taxpayers. For a taxpayer who is an active participant in an employer-maintained retirement plan (or whose spouse is), a portion of IRA contributions is deductible if adjusted gross income (before the IRA deductions) is \$40,000-\$50,000 (if married) and \$25,000-\$35,000 (if single). Only IRA contributions by a taxpayer who is an active participant in an employer-maintained retirement plan (or whose spouse is) and has adjusted gross income of more than \$50,000 (if married) and \$35,000 (if single) will not be deductible. An eligible individual may establish a Bull & Bear IRA under the prototype plan available through the Fund, even though such individual or spouse actively participates in an employer-maintained retirement plan.

- o IRA Transfer and Rollover Accounts. Special forms are available from Bull & Bear Service Center, 1-800-847-4200, which make it easy to transfer or roll over IRA assets to a Bull & Bear IRA. An IRA may be transferred from one financial institution to another without adverse tax consequences. Similarly, no taxes need be paid on a lump-sum distribution which an individual may receive as a payment from a qualified pension or profit

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sharing plan due to retirement, job termination or termination of the plan, so long as the assets are put into an IRA Rollover account within 60 days of the receipt of the payment. Withholding for Federal income tax purposes is required at the rate of 20% for "eligible rollover distributions" made from any retirement plan (other than an IRA) that are not directly transferred to an "eligible retirement plan," such as a Bull & Bear Rollover Account.

- o Profit Sharing and Money Purchase Plans provide an opportunity to accumulate earnings on a tax-deferred basis by permitting corporations, self-employed individuals (including partners) and their employees generally to contribute (and deduct) up to \$30,000 annually or, if less, 25% (15% for profit sharing plans) of compensation or self-employment earnings up to a maximum of \$150,000. Corporations and partnerships, as well as all self-employed persons, are eligible to establish these Plans. In addition, a person who is both salaried and self-employed, such as a college professor who serves as a consultant, may adopt these retirement plans based on self-employment earnings.
- o Section 403(b)(7) Accounts. Section 403(b)(7) of the Internal Revenue Code of 1986, as amended ("Code"), permits the establishment of custodial accounts on behalf of employees of public school systems and certain tax-exempt organizations. A participant in such a plan does not pay taxes on any contributions made by the participant's employer to the participant's account pursuant to a salary reduction agreement, up to a maximum amount, or "exclusion allowance." The exclusion allowance is generally computed by multiplying the participant's years of service times 20% of the participant's compensation included in gross income received from the employer (reduced by any amount previously contributed by the employer to any 403(b)(7) account for the benefit of the participant and excluded from the participant's gross income). However, the exclusion allowance may not exceed the lesser of 25% of the participant's compensation (limited as above) or \$30,000. Contributions and subsequent earnings thereon are not taxable until withdrawn, when they are received as ordinary income.

HOW TO REDEEM SHARES

Liquidity. Generally, shareholders may require the Fund to redeem their shares by submitting a written request to Bull & Bear Service Center, P.O. Box 419789, Kansas City, MO 64141-6789, signed by the record owner(s). If a written redemption request is sent to the Fund, it will be forwarded to the above address. If stock certificates have been issued for shares being redeemed, they must accompany the written request. In addition, shareholders may redeem shares by writing checks against their Fund account and also expedite redemption requests by telephoning as described below.

Check Writing Privilege. See "Shareholder Services" above for redemption of shares by writing free, unlimited, personalized checks, provided by the Fund, in amounts of \$250 or more.

Redemption by Telephone. You may redeem shares by telephone and receive the proceeds through the Automated Clearing House (ACH) system as long as your bank is a member of the ACH system and you have a completed, approved authorization on file. The funding for your redemption will be automatically deducted from the Fund account. The proceeds will normally be credited to your bank account within two business days following the telephone request. The request must be received no later than 3:00 p.m., eastern time. There is a minimum of \$250 for each redemption by telephone. Any subsequent changes in bank account information must be submitted in writing, signature guaranteed, and accompanied by a sample voided check or deposit slip. To initiate a redemption by telephone, please call 1-800-847-4200.

