UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the Fiscal Year Ended June 30, 2013

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from _____ to _____

Commission File Number 0-13928

U.S. GLOBAL INVESTORS, INC.

Incorporated in the State of Texas

IRS Employer Identification No. 74-1598370

Principal Executive Offices:
7900 Callaghan Road
San Antonio, Texas 78229
Telephone Number: 210-308-1234

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:
Class A common stock
($0.025 par value per share)

Registered: NASDAQ Capital Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ **No** ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.
Yes ☐ **No** ☒

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes** ☒ **No** ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Small reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ **No** ☒

The aggregate market value of the 9,466,282 shares of nonvoting class A common stock held by nonaffiliates of the registrant was $37,959,791, based on the last sale price quoted on NASDAQ as of December 31, 2012, the last business day of the registrant's most recently completed second fiscal quarter. Registrant's only voting stock is its class C common stock, par value of $0.025 per share, for which there is no active market. The aggregate value of the 7,899 shares of the class C common stock held by nonaffiliates of the registrant on December 31, 2012 (based on the last sale price of the class C common stock in a private transaction) was $1,974.75. For purposes of this disclosure only, the registrant has assumed that its directors, executive officers, and beneficial owners of 5 percent or more of the registrant's common stock are affiliates of the registrant.

On August 14, 2013, there were 13,865,021 shares of Registrant's class A nonvoting common stock issued and 13,401,843 shares of Registrant's class A nonvoting common stock issued and outstanding, no shares of Registrant's class B nonvoting common stock outstanding, and 2,070,527 shares of Registrant's class C voting common stock issued and outstanding.

Documents incorporated by reference: None

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Part I of Annual Report on Form 10-K

Item 1. Business

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, U.S. Global Investors, Inc. and its subsidiaries (collectively, "U.S. Global" or the "Company") may make other written and oral communications from time to time that contain such statements. Forward-looking statements include statements as to industry trends, future expectations of the Company, and other matters that do not relate strictly to historical facts and are based on certain assumptions by management. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "should," "estimate," or "continue," and similar expressions or variations. These statements are based on the beliefs and assumptions of Company management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks described in Part I, Item 1A, Risk Factors, and elsewhere in this report and other documents filed or furnished by U.S. Global from time to time with the U.S. Securities and Exchange Commission ("SEC"). U.S. Global cautions readers to carefully consider such factors. Furthermore, such forward-looking statements speak only as of the date on which such statements are made. Except to the extent required by applicable law, U.S. Global undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

U.S. Global, a Texas corporation organized in 1968, is a registered investment adviser under the Investment Advisers Act of 1940, as amended ("Advisers Act"). The Company and its subsidiaries are principally engaged in the business of providing investment advisory and other services to U.S. Global Investors Funds ("USGIF" or the "Funds"), a Delaware statutory trust, as well as offshore clients. USGIF is an investment company offering shares of thirteen mutual funds on a no-load basis.

As part of the mutual fund management business, the Company provides: (1) investment advisory services; (2) transfer agency and record keeping services; (3) distribution services; and (4) administrative services to mutual funds advised by the Company. The fees from investment advisory and transfer agency services, as well as investment income, are the primary sources of the Company's revenue.

Lines of Business

Investment Management Services

Investment Advisory Services. The Company furnishes an investment program for each of the clients it manages and determines, subject to overall supervision by the applicable board of trustees of the clients, the clients' investments pursuant to an advisory agreement (the "Advisory Agreement"). Consistent with the investment restrictions, objectives and policies of the particular client, the portfolio team for each client determines what investments should be purchased, sold, and held, and makes changes in the portfolio deemed necessary or appropriate. In the Advisory Agreement, the Company is charged with seeking the best overall terms in executing portfolio transactions and selecting brokers or dealers.

As required by the Investment Company Act of 1940, as amended ("Investment Company Act"), the Advisory Agreement with USGIF is subject to annual renewal and is terminable upon 60-day notice. This agreement has been renewed through September 2014.

In addition to providing advisory services to USGIF, the Company provides advisory services to three offshore clients.

Net assets under management on June 30, 2013, and June 30, 2012, are detailed in the following table.

Assets Under Management (AUM)			
Fund	**Ticker**	**AUM at June 30, 2013 (in thousands)**	**AUM at June 30, 2012 (in thousands)**
U.S. Global Investors Funds			
Natural Resources			
Global Resources	PSPFX/PIPFX	$ 391,429	$ 530,604
World Precious Minerals	UNWPX/UNWIX	147,998	323,802
Gold and Precious Metals	USERX	87,657	155,570
Total Natural Resources		627,084	1,009,976
Emerging Markets			
Emerging Europe	EUROX	130,482	177,019
China Region	USCOX	25,514	28,272
Global Emerging Markets	GEMFX	6,643	7,962
Total Emerging Markets		162,639	213,253
Fixed Income			
U.S. Government Securities Savings	UGSXX	133,381	156,307
U.S. Treasury Securities Cash	USTXX	78,029	85,427
Near-Term Tax Free	NEARX	51,713	38,253
Tax Free	USUTX	20,021	22,783
Total Fixed Income		283,144	302,770
Domestic Equity			
Holmes Growth	ACBGX	36,559	35,805
All American Equity	GBTFX	19,734	17,010
MegaTrends	MEGAX/MEGIX	11,286	13,116
Total Domestic Equity		67,579	65,931
Total SEC-Registered Funds		1,140,446	1,591,930
Other Advisory Clients		21,715	32,551
Total AUM		$ 1,162,161	$ 1,624,481

Transfer Agency and Other Services. The Company's wholly-owned subsidiary, United Shareholder Services, Inc. ("USSI"), is a transfer agent registered under the Securities Exchange Act of 1934 ("Exchange Act"), providing transfer agency, printing, and mailing services to investment company clients. The transfer agency utilizes a third party external system providing the Company's fund shareholder communication network with computer equipment and software designed to meet the operating requirements of a mutual fund transfer agency.

The transfer agency's duties encompass, but are not limited to, the following: (1) acting as servicing agent in connection with dividend and distribution functions; (2) performing shareholder account and administrative agent functions in connection with the issuance, transfer and redemption, or repurchase of shares; (3) maintaining such records as are necessary to document transactions in the Funds' shares; (4) acting as servicing agent in connection with mailing of shareholder communications, including reports to shareholders, dividend and distribution notices, and proxy materials for shareholder meetings; and (5) investigating and answering all shareholder account inquiries.

The transfer agency agreements provide that USSI will receive, as compensation for services rendered as transfer agent, certain annual and activity-based fees and will be reimbursed for out-of-pocket expenses. In connection with obtaining/providing administrative services to the beneficial owners of fund shares through institutions that provide such services and maintain an omnibus account with USSI, each fund pays a monthly fee based on the value of the shares of the fund held in accounts at the institution.

The Company's Board of Directors formally agreed on August 23, 2013, to exit the transfer agency business so that the Company could focus more on its core strength of investment management. On August 23, 2013, the Funds' board of trustees agreed to continue the existing transfer agency contract with USSI until conversion to the new transfer agent, which is projected to be in December 2013.

Distribution Services. The Company has registered its wholly-owned subsidiary, U.S. Global Brokerage, Inc. ("USGB"), with the Financial Industry Regulatory Authority ("FINRA"), the SEC and appropriate state regulatory authorities as a limited-purpose broker-dealer for the purpose of distributing Fund shares. The distribution agreement with USGIF is subject to annual renewal and is terminable upon 60-day notice. This agreement has been renewed through September 2014.

Administrative Services. The Company also manages, supervises and conducts certain other affairs of USGIF, subject to the control of the Funds' board of trustees pursuant to an administrative agreement (the "Administrative Services Agreement"). It provides office space, facilities and certain business equipment as well as the services of executive and clerical personnel for administering the affairs of the Funds. U.S. Global and its affiliates compensate all personnel, officers, directors and interested trustees of the Funds if such persons are also employees of the Company or its affiliates. The Administrative Services Agreement with USGIF is subject to renewal on an annual basis and is terminable upon 60-day notice. This agreement has been renewed through September 2014. On August 23, 2013, the Funds' board of trustees agreed to increase the rate from 0.08 percent to 0.10 percent for each investor class and from 0.06 percent to 0.08 percent for each institutional class plus $10,000 per Fund. This change is expected to take effect in December 2013.

Corporate Investments

Investment Activities. In addition to providing management and advisory services, the Company is actively engaged in trading for its own account. See segment information in the notes to the consolidated financial statements at Note 16 Financial Information by Business Segment.

Employees

As of June 30, 2013, U.S. Global and its subsidiaries employed 65 full-time employees and 3 part-time employees; as of June 30, 2012, it employed 70 full-time employees and 4 part-time employees. The Company considers its relationship with its employees to be good.

Competition

The mutual fund industry is highly competitive. According to the Investment Company Institute, at the end of 2012 there were approximately 8,800 domestically registered open-end investment companies of varying sizes and investment policies, whose shares are being offered to the public worldwide. Generally, there are two types of mutual funds: “load” and “no-load.” In addition, there are both load and no-load funds that have adopted Rule 12b-1 plans authorizing the payment of distribution costs of the funds out of fund assets. USGIF is a trust with no-load funds that have adopted 12b-1 plans. Load funds are typically sold through or sponsored by brokerage firms, and a sales commission is charged on the amount of the investment. No-load funds, such as the USGIF, however, may be purchased directly from the particular mutual fund organization or through a distributor, and no sales commissions are charged.

In addition to competition from other mutual fund managers and investment advisers, the Company and the mutual fund industry are in competition with various investment alternatives offered by insurance companies, banks, securities broker-dealers, and other financial institutions. Many of these institutions are able to engage in more liberal advertising than mutual funds and may offer accounts at competitive interest rates, which may be insured by federally chartered corporations such as the Federal Deposit Insurance Corporation.