Expedited Redemption. Shareholders redeeming at least \$1,000 worth of shares (for which certificates have not been issued) may obtain expedited redemption by calling Bull & Bear Service Center, 1-800-847-4200. If this automatic benefit has been declined by the shareholder on the Account Application, a separate Authorization Form must be completed and returned to the Transfer Agent before the request can be accepted. Shareholders may request that payment be sent to the shareholder's bank designated on the authorization by Federal funds wire or the shareholder's address of record by regular mail.

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To implement an expedited redemption, shareholders should call Bull & Bear Service Center toll-free at 1-800-847-4200 between 9 a.m. and 5 p.m. eastern time, on any business day of the Fund, and provide the following information: Fund account registration including address, account number, and taxpayer identification number; number, percentage, or dollar value of shares to be redeemed; whether the proceeds are to be mailed to the shareholder's address of record or wired to the shareholder's bank; the bank's name, address, ABA routing number, bank account registration and account number, and a contact person's name and telephone number; and the identity and telephone number of the caller. Shareholders unable to reach Bull & Bear Service Center at the above telephone number may, in emergencies, call 1-212-363-1100 or communicate by fax 1-212-363-1103 or cable to the address BULLNBear NEWYORK. Expedited redemptions may be difficult or impossible to implement during periods of rapid changes in economic or market conditions. Expedited redemption privileges may be terminated or modified by the Fund upon 60 days' notice. Expedited redemption requests received between 9 a.m. and 4 p.m., eastern time, on any business day of the Fund, will be effected at the net asset values of the Fund and the other Bull & Bear Fund as determined at the close of business that day. Exchange requests received between 4 p.m. and 5 p.m., eastern time, on any business day of the Fund, will be effected at the close of business on the next day the New York Stock Exchange is open for trading. Shareholders unable to reach Bull & Bear Service Center at the above telephone number may, in emergencies, call 1-212-363-1100 or communicate by fax 1-212-363-1103 or cable to the address BULLNBear NEWYORK.

Redemption Price. The redemption price is the net asset value per share next determined after receipt of the redemption request in proper form. Registered broker/dealers, investment advisers, banks, and insurance companies may open accounts and redeem shares by telephone or wire and may impose a charge for handling purchases and redemptions when acting on behalf of others. Payment for shares redeemed will be made as soon as possible, ordinarily within 7 days after receipt of the redemption request in proper form. The right of redemption may not be suspended, or date of payment delayed more than 7 days, except for any period (i) when the New York Stock Exchange is closed or trading thereon is restricted as determined by the SEC; (ii) under emergency circumstances as determined by the SEC that make it not reasonably practicable for the Fund to dispose of securities owned by it or fairly to determine the value of its assets; or (iii) as the SEC may otherwise permit. The mailing of proceeds on redemption requests involving any shares purchased by personal, corporate, or government check or ACH transfer is generally subject to a 10 day delay to allow the check or transfer to clear. The 10 day clearing period does not affect the trade date on which a purchase or redemption order is priced, or any dividends and capital gain distributions to which a shareholder may be entitled through the date of redemption. Fund check writing redemption checks received during the 10 day clearing period will be rejected and marked uncollected. The clearing period does not apply to purchases made by wire, or cashier's, treasurer's, or certified checks. Due to the relatively higher cost of maintaining small accounts, the Fund reserves the right, upon 60 days' notice, to redeem any account, other than IRA and other Bull & Bear prototype retirement plan accounts, worth less than \$500 except if solely from market action, unless an investment is made to restore the minimum value.

Telephone Privileges. Shareholders automatically have all telephone privileges to, among other things, authorize an expedited redemption or exchange, unless declined on the Account Application or otherwise in writing. Neither the Fund nor Bull & Bear Service Center shall be liable for any loss or damage for acting in good faith upon instructions received by telephone and believed to be

genuine. The Fund employs reasonable procedures to confirm that instructions communicated by telephone are genuine and if it does not, it may be liable for any losses due to unauthorized or fraudulent transactions. These procedures include requiring some form of personal identification prior to acting upon instructions received by telephone, providing written confirmation of such transactions, or tape recording of telephone instructions. The Fund may modify or terminate any telephone privileges or shareholder services (except as noted) at any time without notice.