A number of mutual fund groups are significantly larger than the funds managed by U.S. Global, offer a greater variety of investment objectives and have more experience and greater resources to promote the sale of investments therein. However, the Company believes it has the resources, products, and personnel to compete with these other mutual funds. In particular, the Company is known for its expertise in the gold mining and exploration, natural resources and emerging markets. Competition for sales of fund shares is influenced by various factors, including investment objectives and performance, advertising and sales promotional efforts, distribution channels, and the types and quality of services offered to fund shareholders.

Success in the investment advisory and mutual fund distribution businesses is substantially dependent on each fund’s investment performance, the quality of services provided to shareholders, and the Company’s efforts to market the Funds effectively. Sales of Fund shares generate management, distribution and administrative services fees (which are based on assets of the Funds), and transfer agent fees (which are based on the number of Fund accounts and the activity in those accounts). Costs of distribution and compliance continue to put pressure on profit margins for the mutual fund industry.

Despite the Company’s expertise in gold mining and exploration, natural resources, and emerging markets, the Company faces the same obstacle many advisers face, namely uncovering undervalued investment opportunities as the markets face further uncertainty and increased volatility. In addition, the growing number of alternative investments, especially in specialized areas, has created pressure on the profit margins and increased competition for available investment opportunities.

Supervision and Regulation

The Company, USSI, USGB, and the clients the Company manages and administers operate under certain laws, including federal and state securities laws, governing their organization, registration, operation, and legal, financial, and tax status. Among the potential penalties for violation of the laws and regulations applicable to the Company and its subsidiaries are fines, imprisonment, injunctions, revocation of registration, and certain additional administrative sanctions. Any determination that the Company or its management has violated applicable laws and regulations could have a material adverse effect on the business of the Company. Moreover, there is no assurance that changes to existing laws, regulations, or rulings promulgated by governmental entities having jurisdiction over the Company and the Funds will not have a material adverse effect on the Company’s business. The Company has no control over regulatory rulemaking or the consequences it may have on the mutual fund and investment advisory industry.

Recent and accelerating regulatory pronouncements and oversight have significantly increased the burden of compliance infrastructure with respect to the mutual fund industry and the capital markets. This momentum of new regulations has contributed significantly to the costs of managing and administering mutual funds.

U.S. Global is registered as an investment adviser with the SEC. As a registered investment adviser, it is subject to the requirements of the Advisers Act, and the SEC's regulations thereunder, as well as to examination by the SEC's staff. The Advisers Act imposes substantive regulation on virtually all aspects of the Company's business and relationships with the Company's clients. Applicable rules relate to, among other things, fiduciary duties to clients, transactions with clients, effective compliance programs, conflicts of interest, advertising, recordkeeping, reporting, and disclosure requirements. The Funds for which the Company acts as the investment adviser are registered with the SEC under the Investment Company Act. The Investment Company Act imposes additional obligations, including detailed operational requirements for both funds and their advisers. Moreover, an investment adviser's contract with a registered fund may be terminated by the fund on not more than 60 days' notice and is subject to annual renewal by the fund's board after an initial two-year term. Both the Advisers Act and the Investment Company Act regulate the "assignment" of advisory contracts by the investment adviser. The SEC is authorized to institute proceedings and impose sanctions for violations of the Investment Advisers Act and the Investment Company Act, ranging from fines and censures to termination of an investment adviser's registration. The failure of the Company, or the Funds which the Company advises, to comply with the requirements of the SEC could have a material adverse effect on the Company. The Company is also subject to federal and state laws affecting corporate governance, including the Sarbanes-Oxley Act of 2002 ("S-Ox Act"), as well as rules adopted by the SEC.

USGB is subject to regulation by the SEC under the Exchange Act and regulation by FINRA, a self-regulatory organization composed of other registered broker-dealers. U.S. Global, USSI, and USGB are required to keep and maintain certain reports and records, which must be made available to the SEC and FINRA upon request.

Relationships with Clients

The businesses of the Company are to a very significant degree dependent on their associations and contractual relationships with USGIF. In the event the advisory or administrative agreements with USGIF are canceled or not renewed pursuant to the terms thereof, the Company would be substantially adversely affected. U.S. Global, and USGB consider their relationships with the Funds to be good, and they have no reason to believe that their management and service contracts will not be renewed in the future; however, there is no assurance that USGIF will choose to continue its relationship with the Company, or USGB. As discussed in Item 1 under the heading "Lines of Business – Transfer Agency and Other Services," USSI has elected to exit the transfer agency business, and USSI and USGIF have mutually agreed to terminate the related transfer agency services agreement once the conversion to the new transfer agent is complete, which is projected to be in December 2013.

In addition, the Company is also dependent on its relationships with its offshore clients. Even though the Company views its relationship with its offshore clients as stable, the Company could be adversely affected if these relationships ended.

Available Information

Available Information. The Company's Internet website address is www.usfunds.com. Information contained on the Company's website is not part of this annual report on Form 10-K. The Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed with (or furnished to) the SEC are available through a link on the Company's Internet website, free of charge, soon after such material is filed or furnished. (The link to the Company's SEC filings can be found at www.usfunds.com by clicking "About Us," followed by

“Investor Relations,” followed by “SEC Filings.”) The Company routinely posts important information on its website.

The Company also posts its Corporate Governance Guidelines, Code of Business Conduct, Code of Ethics for Principal Executive and Senior Financial Officers and the charters of the audit and compensation committees of its Board of Directors on the Company’s website in the “Policies and Procedures” section. The Company’s SEC filings and governance documents are available in print to any stockholder that makes a written request to: Investor Relations, U.S. Global Investors, Inc., 7900 Callaghan Road, San Antonio, Texas 78229.

The Company files reports electronically with the SEC via the SEC's Electronic Data Gathering, Analysis and Retrieval system (“EDGAR”), which may be accessed through the Internet. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, at www.sec.gov.

The public may read and copy any materials filed by the Company with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Investors and others should note that we announce material financial information to our investors using the website, SEC filings, press releases, public conference calls and webcasts. We also use social media to communicate with our customers and the public about our company. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on social media channels listed below. This list may be updated from time to time.

https://www.facebook.com/USFunds
https://twitter.com/USFunds

Information contained on our website or on social media channels is not deemed part of this report.

Item 1A. Risk Factors

The Company faces a variety of significant and diverse risks, many of which are inherent in the business. Described below are certain risks that could materially affect the Company. Other risks and uncertainties that the Company does not presently consider to be material, or of which the Company is not presently aware, may become important factors that affect it in the future. The occurrence of any of the risks discussed below could materially and adversely affect the business, prospects, financial condition, results of operations, or cash flow.

The investment management business is intensely competitive.
Competition in the investment management business is based on a variety of factors, including:

- Investment performance;
- Investor perception of an investment team's drive, focus, and alignment of interest with them;
- Quality of service provided to, and duration of relationships with, clients and shareholders;
- Business reputation; and
- Level of fees charged for services.

The Company competes with a large number of investment management firms, commercial banks, broker-dealers, insurance companies, and other financial institutions. Competitive risk is heightened by the fact that some competitors may invest according to different investment styles or in alternative asset classes which the markets may perceive as more attractive than the Company's investment approach. If the Company is unable to compete effectively, revenues and earnings may be reduced and the business could be materially affected.

Poor investment performance could lead to a decline in revenues.
Success in the investment management industry is largely dependent on investment performance relative to market conditions and the performance of competing products. Good relative performance generally attracts additional assets under management, resulting in additional revenues. Conversely, poor performance generally results in decreased sales and increased redemptions with a corresponding decrease in revenues. Therefore, poor investment performance relative to the portfolio benchmarks and to competitors could impair the Company's revenues and growth. Effective October 2009, a performance fee was implemented for the nine equity Funds whereby the base advisory fee is adjusted upwards or downwards by 0.25 percent if there is a performance difference of 5 percent or more between a Fund's performance and that of its designated benchmark index over the prior rolling 12 months.

The Company's clients can terminate their agreements with the Company on short notice, which may lead to unexpected declines in revenue and profitability.
The Company's investment advisory agreements are generally terminable on short notice and subject to annual renewal. If the Company's investment advisory agreements are terminated, which may occur in a short time frame, the Company may experience a decline in revenues and profitability.

Difficult market conditions can adversely affect the Company by reducing the market value of the assets we manage or causing shareholders to make significant redemptions.
Changes in economic or market conditions may adversely affect the profitability, performance of and demand for the Company's investment products and services. Under the Company's advisory fee arrangements, the fees received are primarily based on the market value of assets under management. Accordingly, a decline in the price of securities held in the Funds would be expected to cause revenues and net income to decline, which would result in lower advisory fees, or cause increased shareholder redemptions in favor of investments they perceive as offering greater opportunity or lower risk, which redemptions would also result in lower advisory fees. The ability of the Company to compete and grow is dependent on the relative attractiveness of the types of investment products the Company offers and its investment performance and strategies under prevailing market conditions.

Market-specific risks may negatively impact the Company's earnings.
The Company manages certain funds in the emerging market and natural resource sectors, which are highly cyclical. The investments in the Funds are subject to significant loss due to political, economic and diplomatic developments, currency fluctuations, social instability, and changes in governmental policies. Foreign trading markets, particularly in some emerging market countries, are often smaller, less liquid, less regulated and significantly more volatile than the U.S. and other established markets.

In addition, yields on government securities, and the investment products investing in them, have remained at record lows. Thus, the Company has voluntarily waived fees and/or reimbursed the USGIF money market funds to maintain each fund's yield at a certain level as determined by the Company. These waivers could increase in the future. Such increases in fee waivers could be significant and would negatively affect the Company's net income.

The market price and trading volume of the Company's class A common stock may be volatile, which could result in rapid and substantial losses for the Company's stockholders.
The market price of the Company's class A common stock may be volatile and the trading volume may fluctuate, causing significant price variations to occur. If the market price of the Company's class A common stock declines significantly, stockholders may be unable to sell their shares at or above their purchase price. The Company cannot assure that the market price of its class A common stock will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of the Company's class A common stock, or result in fluctuations in price or trading volume, include:

- Decreases in assets under management;
- Variations in quarterly and annual operating results;
- Publication of research reports about the Company or the investment management industry;
- Departures of key personnel;
- Adverse market reactions to any indebtedness the Company may incur, acquisitions or disposals the Company may make, or securities the Company may issue in the future;
- Changes in market valuations of similar companies;
- Changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting the business, or enforcement of these laws and regulations, or announcements relating to these matters;
- Adverse publicity about the asset management industry, generally, or individual scandals, specifically; and
- General market and economic conditions.

The market price of the Company's class A common stock could decline due to the large number of shares of the Company's class C common stock eligible for future sale upon conversion to class A shares.
The market price of the Company's class A common stock could decline as a result of sales of a large number of shares of class A common stock eligible for future sale upon the conversion of class C shares, or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to raise additional capital by selling equity securities in the future, at a time and price the Company deems appropriate.

Failure to comply with government regulations could result in fines, which could cause the Company's earnings and stock price to decline.
The Company and its subsidiaries are subject to a variety of federal securities laws and agencies, including, but not limited to, the Advisers Act, the Investment Company Act, the S-Ox Act, the Gramm-Leach-Bliley Act of 1999, the Bank Secrecy Act of 1970, as amended, the USA PATRIOT Act of 2001, the SEC, FINRA, and NASDAQ. Moreover, financial reporting requirements and the processes, controls, and procedures that have been put in place to address them, are comprehensive and complex. While management has focused attention and resources on compliance policies and procedures, non-compliance with applicable laws or regulations could result in fines, sanctions or censures which could affect the Company's reputation, and thus its revenues and earnings.

Our business is subject to substantial risk from litigation, regulatory investigations and potential securities laws liability.

Many aspects of U.S. Global's business involve substantial risks of litigation, regulatory investigations and/or arbitration. The Company is exposed to liability under federal and state securities laws, other federal and state laws and court decisions, as well as rules and regulations promulgated by the SEC, FINRA and other regulatory bodies. U.S. Global, its subsidiaries, and/or officers could be named as parties in legal actions, regulatory investigations and proceedings. An adverse resolution of any lawsuit, legal or regulatory proceeding or claim against the Company could result in substantial costs or reputational harm to the Company, and have a material adverse effect on the Company's business, financial condition or results of operations, which, in turn, may negatively affect the market price of the Company's common stock and U.S. Global's ability to pay dividends. In addition to these financial costs and risks, the defense of litigation or arbitration may divert resources and management's attention from operations.

Higher insurance premiums and related insurance coverage risks could increase costs and reduce profitability.

While U.S. Global carries insurance in amounts and under terms that it believes are appropriate, the Company cannot assure that its insurance will cover most liabilities and losses to which it may be exposed, or that our insurance policies will continue to be available at acceptable terms and fees. U.S. Global is subject to regulatory and governmental inquiries and civil litigation. An adverse outcome of any such proceeding could involve substantial financial penalties. From time to time, various claims against us arise in the ordinary course of business, including employment-related claims. There has been increased incidence of litigation and regulatory investigations in the financial services industry in recent years, including customer claims and class action suits alleging substantial monetary damages. Certain insurance coverage may not be available or may be prohibitively expensive in future periods. As U.S. Global's insurance policies come up for renewal, the Company may need to assume higher deductibles or co-insurance liabilities, or pay higher premiums, which would increase the Company's expenses and reduce net income.

Increased regulatory and legislative actions and reforms could increase costs and negatively impact the Company's profitability and future financial results.

During the past decade, federal securities laws have been substantially augmented and made significantly more complex by the S-Ox Act and the USA PATRIOT Act of 2001. With new laws and changes in interpretations and enforcement of existing requirements, the associated time the Company must dedicate to, and related costs the Company must incur in, meeting the regulatory complexities of the business have increased. In order to comply with these new requirements, the Company has had to expend additional time and resources, including substantial efforts to conduct evaluations required to ensure compliance with the S-Ox Act.

The Company is subject to financial services laws, regulations, corporate governance requirements, administrative actions and policies. During 2009 and 2010, as many emergency government programs slowed or wound down, global regulatory and legislative focus generally moved to a second phase of broader reform and a restructuring of financial institution regulation. On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (**"**Dodd-Frank Act**"**), which fundamentally changed the U.S. financial regulatory landscape. The full scope of the regulatory changes imposed by the Dodd-Frank Act will only be determined once extensive rules and regulations have been proposed and become effective, which may result in significant changes in the manner in which the Company's operations are regulated.

Further, adverse results of regulatory investigations of mutual fund, investment advisory, and financial services firms could tarnish the reputation of the financial services industry generally, and mutual funds and investment advisers more specifically, causing investors to avoid further fund investments or redeem their balances. Redemptions would decrease the Company's assets under management, which would reduce its advisory revenues and net income.

The Company intends to pay regular dividends to its stockholders, but the ability to do so is subject to the discretion of the Board of Directors.
The Company intends to pay cash dividends on a monthly basis, but the Board of Directors, at its discretion, may decrease the level or frequency of dividends or discontinue payment of dividends entirely based on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions.

One person beneficially owns substantially all of our voting stock and controls the outcome of all matters requiring a vote of stockholders, which may influence the value of our publicly traded non-voting stock.
Frank Holmes, CEO, is the beneficial owner of over 99 percent of our class C voting convertible common stock and controls the outcome of all issues requiring a vote of stockholders. All of our publicly traded stock is nonvoting stock. Consequently, except to the extent provided by law, stockholders other than Frank Holmes have no vote with respect to the election of directors or any other matter requiring a vote of stockholders. This lack of voting rights may adversely affect the market value of the publicly traded class A nonvoting common stock.

The loss of key personnel could negatively affect the Company's financial performance.
The success of the Company depends on key personnel, including the portfolio managers, analysts, and executive officers. Competition for qualified, motivated, and skilled personnel in the asset management industry remains significant. As the business grows, the Company will likely need to increase the number of employees. Moreover, in order to retain certain key personnel, the Company may be required to increase compensation to such individuals, resulting in additional expense. The loss of key personnel or the Company's failure to attract replacement personnel could negatively affect its financial performance.

The Company could be subject to losses if it fails to properly safeguard sensitive and confidential information.
As part of the Company's normal operations, it maintains and transmits confidential information about the Company and the Funds' clients as well as proprietary information relating to its business operations. These systems could be victimized by unauthorized users or corrupted by computer viruses or other malicious software code, or authorized persons could inadvertently or intentionally release confidential or proprietary information. Such a breach could subject the Company to liability for a failure to safeguard client data, result in the termination of relationships with our existing customers, require significant capital and operating expenditures to investigate and remediate the breach and subject the Company to regulatory action.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

The Company presently owns and occupies an office building as its headquarters in San Antonio, Texas. The office building is approximately 46,000 square feet on approximately 2.5 acres of land.

Item 3. Legal Proceedings

There are no material legal proceedings in which the Company is involved.

Item 4. Mine Safety Disclosures

Not applicable.

Part II of Annual Report on Form 10-K

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market Information

The Company has three classes of common equity: class A, class B, and class C common stock, par value $0.025 per share.

The Company's class A common stock is traded over-the-counter and is quoted daily under NASDAQ's Capital Markets. Trades are reported under the symbol "GROW."

There is no established public trading market for the Company's class B and class C common stock.

The Company's class A and class B common stock have no voting privileges.

The following table sets forth the range of high and low sales prices of "GROW" from NASDAQ for the fiscal years ended June 30, 2013, and June 30, 2012. The quotations represent prices between dealers and do not include any retail markup, markdown, or commission.

	Sales Price			
	2013		2012	
	High ($)	Low ($)	High ($)	Low ($)
First quarter (9/30)	6.32	4.06	8.70	6.00
Second quarter (12/31)	6.25	3.85	7.80	5.76
Third quarter (3/31)	4.48	3.50	7.83	6.03
Fourth quarter (6/30)	3.70	2.11	7.52	3.98

Holders

On August 14, 2013, there were approximately 192 holders of record of class A common stock, no holders of record of class B common stock, and 37 holders of record of class C common stock.

Dividends

The Company paid cash dividends of $0.02 per share per month in fiscal year 2012 and through December 2012. After paying a special $0.02 per share dividend in December 2012, the Company lowered its monthly dividend from $0.02 to $0.005 per share per month beginning in January 2013. A monthly dividend of $0.005 is authorized through December 2013 and will be considered for continuation at that time by the Board. Payment of cash dividends is within the discretion of the Company's Board of Directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions.

Securities authorized for issuance under equity compensation plans

Information relating to equity compensation plans under which our stock is authorized for issuance is set forth in Item 12 of Part III of this Form 10-K under the heading "Equity Compensation Plan Information."

Purchases of equity securities by the issuer

Effective January 1, 2013, the Board of Directors approved a share repurchase program authorizing the Company to purchase up to $2.75 million of its outstanding class A common shares as market and business conditions warrant on the open market in compliance with Rule 10b-18 of the Securities Exchange Act of 1934. As of June 30, 2013, the Company had purchased 55,052 class A shares using cash of $173,608. The Company may repurchase stock from employees; however, none were repurchased from employees in fiscal year 2013. Nor were there any repurchases of classes B or C common stock during the fiscal year ended June 30, 2013.