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Signature Guarantees. No signature guarantees are required when payment is to be made to the shareholder of record at the shareholder's address of record. If the proceeds of the redemption are to be paid to a non-shareholder of record, or to an address other than the address of record, or the shares are to be assigned, the Transfer Agent may require that the owner's signature be guaranteed by an entity acceptable to the Transfer Agent, such as a commercial bank or trust company or member firm of a national securities exchange or of the NASD. A notary public may not guarantee signatures. The Transfer Agent may require further documentation. The Transfer Agent may restrict the mailing of redemption proceeds to a shareholder's address of record within 30 days of such address being changed unless the shareholder provides a signature guarantee, as described above.

DISTRIBUTIONS AND TAXES

Distributions. The Fund declares dividends daily from net investment income and distributes such dividends monthly to its shareholders. The Fund also makes an annual distribution to its shareholders out of net long term and net short term capital gain (after offsetting any capital loss carryover), if any. Such distributions, if any, are declared and payable to shareholders of record on a date in December of each year. Such amounts may be paid in January of the following year (in which event they will be deemed received by the shareholders on the preceding December 31 for tax purposes). The Fund may also make an additional distribution following the end of its fiscal year out of any undistributed income and capital gain. Dividends and other distributions are made in additional shares of the Fund, unless the shareholder elects to receive cash on the Account Application or so elects subsequently by calling Bull & Bear Service Center, 1-800-847-4200. For Federal income tax purposes, such dividends and other distributions are treated in the same manner whether received in shares or cash. Any election will remain in effect until Bull & Bear Service Center is notified by the shareholder to the contrary.

Taxes. The Fund intends to continue to qualify for treatment as a regulated investment company under the Code so that it will be relieved of Federal income tax on that part of its investment company taxable income consisting generally of net investment income, net short term capital gains and net capital gain (the excess of net long term capital gain over net short term capital loss and any capital loss carryover) that is distributed to its shareholders. Dividends paid by the Fund from its investment company taxable income (whether paid in cash or in additional Fund shares) generally are taxable to shareholders, other than shareholders that are not subject to tax on their income, as ordinary income to the extent of the Fund's earnings and profits; a portion of those dividends may be eligible for the corporate dividends-received deduction. Distributions by the Fund of its net capital gain (whether paid in cash or in additional Fund shares) when designated as such by the Fund, are taxable to the shareholders as long term capital gains, regardless of how long they have held their Fund shares. The Fund notifies its shareholders following the end of each calendar year of the amounts of dividends and capital gain distributions paid (or deemed paid) that year and of any portion of those dividends that qualifies for the corporate dividends-received deduction. Any dividend or other distribution paid by the Fund will reduce the net asset value of Fund shares by the amount of the distribution. Furthermore, such distribution, although similar in effect to a return of capital, will be subject to taxes. The Fund is required to withhold 31% of all dividends, capital gain distributions, and redemption proceeds payable to any individuals and certain other noncorporate shareholders who do not provide the Fund with a correct taxpayer identification number. Withholding at that rate from dividends and capital gain distributions also is required for such shareholders who otherwise are subject to backup withholding. The foregoing is only a summary of some of the important Federal income tax considerations generally affecting the Fund and its shareholders; see the Statement of Additional Information for a further discussion. Because other Federal, state and local tax considerations may apply, investors are urged to consult their tax advisers.

DETERMINATION OF NET ASSET VALUE

The value of a share of the Fund is based on the value of its net assets. The Fund's net assets are the total of the Fund's investments and all other

assets minus any liabilities. The value of one share is determined by dividing the net assets by the total number of shares outstanding. This is referred to as "net asset value per share," and is determined as of the close of regular trading on the New York Stock Exchange (currently, 4 p.m. eastern time, unless weather, equipment failure or other factors contribute to an earlier closing) each business day of the Fund.

Portfolio securities and other assets of the Fund are valued primarily on the basis of market quotations, if readily available. Securities, and other assets for which quotations are not readily available will be valued at fair value as determined in good faith by or under the direction of the Board of Directors.