Period	Total Number of Shares Purchased [1]	Total Amount Purchased	Average Price Paid Per Share [2]	Total Number of Shares Purchased as Part of Publicly Announced Plan [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
01-01-13 to 01-31-13	4,300	$ 17,816	$ 4.14	4,300	$ 2,732,184
02-01-13 to 02-28-13	9,003	33,560	3.73	9,003	2,698,624
03-01-13 to 03-31-13	8,900	33,607	3.78	8,900	2,665,017
04-01-13 to 04-30-13	10,800	34,456	3.19	10,800	2,630,561
05-01-13 to 05-31-13	7,457	20,118	2.70	7,457	2,610,443
06-01-13 to 06-30-13	14,592	34,051	2.33	14,592	2,576,392
Total	55,052	$ 173,608	$ 3.15	55,052	2,576,392

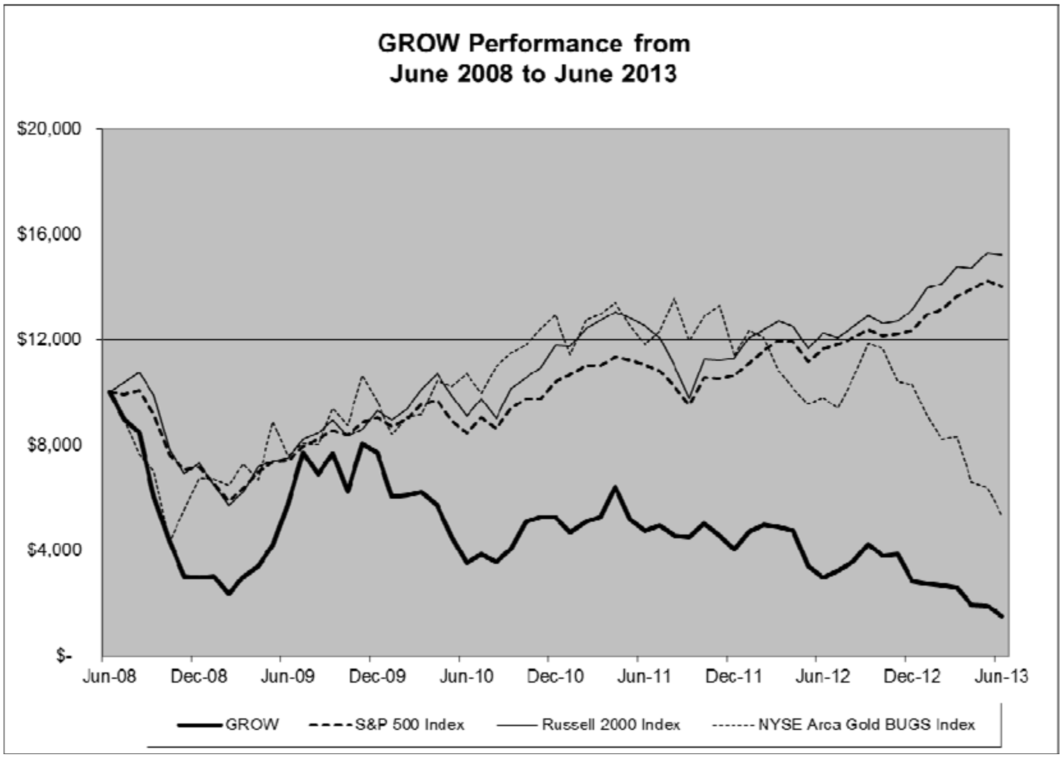
[1] *The Board of Directors of the company approved on December 7, 2012, a repurchase of up to $2.75 million of its outstanding class A common stock from time to time on the open market in calendar year 2013 in accordance with all applicable rules and regulations.*

[2] *The average price paid per share of stock repurchased under the stock repurchase program includes the commissions paid to brokers.*

[3] *The repurchase plan was approved on December 7, 2012, and will continue for twelve months in calendar year 2013.*

Company Performance Presentation

The following graph compares the cumulative total return for the Company's class A common stock (GROW) to the cumulative total return for the S&P 500 Index, the Russell 2000 Index, and the NYSE Arca Gold BUGS Index for the Company's last five fiscal years. The graph assumes an investment of $10,000 in the class A common stock and in each index as of June 30, 2008, and that all dividends are reinvested. The historical information included in this graph is not necessarily indicative of future performance and the Company does not make or endorse any predictions as to future stock performance.



	Fiscal Year-End Date					
	2008	2009	2010	2011	2012	2013
U.S. Global Investors, Inc., class A (GROW)	$ 10,000	$ 5,732	$ 3,522	$ 4,727	$ 2,973	$ 1,492
S&P 500 Index	$ 10,000	$ 7,379	$ 8,443	$ 11,035	$ 11,636	$ 14,033
Russell 2000 Index	$ 10,000	$ 7,499	$ 9,110	$ 12,518	$ 12,258	$ 15,225
NYSE Arca Gold BUGS Index	$ 10,000	$ 7,601	$ 10,695	$ 11,817	$ 9,819	$ 5,328

Item 6. Selected Financial Data

The following selected financial data is qualified by reference to, and should be read in conjunction with, the Company's Consolidated Financial Statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Form 10-K. The selected financial data as of June 30, 2009, through June 30, 2013, and the years then ended, is derived from the Company's audited Consolidated Financial Statements.

Selected	Year Ended June 30,				
Financial Data	**2013**	**2012**	**2011**	**2010**	**2009**
Operating revenues	$ 18,665,250	$ 24,027,570	$ 40,925,058	$ 34,051,038	$ 27,756,791
Operating expenses	19,106,805	21,351,222	29,903,607	26,521,396	26,750,817
Operating income (loss)	(441,555)	2,676,348	11,021,451	7,529,642	1,005,974
Other income (loss)	262,567	(176,961)	1,008,568	979,115	(4,616,522)
Pretax income (loss)	(178,988)	2,499,387	12,030,019	8,508,757	(3,610,548)
Income tax expense (benefit)	15,224	968,953	4,197,372	3,159,472	(1,372,969)
Net income (loss)	$ (194,212)	$ 1,530,434	$ 7,832,647	$ 5,349,285	$ (2,237,579)
Basic income (loss) per share	(0.01)	0.10	0.51	0.35	(0.15)
Working capital	23,340,007	25,710,714	32,366,289	28,323,885	27,363,133
Total assets	38,695,414	41,755,794	45,966,603	40,983,698	37,153,846
Dividends per common share	0.17	0.24	0.24	0.24	0.24
Shareholders' equity	36,849,241	38,709,646	41,057,447	36,191,872	34,627,994
Net cash provided by operating activities	461,005	1,817,046	7,718,529	7,632,350	3,040,931
Net cash used in investing activities	(368,035)	(4,894,472)	(845,601)	(739,266)	(4,386,782)
Net cash used in financing activities	(2,620,465)	(3,517,749)	(3,502,511)	(3,359,199)	(3,485,630)
Average assets under management (in billions)	1.55	2.06	2.82	2.56	2.53

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion reviews and analyzes the consolidated results of operations for the past three fiscal years and other factors that may affect future financial performance. This discussion should be read in conjunction with the Consolidated Financial Statements, Notes to the Consolidated Financial Statements and Selected Financial Data.

Recent Trends in Financial Markets

During the fiscal year ended June 30, 2013, global financial markets responded positively to the change in leadership at the European Central Bank ("ECB"). The head of the ECB, Mario Draghi, declared in late July 2012 that the ECB would "do whatever it takes" to save the euro, and by doing so has put the central bank's credibility on the line. This was a big confidence boost for the market, which was looking for leadership out of Europe and was a significant driver of the improvement in sentiment and global equity market performance in the second half of 2012.

The Federal Reserve ("Fed") also followed up with another round of quantitative easing (QE3) in September 2012, an open-ended mandate to purchase $40 billion in mortgages per month until the Fed believes it is no longer necessary to do so. Late in the year, the Fed also rolled over the expiring "operation twist" into an additional $45 billion monthly quantitative easing program. The Fed is on pace for a trillion dollars in QE if this pace continues throughout 2013. Also late last year a change in leadership in Japan led to aggressive government policy changes, including both the fiscal and monetary policy, and the Bank of Japan's QE program is almost as large as the Fed's. This initially provided a boost to all risky assets but, as the months have passed, the biggest beneficiary has primarily been the U.S. equity market as gold, commodities and emerging markets are generally flat to down over the past twelve months. As a consequence of these events, U.S. domestic equity mutual funds have seen asset flows while investments in emerging markets, commodity related equities, fixed income and cash have experienced outflows in recent months.

The volatility in the Company's revenue is correlated to the price swings in natural resources and emerging markets, which represent roughly 70 percent of assets under management. During the past fiscal year, U.S. stocks and the U.S. dollar have been positive, while emerging markets stocks and commodity-related stocks generally have been lagging in performance. For the past 10 years, the one-year normal volatility of one standard deviation has been 17.5 percent for the S&P 500 Index, approximately 30.6 percent for the MSCI Emerging Markets Index and nearly 35.7 percent for gold equities. To manage expenses, the Company maintains a flexible structure for one of its largest costs, compensation expense, by setting relatively lower base salaries with bonuses that are related to average assets under management and fund performance. Thus, our expense model expands and contracts with asset swings and performance.

Business Segments

The Company, with principal operations located in San Antonio, Texas, manages two business segments: (1) the Company offers a broad range of investment management products and services to meet the needs of individual and institutional investors; and (2) the Company invests for its own account in an effort to add growth and value to its cash position. Although the Company generates the majority of its revenues from its investment advisory segment, the Company holds a significant amount of its total assets in investments. The following is a brief discussion of the Company's two business segments.

Investment Management Products and Services

The Company generates substantially all of its operating revenues from managing and servicing the Funds and other advisory clients. These revenues are largely dependent on the total value and composition of assets under its management. Fluctuations in the markets and investor sentiment directly impact the Funds' asset levels, thereby affecting income and results of operations.

Detailed information regarding the SEC-registered Funds managed by the Company can be found on the Company's website, www.usfunds.com, including performance information for each fund for various time periods, assets under management as of the most recent month end, and inception date of each fund.

SEC-registered mutual fund shareholders are not required to give advance notice prior to redemption of shares in the funds; however, the equity funds charge a redemption fee if the fund shares have been held for less than the applicable periods of time set forth in the funds' prospectuses. The fixed income and money market funds charge no redemption fee. Detailed information about redemption fees can be found in the funds' prospectus, which is available on the Company's website, www.usfunds.com.

The Company provides advisory services for three offshore clients and receives monthly advisory fees based on the net asset values of the clients and performance fees, if any, based on the overall increase in net asset values. In fiscal year 2013, the Company recorded advisory and performance fees from these clients totaling $298,521 and $19,202, respectively, and $352,103 and $6,172, respectively, in fiscal year 2012. The performance fees for these clients are calculated and recorded in accordance with the terms of the advisory agreements. These fees may fluctuate significantly from year to year based on factors that may be out of the Company's control. Frank Holmes, CEO, serves as a director of the offshore clients.

On June 30, 2013, total assets under management as of period end, including both SEC-registered Funds and offshore clients, were $1.162 billion versus $1.624 billion on June 30, 2012, a decrease of 28.5 percent. During fiscal year 2013, average assets under management were $1.552 billion versus $2.055 billion in fiscal year 2012. The decrease was primarily due to market depreciation in the natural resources funds and redemptions in the natural resources and emerging markets funds under management.

The following tables summarize the changes in assets under management for the SEC-registered Funds for fiscal years 2013, 2012, and 2011:

	Changes in Assets Under Management Year Ended June 30, 2013		
(Dollars in Thousands)	Equity	Money Market and Fixed Income	Total
Beginning Balance	$ 1,289,160	$ 302,770	$ 1,591,930
Market depreciation	(146,115)	(87)	(146,202)
Dividends and distributions	(14,981)	(1,675)	(16,656)
Net shareholder redemptions	(270,762)	(17,864)	(288,626)
Ending Balance	$ 857,302	$ 283,144	$ 1,140,446
Average investment management fee	0.98%	0.00%	0.79%
Average net assets	$ 1,229,373	$ 293,027	$ 1,522,400

	Changes in Assets Under Management Year Ended June 30, 2012		
(Dollars in Thousands)	Equity	Money Market and Fixed Income	Total
Beginning Balance	$ 2,225,729	$ 336,793	$ 2,562,522
Market appreciation/(depreciation)	(480,540)	2,774	(477,766)
Dividends and distributions	(117,744)	(1,506)	(119,250)
Net shareholder redemptions	(338,285)	(35,291)	(373,576)
Ending Balance	$ 1,289,160	$ 302,770	$ 1,591,930
Average investment management fee	0.99%	0.00%	0.83%
Average net assets	$ 1,699,921	$ 320,242	$ 2,020,163

	Changes in Assets Under Management Year Ended June 30, 2011		
(Dollars in Thousands)	Equity	Money Market and Fixed Income	Total
Beginning Balance	$ 1,985,203	$ 382,062	$ 2,367,265
Market appreciation	528,737	1,493	530,230
Dividends and distributions	(144,176)	(1,488)	(145,664)
Net shareholder redemptions	(144,035)	(45,274)	(189,309)
Ending Balance	$ 2,225,729	$ 336,793	$ 2,562,522
Average investment management fee	1.00%	0.00%	0.87%
Average net assets	$ 2,418,615	$ 358,121	$ 2,776,736

As shown above, both average and period-end assets under management decreased in total in fiscal year 2013 compared to fiscal year 2012 and in fiscal year 2012 compared to fiscal year 2011. The decrease in assets under management in fiscal year 2013 was driven by market depreciation, primarily in the natural resources funds, and redemptions, primarily in the natural resources and emerging markets funds. The decrease in assets under management in fiscal year 2012 was driven by market depreciation and redemptions in the equity funds, primarily in the natural resources and emerging markets funds.

A significant portion of the dividends and distributions shown above are reinvested and included in net shareholder redemptions. The money market funds experienced a net decrease as shareholders sought alternatives to low yields for all periods.

While stock market performance for domestic U.S. equities has been steadily rising, while equities linked to gold and broader natural resources, where most of the assets managed by the Company are invested, were generally volatile and declining. The global financial crisis and subsequent volatility in markets, combined with fund performance, were significant factors in the shareholder activity shown in all periods.

The average annualized investment management fee rate (total mutual fund advisory fees, excluding performance fees, as a percentage of average assets under management) was 79 basis points in fiscal year 2013 compared to 83 basis points in fiscal year 2012 and 87 basis points in fiscal year 2011. The average investment management fee for equity funds in fiscal year 2013, 2012, and 2011 was 98, 99, and 100 basis points, respectively. The average investment management fee for the money market and fixed income funds was nil or close to nil for fiscal year 2013, 2012, and 2011. This is due to voluntary fee waivers on these funds as discussed in Note 6 to the consolidated financial statements, including a voluntary agreement to support the yields for the money market funds.

Investment Activities

Management believes it can more effectively manage the Company's cash position by maintaining certain types of investments utilized in cash management and continues to believe that such activities are in the best interest of the Company.

The following summarizes the market value, cost, and unrealized gain or loss on investments as of June 30, 2013, and June 30, 2012.

Securities	Market Value	Cost	Unrealized Gain (Loss)	Unrealized holding gains on available-for-sale securities, net of tax
Trading[1]	$ 4,758,220	$ 5,457,989	$ (699,769)	N/A
Available-for-sale[2]	9,053,111	8,064,902	988,209	$ 652,218
Total at June 30, 2013	$ 13,811,331	$ 13,522,891	$ 288,440	
Trading[1]	$ 5,216,139	$ 5,960,634	$ (744,495)	N/A
Available-for-sale[2]	8,824,311	8,117,844	706,467	$ 466,268
Total at June 30, 2012	$ 14,040,450	$ 14,078,478	$ (38,028)	

[1] *Unrealized and realized gains and losses on trading securities are included in earnings in the statement of operations.*

[2] *Unrealized gains and losses on available-for-sale securities are excluded from earnings and recorded in other comprehensive income as a separate component of shareholders' equity until realized.*

As of June 30, 2013, and 2012, the Company held approximately $1.6 million in investments other than the clients the Company advises. Investments in securities classified as trading are reflected as current assets on the Consolidated Balance Sheet at their fair market value. Unrealized holding gains and losses on trading securities are included in earnings in the Consolidated Statements of Operations and Comprehensive Income. Investments in securities classified as available for sale, which may not be readily marketable, are reflected as non-current assets on the Consolidated Balance Sheet at their fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income as a separate component of shareholders' equity until realized.

Investment income (loss) from the Company's investments includes:

- realized gains and losses on sales of securities;
- unrealized gains and losses on trading securities;
- realized foreign currency gains and losses;
- other-than-temporary impairments on available-for-sale securities; and
- dividend and interest income.

Investment income can be volatile and may vary depending on market fluctuations, the Company's ability to participate in investment opportunities, and timing of transactions. A significant portion of the unrealized gains and losses is concentrated in a small number of issuers. For fiscal years 2013, 2012, and 2011, the Company had net recognized gains (losses) on sales or other-than-temporary impairment of securities of ($26,445), $157,668, and 135,759, respectively. Due to market volatility, the Company expects that gains or losses will continue to fluctuate in the future.

Consolidated Results of Operations

The following is a discussion of the consolidated results of operations of the Company and a detailed discussion of the Company's revenues and expenses.

	2013	2012	% Change	2012	2011	% Change
Net income (loss) (in thousands)	$ (194)	$ 1,530	(112.7%)	$ 1,530	$ 7,833	(80.5%)
Net income (loss) per share						
Basic	$ (0.01)	$ 0.10	(110.0%)	$ 0.10	$ 0.51	(80.4%)
Diluted	$ (0.01)	$ 0.10	(110.0%)	$ 0.10	$ 0.51	(80.4%)
Weighted average shares outstanding (in thousands)						
Basic	15,483	15,441		15,441	15,384	
Diluted	15,483	15,442		15,442	15,384	

Year Ended June 30, 2013, Compared with Year Ended June 30, 2012

The Company posted net loss of $194,212 ($0.01 loss per share) for the year ended June 30, 2013, compared with net income of $1,530,434 ($0.10 per share) for the year ended June 30, 2012. This decrease in profitability is primarily attributable to the following factors:

Revenues

Total consolidated operating revenues for the year ended June 30, 2013, decreased $5,362,320, or 22.3 percent, compared with the year ended June 30, 2012. This decrease was primarily attributable to the following:

- Mutual fund advisory fee revenue decreased by $2,704,458, or 18.6 percent. Mutual fund advisory fees are comprised of two components: a base management fee and a performance fee. The performance fee is a fulcrum fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a Fund's performance and that of its designated benchmark index over the prior rolling 12 months.
    - Of that amount, $4,802,258 was attributable to a decrease in mutual fund management fees as a result of lower assets under management due to market depreciation and shareholder redemptions in the natural resources and emerging markets funds.
    - This decrease in management fees was offset by a $2,097,800 decrease in performance fee adjustments paid out in the current period versus the prior period.
- Distribution fee revenue decreased by $1,252,717, or 30.8 percent, as a result of lower average net assets under management upon which these fees are based.
- Administrative services fee revenue decreased by $391,586, or 29.6 percent, as a result of lower average net assets under management upon which these fees are based.
- Transfer agent fee revenue decreased by $976,147, or 26.6 percent, as a result of a decline in the number of shareholder accounts and the number of transactions.

Total consolidated other income for the year ended June 30, 2013, increased $439,528, or 248.4 percent, compared with the year ended June 30, 2012. This increase was primarily attributable to an increase in investment income as a result of changes in trading securities.