THE INVESTMENT MANAGER

Bull & Bear Advisers, Inc. (the "Investment Manager") acts as general manager of the Fund, being responsible for the various functions assumed by it, including the regular furnishing of advice with respect to portfolio transactions. The Investment Manager manages the investment and reinvestment of the assets of the Fund, subject to the control and final direction of the Board of Directors. The Investment Manager may allocate brokerage transactions by taking into account the sales of shares of the Fund and the other Bull & Bear Funds. The Investment Manager may also allocate portfolio transactions to broker/dealers that remit a portion of their commissions as a credit against the Fund's expenses. For its services, the Investment Manager receives an investment management fee, payable monthly, based on the average daily net assets of the Fund, at the annual rate of 0.70% of the first \$250 million, 0.625% from \$250 million to \$500 million, and 0.50% over \$500 million. From time to time, the Investment Manager may reimburse all or part of this fee to improve the Fund's yield and total return. The Investment Manager provides certain administrative services to the Fund at cost. During the fiscal year ended June 30, 1994, the investment management fees paid by the Fund represented approximately 0.70% of its average daily net assets. The Investment Manager is a wholly owned subsidiary of Bull & Bear Group, Inc. ("Group"). Group, a publicly owned company whose securities are listed on NASDAQ and traded in the over-the-counter market, is a New York based manager of mutual funds and discount brokerage services. Bassett S. Winmill may be deemed a controlling person of Group and, therefore, may be deemed a controlling person of the Investment Manager.

DISTRIBUTION OF SHARES

Pursuant to a Distribution Agreement, between the Fund and Bull & Bear Service Center, Inc. (the "Distributor"), the Distributor acts as the Fund's exclusive agent for the sale of its shares. The Fund has also adopted a plan of distribution (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940 (the "1940 Act"). Pursuant to the Plan, the Fund pays the Distributor monthly a fee in the amount of one quarter of one percent per annum of the Fund's average daily net assets as compensation for distribution and service activities. The fee is intended to cover personal services provided to shareholders in the Fund and the maintenance of shareholder accounts and all other activities and expenses primarily intended to result in the sale of the Fund's shares. The fee may be retained or passed through by the Distributor to brokers, banks and others who provide services to Fund shareholders. The Fund will pay the fees to the Distributor until either the Plan is terminated or not renewed. In that event, the Distributor's expenses in excess of fees received or accrued through the termination day will be the Distributor's sole responsibility and not obligations of the Fund. During the period they are in effect, the Distribution Agreement and Plan obligate the Fund to pay fees to the Distributor as compensation for its service and distribution activities. If the Distributor's expenses exceed the fees, the Fund will not be obligated to pay any additional amount to the Distributor and, if the Distributor's expenses are less than such fees, it may realize a profit. Certain other advertising and sales materials may be prepared which relate to the promotion of the sale of shares of the Fund and one or more other Bull & Bear Funds. In such cases, the expenses will be allocated among the Funds involved based on the inquiries resulting from the materials or other factors deemed appropriate by the Board of Directors. The costs of personnel and facilities of the Distributor to respond to inquiries by shareholders and prospective shareholders will also be allocated based on such relative inquiries or other factors. There is no certainty that

the allocation of any of the foregoing expenses will precisely allocate to the Fund costs commensurate with the benefits it receives, and it may be that the other Bull & Bear Funds and Bull & Bear Securities, Inc. will benefit therefrom.

PERFORMANCE INFORMATION

From time to time the Fund advertises its current and compound yield. Current yield is computed by dividing the Fund's net investment income per share for the most recent month, determined in accordance with SEC rules and regulations, by the net asset value per share on the last day of such month and annualizing the result. Compounded yield is the annualized current yield which is compounded by assuming the current income to be reinvested. The Fund may also publish a dividend distribution rate in sales material from time to time. The dividend distribution rate of the Fund is the current rate of distribution paid per share by the Fund during a specified period divided by the net asset value per share at the end of such period and annualizing the result. When considering the Fund's performance, fluctuations in share value must be considered together with any published dividend distribution rate. Whenever the Fund advertises its current yield and its dividend distribution rate, it will also advertise its average annual total return over specified periods. For these purposes, the Fund's average annual total return is based on an increase (or decrease) in a hypothetical \$1,000 invested in the Fund at the beginning of each of the specified periods, assuming the reinvestment of any dividends and distributions paid by the Fund during such periods. The Fund does not impose any sales charge or redemption fee on the purchase or redemption of its shares. The investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's yield and total return is based upon historical performance information and is not predictive of future performance. The Fund's annual report to shareholders contains further information about the Fund's performance. The annual report is available to investors upon request and free of charge.

CAPITAL STOCK

The Fund is a series of Bull & Bear Funds II, Inc. (the "Corporation"), a Maryland corporation incorporated in 1974. Prior to October 29, 1993, the Corporation operated under the name Bull & Bear Incorporated. The Corporation is a series investment company, and is authorized to issue up to 1,000,000,000 shares (\$.01 par value). The Board of Directors has designated 500,000,000 shares as Bull & Bear Dollar Reserves, 250,000,000 shares as Bull & Bear Global Income Fund, and 250,000,000 shares as Bull & Bear U.S. Government Securities Fund. The Board of Directors of the Corporation may establish one or more new series, although it has no current intention to do so.

The Fund's stock is fully paid and non-assessable and is freely assignable by way of pledge (as, for example, for collateral purposes), gift, settlement of an estate, and also by an investor to another investor. In case of dissolution or other liquidation of the Fund or the Corporation, shareholders will be entitled to receive ratably per share the net assets of the Fund. Shareholders of all series of the Corporation vote for Directors with each share entitled to one vote. Each share entitles the holder to one vote for all purposes. Shares have no preemptive or conversion rights. Except to the extent that the Board of Directors might provide by resolution that the holders of shares of a particular series are entitled to vote as a class on specified matters, and except for approval of investment management agreements, plans of distribution, and changes in fundamental investment objectives and limitations which are voted upon by each series, separately as a class, there will be no right for any series to vote as a class unless such right exists under Maryland law. The Corporation's Articles of Incorporation contain no provision entitling the holders of the present classes of capital stock to a vote as a class on any matter other than the foregoing. Where a matter is to be voted upon separately by series, the matter is effectively acted upon for such series if a majority of the outstanding voting securities of that series approves the matter, notwithstanding that: (1) the matter has not been approved by a majority of the outstanding voting securities of any other series, or (2) the matter has not been approved by a majority of the outstanding voting securities of the Corporation.

In accordance with the General Corporation Law of the State of Maryland applicable to open-end investment companies incorporated in Maryland and registered under the 1940 Act, as is the Corporation, the Corporation's By-Laws provide that there will be no annual meeting of shareholders in any year except as required by law. In practical effect, this means that the Fund will not hold an annual meeting of shareholders in years in which the only matters which would be submitted to shareholders for their approval are the election of Directors and ratification of the Directors' selection of accountants, although holders of 10% of the Corporation's shares may call a meeting at any time. There will normally be no meetings of shareholders for the purpose of electing Directors unless fewer than a majority of the Directors holding office have been elected by shareholders. Shareholder meetings will be held in years in which shareholder

approval of the Fund's investment management agreement, plan of distribution, or changes in its fundamental investment objective, policies or restrictions is required by the 1940 Act.

CUSTODIAN AND TRANSFER AGENT

Investors Bank & Trust Company, 89 South Street, Boston, MA 02111, acts as custodian of the Fund's assets. The custodian also performs certain accounting services for the Fund. The Fund's transfer and dividend disbursing agent is Supervised Service Company, Inc., P.O. Box 419789, Kansas City, MO 64141-6789. The Distributor provides certain transfer agency services to the Fund and is reimbursed its cost by the Fund. The costs of facilities, personnel and other related expenses are allocated among the Bull & Bear Funds based on the relative number of inquiries and other factors deemed appropriate by the Board of Directors.

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BULL
&
BEAR-----
Performance Driven(R)

April 12, 1995

BULL & BEAR U.S. Government
Securities Fund
Supplement to Prospectus
Dated November 1, 1994

The paragraph entitled "Portfolio Management" on page 4 is revised as follows:

The Fund's Portfolio Manager is Steven A. Landis. Mr. Landis is Senior Vice President and a member of the Investment Policy Committee of Bull & Bear Advisers, Inc. (the "Investment Manager") with overall responsibility for the Bull and Bear fixed income funds. Mr. Landis was formerly Associated Director - -- Proprietary Trading at Barclay De Zoete Wedd Securities Inc. and Director, Bond Arbitrage at WG Trading Company. Mr. Landis received his MBA in Finance from Columbia University.

USG-9504-Sup