Expenses

Total consolidated expenses for the year ended June 30, 2013, decreased by $2,244,417, or 10.5 percent, compared with the prior year and was primarily attributable to the following:

- Employee compensation and benefits decreased by $671,337, or 6.7 percent, primarily as a result of lower performance-based bonuses and fewer employees.
- Platform fees decreased by $1,331,842, or 33.3 percent, primarily due to lower assets held through broker-dealer platforms.
- Advertising decreased $320,201, or 27.1 percent, as a result of decreased marketing and sales costs.

Year Ended June 30, 2012, Compared with Year Ended June 30, 2011

The Company posted net income of $1,530,434 ($0.10 per share) for the year ended June 30, 2012, compared with net income of $7,832,647 ($0.51 per share) for the year ended June 30, 2011. This decrease in profitability is primarily attributable to the following factors:

Revenues

Total consolidated operating revenues for the year ended June 30, 2012, decreased $16,897,488, or 41.3 percent, compared with the year ended June 30, 2011. This decrease was primarily attributable to the following:

- Mutual fund advisory fee revenue decreased by $11,996,085, or 45.1 percent, as a result of lower assets under management. Of that amount, $7,384,666 was attributable to a decrease in mutual fund management fees due to market depreciation and shareholder redemptions in the natural resources and emerging markets funds. In addition, $4,611,419 was attributable to a swing in performance fee adjustments driven by net payments to the Funds in the current period versus net receipts from the Funds in the prior period. Performance fees are paid or received when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months.
- Distribution fee revenue decreased by $1,918,511, or 32.0 percent, as a result of lower average net assets under management upon which these fees are based.
- Transfer agent fee revenue decreased by $1,344,053, or 26.8 percent, as a result of a decline in the number of shareholder accounts and the number of transactions.
- Offshore fund advisory fee revenue decreased by $1,029,083, or 74.2 percent. Of that amount, $949,693 was attributable to a decline in performance fees, while $79,390 was attributable to a decline in offshore fund management fees.

Other income, which consists of investment income, decreased by $1,185,529, or 117.5 percent, as a result of unrealized losses on trading securities.

Expenses

Total consolidated expenses for the year ended June 30, 2012, decreased by $8,552,385, or 28.6 percent, compared with the prior year and was primarily attributable to the following:

- Employee compensation and benefits decreased by $2,476,461, or 19.9 percent, primarily as a result of lower performance-based bonuses and fewer employees.
- General and administrative expenses decreased by $2,361,115, or 28.8 percent, primarily due to prior period software implementation and consulting expenses.
- Platform fees decreased by $2,308,399, or 36.6 percent, primarily due to lower assets held through broker-dealer platforms.
- Advertising decreased $1,281,471, or 52.0 percent, as a result of decreased marketing and sales costs.

Revenues

(Dollars in Thousands)	2013	2012	% Change	2012	2011	% Change
Investment advisory fees:						
Natural resource funds	$ 9,302	$ 11,085	(16.1%)	$ 11,085	$ 20,341	(45.5%)
Emerging markets funds	2,170	2,991	(27.4%)	2,991	5,558	(46.2%)
Domestic equity funds	399	499	(20.0%)	499	672	(25.7%)
Fixed income funds	-	-	0.0%	-	-	0.0%
Total mutual fund advisory fees	11,871	14,575	(18.6%)	14,575	26,571	(45.1%)
Other advisory fees	318	358	(11.2%)	358	1,387	(74.2%)
Total investment advisory fees	12,189	14,933	(18.4%)	14,933	27,958	(46.6%)
Transfer agent fees	2,690	3,667	(26.6%)	3,667	5,011	(26.8%)
Distribution fees	2,817	4,070	(30.8%)	4,070	5,988	(32.0%)
Administrative services fees	929	1,321	(29.7%)	1,321	1,922	(31.3%)
Other revenues	40	37	8.1%	37	46	(19.6%)
Total Operating Revenue	18,665	24,028	(22.3%)	24,028	40,925	(41.3%)
Other Income (Loss)	263	(177)	248.6%	(177)	1,009	(117.5%)
Total Revenue	$ 18,928	$ 23,851	(20.6%)	$ 23,851	$ 41,934	(43.1%)

Investment Advisory Fees. Investment advisory fees, the largest component of the Company's revenues, are derived from two sources: SEC-registered mutual fund advisory fees, which in fiscal year 2013 accounted for 97 percent of the Company's total advisory fees, and offshore investment advisory fees, which accounted for three percent of total advisory fees.

SEC-registered mutual fund investment advisory fees are calculated as a percentage of average net assets, ranging from 0.375 percent to 1.375 percent, and are paid monthly. These advisory fees decreased by approximately $2.7 million, or 18.6 percent, in fiscal year 2013 compared to fiscal year 2012 primarily as a result of decreased assets under management due to market depreciation and shareholder redemptions in the natural resources and emerging markets funds.

Mutual fund investment advisory fees are also affected by changes in assets under management, which include:

- market appreciation or depreciation;
- the addition of new client accounts;
- client contributions of additional assets to existing accounts;
- withdrawals of assets from and termination of client accounts;
- exchanges of assets between accounts or products with different fee structures; and
- the amount of fees voluntarily reimbursed.

The fees on the nine equity USGIF funds consist of a base advisory fee that is adjusted upward or downward by 0.25 percent if there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months. For the year ended June 30, 2013, the Company adjusted its base advisory fees downward by $133,011. For the year ended June 30, 2012, the Company adjusted its base advisory fees downward by $2,230,811. For the year ended June 30, 2011, the Company adjusted its base advisory fees upward by $2,380,608.

Transfer Agent Fees. United Shareholder Services, Inc., a wholly owned subsidiary of the Company, provides transfer agency and mailing services for Company clients. The Company receives an annual fee per account as well as transaction and activity-based fees as compensation for services rendered as transfer agent and is reimbursed for out-of-pocket expenses associated with processing shareholder information. In addition, the Company collects custodial fees on IRAs and other types of retirement plans invested in USGIF. Transfer agent fees are therefore significantly affected by the number of client accounts. The Company also receives shareholder servicing fees based on the value of the Funds held through broker-dealer platforms.

Transfer agent fees decreased by $976,147 and $1,344,053 in fiscal years 2013 and 2012, respectively, primarily as a result of a decline in the number of shareholder accounts and number of transactions.

The Company's Board of Directors formally agreed on August 23, 2013, to exit the transfer agency business so that the Company could focus more on its core strength of investment management. On August 23, 2013, the Funds' board of trustees agreed to continue the existing transfer agency contract with USSI until conversion to the new transfer agent, which is projected to be in December 2013. Transfer agent fees are based on the number of shareholder accounts as well as transactions and activity of shareholders. Therefore, the change in the Company's revenue cannot be precisely estimated. Based on fiscal year 2013, the Company estimates that net transfer agency revenues are expected to decrease on an annual basis approximately $1.31 million and expenses will decrease approximately $1.47 million. (For additional details please see Note 20 to the Consolidated Financial Statements – Subsequent Events.)

Distribution Fees. The Funds pay USGB a distribution fee, at an annual rate of 0.25 percent of the average daily net assets of the investor class of each of the nine equity Funds. Distribution fees decreased by $1,252,717 and $1,918,511 in fiscal years 2013 and 2012, respectively, due to lower average net assets under management upon which these fees are based.

Administrative Services Fees. The Funds pay the Company compensation at an annual rate of 0.08 percent for each investor class and 0.06 percent for each institutional class of each Fund, based on average daily net assets for administrative services provided by the Company to the Funds. Administrative services fees decreased by $391,586 and $600,474 in fiscal years 2013 and 2012, respectively, due to lower average net assets under management upon which these fees are based. On August 23, 2013, the Funds' board of trustees agreed to increase the rate from 0.08 percent to 0.10 percent for each investor class and from 0.06 percent to 0.08 percent for each institutional class plus $10,000 per Fund. This change is expected to take effect in December 2013.

Investment Income. Investment income (loss) from the Company's investments includes:

- realized gains and losses on sales of securities;
- unrealized gains and losses on trading securities;
- realized foreign currency gains and losses;
- other-than-temporary impairments on available-for-sale securities; and
- dividend and interest income.

This source of revenue is dependent on market fluctuations and does not remain at a consistent level. Timing of transactions and the Company's ability to participate in investment opportunities largely affect this source of revenue.

Investment income increased by $385,000 in fiscal year 2013 due to unrealized gains in trading securities offset by realized losses on sales of trading securities. Investment income decreased by $1,185,529 in fiscal year 2012 due to unrealized losses in trading securities.

Included in investment income were other-than-temporary impairments of $47,459 in fiscal year 2013, $19,073 in fiscal year 2012, and $3,699 in fiscal year 2011.

Equity Investment Income. In fiscal year 2013, the Company made an investment that is accounted for under the equity method, as described in Note 3 to the consolidated financial statements. The Company's proportional share of the investee's net income of $54,528 was recorded in fiscal year 2013.

Expenses

(Dollars in Thousands)	2013	2012	% Change	2012	2011	% Change
Employee compensation and benefits	$ 9,320	$ 9,991	(6.7%)	$ 9,991	$ 12,468	(19.9%)
General and administrative	5,927	5,841	1.5%	5,841	8,201	(28.8%)
Platform fees	2,663	3,995	(33.3%)	3,995	6,304	(36.6%)
Advertising	862	1,182	(27.1%)	1,182	2,464	(52.0%)
Depreciation	275	282	(2.5%)	282	292	(3.4%)
Subadvisory fees	60	60	0.0%	60	175	(65.7%)
Total	$ 19,107	$ 21,351	(10.5%)	$ 21,351	$ 29,904	(28.6%)

Employee Compensation and Benefits. Employee compensation and benefits decreased by $671,337, or 6.7 percent, in fiscal year 2013, as a result of lower performance-based bonuses and fewer employees. Employee compensation and benefits decreased by $2,476,461, or 19.9 percent, in fiscal year 2012, as a result of lower performance-based bonuses and fewer employees.

Subadvisory Fees. Through September 2010, subadvisory fees were calculated as a percentage of average net assets of the two funds that are subadvised by a third party manager. From October 2010 to present, subadvisory fees are a flat fee per month. The subadvisory fees were the same in fiscal years 2013 and 2012. The decrease in subadvisory fees of $114,994, or 65.7 percent, in fiscal year 2012 from fiscal year 2011 is due to the restructured responsibilities of the third party subadviser.

General and Administrative. General and administrative expenses were relatively flat in fiscal year 2013 compared to fiscal year 2012. The decrease in general and administrative expenses of $2,361,115, or 28.8 percent, in fiscal year 2012 from fiscal year 2011 was primarily a result of prior period software implementation and consulting expenses.

Platform Fees. Broker-dealers typically charge an asset-based fee for assets held through their platforms. Platform fees decreased $1,331,842, or 33.3 percent, in fiscal year 2013 and decreased $2,308,399, or 36.6 percent, in fiscal year 2012 due to decreases in assets held through the broker-dealer platforms. The incremental assets received through the broker-dealer platforms are not as profitable as those received from direct shareholder accounts because of platform fees paid to various broker-dealers for the assets held through platforms.

Advertising. Advertising decreased by $320,201, or 27.1 percent, in fiscal year 2013 and decreased by $1,281,471, or 52.0 percent, in fiscal year 2012 as a result of reduced marketing and sales costs.

Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return. Provisions for income taxes include deferred taxes for temporary differences in the basis of assets and liabilities for financial and tax purposes resulting from the use of the liability method of accounting for income taxes.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax amount will not be realized. A valuation allowance of $27,286 related to a charitable contribution carryover is included in deferred taxes at June 30, 2013.

Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Contractual Obligations

A summary of contractual obligations of the Company as of June 30, 2013, is as follows:

	Payments due by period				
Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Operating lease obligations	$ 558,512	$ 197,497	$ 295,045	$ 65,970	$ -
Contractual obligations	754,358	527,080	227,278	-	-
Total	$ 1,312,870	$ 724,577	$ 522,323	$ 65,970	$ -

Operating leases consist of office and mailroom equipment leased from several vendors. Contractual obligations include educational and charitable organization pledges, commitments to fund a venture capital investment and agreements for services used in daily operations. Other contractual obligations not included in this table consist of agreements to waive or reduce fees and/or pay expenses on certain funds. Future obligations under these agreements are dependent upon future levels of fund assets.

The Board has authorized a monthly dividend of $0.005 per share through December 2013, at which time the Board will consider continuation of the dividend. Payment of cash dividends is within the discretion of the Company's Board of Directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions. The total amount of cash dividends to be paid to class A and class C shareholders from July 2013 to December 2013 will be approximately $465,000.

Liquidity and Capital Resources

At fiscal year-end, the Company had net working capital (current assets minus current liabilities) of approximately $23.3 million and a current ratio (current assets divided by current liabilities) of 13.6 to 1. With approximately $18.1 million in cash and cash equivalents and $13.8 million in marketable securities, the Company has adequate liquidity to meet its current obligations. Total shareholders' equity was approximately $36.8 million, with cash, cash equivalents, and marketable securities comprising 82.4 percent of total assets.

The Company has no long-term debt; thus, the Company's only material commitment going forward is for operating expenses. The Company also has access to a $1 million credit facility, which can be utilized for working capital purposes. The Company's available working capital and projected cash flow are expected to be sufficient to cover current expenses.

With the exception of the mutually agreed upon termination of the transfer agency agreement between USSI and USGIF, the investment advisory and related contracts between the Company or its subsidiaries and USGIF have been renewed through September 2014. With respect to offshore advisory clients, the contracts between the Company and the clients expire periodically and management anticipates that its offshore clients will renew the contracts.

Management believes current cash reserves, available financing, and projected cash flow from operations will be sufficient to meet foreseeable cash needs or capital necessary for the above-mentioned activities and allow the Company to take advantage of investment opportunities whenever available.

Critical Accounting Estimates

The discussion and analysis of financial condition and results of operations are based on the Company's financial statements, which have been prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP"). The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, and expenses. Management reviews these estimates on an ongoing basis. Estimates are based on experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. While recent accounting policies are described in more detail in Note 2 to the consolidated financial statements, the Company believes the accounting policies that require management to make assumptions and estimates involving significant judgment are those relating to valuation of investments, income taxes, and valuation of stock-based compensation.

Investments. The Company classifies its investments based on intent at the time of purchase and reevaluates and whether the Company is able to exercise significant influence such designation as of each reporting period date. The Company records security transactions on trade date. Realized gains (losses) from security transactions are calculated on the first-in/first-out cost basis, unless otherwise identifiable, and are recorded in earnings on the date of sale.

Trading Securities. Securities that are purchased and held principally for the purpose of selling in the near term are classified as trading securities and reported at fair value. Unrealized gains and losses on these securities are included in earnings.

Held-to-Maturity Securities. Investments in debt securities that are purchased with the intent and ability to hold until maturity are classified as held-to-maturity and measured at amortized cost. The Company currently has no investments in debt securities.

Available-for-sale Securities. Investments that are neither trading securities nor held-to-maturity securities and for which the Company does not have significant influence are classified as available-for-sale securities and reported at fair value. Unrealized gains and losses on these available-for-sale securities are excluded from earnings, reported net of tax as a separate component of shareholders' equity, and recorded in earnings on the date of sale.

The Company evaluates its available-for-sale investments for other-than-temporary decline in value on a periodic basis. This may exist when the fair value of an investment security has been below the current value for an extended period of time. When a security in the Company's investment portfolio has an unrealized loss in fair value that is deemed to be other than temporary, the Company reduces the book value of such security to its current fair value, recognizing the credit related decline as a realized loss in the Consolidated Statements of Operations and Comprehensive Income and a revised GAAP cost basis for the security is established. For available-for-sale securities with declines in value deemed other than temporary, the unrealized loss recorded net of tax in accumulated other comprehensive income is realized as a charge to net income.

Equity Method Investments*.* Investments classified as equity method consist of investments in companies in which the Company is able to exercise significant influence but not control. Under the equity method of accounting, the Company's proportional share of investee's underlying net income or loss is recorded as a component of Other Income and increases or decreases to the carrying value of the investee. Distributions received from the investment reduce the Company's carrying value of the investee. These investments are evaluated for impairment if events or circumstances arise that indicates that the carrying amount of such assets may not be recoverable.

No impairment has been recognized for the Company's equity investment during the years presented.

Income Taxes. The Company's annual effective income tax rate is based on the mix of income and losses in its U.S. and non-U.S. entities which are part of the Company's Consolidated Financial Statements, statutory tax rates, and tax-planning opportunities available to the Company in the various jurisdictions in which it operates. Significant judgment is required in evaluating the Company's tax positions.

Tax law requires certain items to be included in the tax return at different times from when these items are reflected in the Company's Consolidated Statement of Operations and Comprehensive Income. As a result, the effective tax rate reflected in the Consolidated Financial Statements is different from the tax rate reported on the Company's consolidated tax return. Some of these differences are permanent, such as expenses that are not deductible in the tax return, and some differences reverse over time, such as depreciation expense. These timing differences create deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and the tax basis of assets and liabilities and are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment dates. In addition, excess tax benefits associated with stock option exercises also create a difference between the tax rate used in the consolidated tax return and the effective tax rate in the Company's Consolidated Statement of Operations and Comprehensive Income.

The Company assesses uncertain tax positions in accordance with Accounting Standards Codification ("ASC") 740 *Income Taxes*. Judgment is used to identify, recognize, and measure the amounts to be recorded in the financial statements related to tax positions taken or expected to be taken in a tax return. A liability is recognized to represent the potential future obligation to the taxing authority for the benefit taken in the tax return. These liabilities are adjusted, including any impact of the related interest and penalties, in light of changing facts and circumstances such as the progress of a tax audit. A number of years may elapse before a particular matter for which a reserve has been established is audited and finally resolved. The number of years with open tax audits varies depending on the tax jurisdiction.

Judgment is used in classifying unrecognized tax benefits as either current or noncurrent liabilities in the Company's Consolidated Balance Sheets. Settlement of any particular issue would usually require the use of cash. A liability associated with unrecognized tax benefits will generally be classified as a noncurrent liability because there will usually be a period of several years between the filing of the tax return and the final resolution of an uncertain tax position with the taxing authority. Favorable resolutions of tax matters for which reserves have been established are recognized as a reduction to income tax expense when the amounts involved become known.

Assessing the future tax consequences of events that have been recognized in the Company's Consolidated Financial Statements or tax returns requires judgment. Variations in the actual outcome of these future tax consequences could materially impact the Company's financial position, results of operations or cash flows.

Stock-Based Compensation. Stock-based compensation expense is measured at the grant date based on the fair value of the award, and the cost is recognized as expense ratably over the award's vesting period. No options were granted in fiscal years 2013 or 2011. The Company measured the fair value of stock option granted in fiscal year 2012 for 5,000 shares on the date of grant using a Black-Scholes option-pricing model.

The Company believes that the estimates related to stock-based compensation expense are critical accounting estimates because the assumptions used could significantly impact the timing and amount of stock-based compensation expense recorded in the Company's Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Disclosures

The Company's balance sheet includes assets whose fair value is subject to market risk. Due to the Company's investments in equity securities, equity price fluctuations represent a market risk factor affecting the Company's consolidated financial position. The carrying values of investments subject to equity price risks are based on quoted market prices or, if not actively traded, management's estimate of fair value as of the balance sheet date. Market prices fluctuate, and the amount realized in the subsequent sale of an investment may differ significantly from the reported market value. The Company's investment activities are reviewed and monitored by Company compliance personnel, and various reports are provided to certain investment advisory clients. Written procedures are in place to manage compliance with the code of ethics and other policies affecting the Company's investment practices.

The table below summarizes the Company's equity price risks as of June 30, 2013, and shows the effects of a hypothetical 25 percent increase and a 25 percent decrease in market prices.

	Fair Value at June 30, 2013	Hypothetical Percentage Change	Estimated Fair Value After Hypothetical Price Change	Increase (Decrease) in Shareholders' Equity, Net of Tax
Trading securities [1]	$4,758,220	25% increase	$5,947,775	$785,106
		25% decrease	$3,568,665	($785,106)
Available-for-sale [2]	$9,053,111	25% increase	$11,316,389	$1,493,763
		25% decrease	$6,789,833	($1,493,763)

[1]*Unrealized and realized gains and losses on trading securities are included in earnings in the statement of operations.*

[2]*Unrealized and realized gains and losses on available-for-sale securities are excluded from earnings and recorded in other comprehensive income as a component of shareholders' equity until realized.*

The selected hypothetical changes do not reflect what could be considered best- or worst-case scenarios. Results could be significantly different due to both the nature of equity markets and the concentration of the Company's investment portfolio.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Board of Directors and Stockholders
U.S. Global Investors, Inc.
San Antonio, Texas

We have audited U.S. Global Investors, Inc.'s (the "Company") internal control over financial reporting as of June 30, 2013, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Item 9A, Management's Report on Internal Control Over Financial Reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balances sheets of U.S. Global Investors, Inc. as of June 30, 2013 and 2012, and the related Consolidated Statements of Operations and Comprehensive Income (Loss), Stockholders' Equity, and Cash Flows for each of the three years in the period ended June 30, 2013 and our report dated August 28, 2013, expressed an unqualified opinion thereon.

/s/ BDO USA, LLP
BDO USA, LLP
Dallas, Texas
August 28, 2013

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements

Board of Directors and Stockholders
U.S. Global Investors, Inc.
San Antonio, Texas

We have audited the accompanying Consolidated Balance Sheets of U.S. Global Investors, Inc. (the "Company") as of June 30, 2013 and 2012 and the related Consolidated Statements of Operations and Comprehensive Income (Loss), Shareholders' Equity, and Cash Flows for each of the three years in the period ended June 30, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of U.S. Global Investors, Inc. at June 30, 2013 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2013**,** in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), U.S. Global Investors, Inc.'s internal control over financial reporting as of June 30, 2013, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated August 28, 2013, expressed an unqualified opinion thereon.

/s/ BDO USA, LLP
BDO USA, LLP
Dallas, Texas
August 28, 2013

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS

Assets	June 30, 2013	June 30, 2012
Current Assets		
Cash and cash equivalents	$ 18,085,226	$ 20,612,721
Trading securities, at fair value	4,758,220	5,216,139
Receivables		
Mutual funds	1,356,606	1,709,507
Offshore clients	21,000	33,354
Income tax	140,792	407,377
Employees	5,500	900
Other	18,264	8,247
Prepaid expenses	604,701	606,048
Deferred tax asset	195,871	162,569
Total Current Assets	25,186,180	28,756,862
Net Property and Equipment	3,124,056	3,359,376
Other Assets		
Deferred tax asset, long-term	677,539	815,245
Investment securities available-for-sale, at fair value	9,053,111	8,824,311
Investment in Galileo	654,528	-
Total Other Assets	10,385,178	9,639,556
Total Assets	$ 38,695,414	$ 41,755,794
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 71,289	$ 67,560
Accrued compensation and related costs	699,645	1,040,262
Dividends payable	232,402	927,820
Other accrued expenses	842,837	1,010,506
Total Current Liabilities	1,846,173	3,046,148
Commitments and Contingencies		
Shareholders' Equity		
Common stock (class A) - $0.025 par value; nonvoting; authorized, 28,000,000 shares; issued, 13,865,021 and 13,862,505 shares at June 30, 2013, and June 30, 2012,	346,626	346,563
Common stock (class B) - $0.025 par value; nonvoting; authorized, 4,500,000 shares; no shares issued	-	-
Convertible common stock (class C) - $0.025 par value; voting; authorized, 3,500,000 shares; issued, 2,070,527 and 2,073,043 shares at June 30, 2013, and June 30, 2012, respectively	51,763	51,826
Additional paid-in-capital	15,654,397	15,547,907
Treasury stock, class A shares at cost; 463,958 and 472,685 shares at June 30, 2013, and June 30, 2012, respectively	(1,128,704)	(1,106,733)
Accumulated other comprehensive income, net of tax	652,218	466,268
Retained earnings	21,272,941	23,403,815
Total Shareholders' Equity	36,849,241	38,709,646
Total Liabilities and Shareholders' Equity	$ 38,695,414	$ 41,755,794

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GLOBAL INVESTORS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Year Ended June 30,		
	2013	**2012**	**2011**
Operating Revenues			
Mutual fund advisory fees	$ 11,870,551	$ 14,575,009	$ 26,571,094
Distribution fees	2,816,939	4,069,656	5,988,167
Transfer agent fees	2,690,713	3,666,860	5,010,913
Administrative services fees	929,570	1,321,156	1,921,630
Other advisory fees	317,723	358,275	1,387,358
Other	39,754	36,614	45,896
	18,665,250	24,027,570	40,925,058
Operating Expenses			
Employee compensation and benefits	9,320,168	9,991,505	12,467,966
General and administrative	5,926,810	5,840,566	8,201,681
Platform fees	2,663,262	3,995,104	6,303,503
Advertising	862,086	1,182,287	2,463,758
Subadvisory fees	60,000	60,000	174,994
Depreciation	274,479	281,760	291,705
	19,106,805	21,351,222	29,903,607
Operating Income (Loss)	(441,555)	2,676,348	11,021,451
Other Income (Loss)			
Investment income (loss)	208,039	(176,961)	1,008,568
Equity in earnings of Galileo	54,528	-	-
Pretax Income (Loss)	(178,988)	2,499,387	12,030,019
Provision for Federal Income Taxes			
Tax expense	15,224	968,953	4,197,372
Net Income (Loss)	(194,212)	1,530,434	7,832,647
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on available-for-sale securities arising during period	349,716	(463,867)	552,605
Less: reclassification adjustment for gains included in net income	(163,766)	(112,327)	(65,495)
Comprehensive Income (Loss)	$ (8,262)	$ 954,240	$ 8,319,757
Basic Net Income (Loss) per Share	$ (0.01)	$ 0.10	$ 0.51
Diluted Net Income (Loss) per Share	$ (0.01)	$ 0.10	$ 0.51
Basic weighted average number of common shares outstanding	15,482,612	15,441,464	15,384,435
Diluted weighted average number of common shares outstanding	15,482,612	15,441,582	15,384,435

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock (class A)	Common Stock (class C)	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at June 30, 2010 (13,862,445 shares of class A; 2,073,103 shares of class C)	$ 346,561	$ 51,828	$ 15,136,537	$ (1,343,397)	$ 555,352	$ 21,444,991	$ 36,191,872
Purchases of stock under ESPP of 25,781 shares of Common Stock (class A)	-	-	129,311	60,363	-	-	189,674
Dividends declared	-	-	-	-	-	(3,695,344)	(3,695,344)
Stock bonuses	-	-	119,379	50,105	-	-	169,484
Stock-based compensation expense	-	-	(117,996)	-	-	-	(117,996)
Unrealized gain on securities available-for-sale (net of tax)	-	-	-	-	487,110	-	487,110
Net income	-	-	-	-	-	7,832,647	7,832,647
Balance at June 30, 2011 (13,862,445 shares of class A; 2,073,103 shares of class C)	346,561	51,828	15,267,231	(1,232,929)	1,042,462	25,582,294	41,057,447
Purchases of stock under ESPP of 28,998 shares of Common Stock (class A)	-	-	120,121	67,895	-	-	188,016
Conversion of 60 shares of class C common stock for class A common stock	2	(2)	-	-	-	-	-
Dividends declared	-	-	-	-	-	(3,708,913)	(3,708,913)
Stock bonuses	-	-	134,920	58,301	-	-	193,221
Stock-based compensation expense	-	-	25,635	-	-	-	25,635
Unrealized loss on securities available-for-sale (net of tax)	-	-	-	-	(576,194)	-	(576,194)
Net income	-	-	-	-	-	1,530,434	1,530,434
Balance at June 30, 2012 (13,862,505 shares of class A; 2,073,043 shares of class C)	346,563	51,826	15,547,907	(1,106,733)	466,268	23,403,815	38,709,646
Purchases of 55,052 shares of Common Stock (class A)	-	-	-	(173,608)	-	-	(173,608)
Purchases of stock under ESPP of 48,679 shares of Common Stock (class A)	-	-	69,064	116,159	-	-	185,223
Conversion of 2,516 shares of class C common stock for class A common stock	63	(63)	-	-	-	-	-
Dividends declared	-	-	-	-	-	(1,936,662)	(1,936,662)
Stock bonuses	-	-	27,886	35,478	-	-	63,364
Stock-based compensation expense	-	-	9,540	-	-	-	9,540
Unrealized gain on securities available-for-sale (net of tax)	-	-	-	-	185,950	-	185,950
Net loss	-	-	-	-	-	(194,212)	(194,212)
Balance at June 30, 2013 (13,865,021 shares of class A; 2,070,527 shares of class C)	$ 346,626	$ 51,763	$ 15,654,397	$ (1,128,704)	$ 652,218	$ 21,272,941	$ 36,849,241

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,		
	2013	**2012**	**2011**
Cash Flows from Operating Activities:			
Net income (loss)	$ (194,212)	$ 1,530,434	$ 7,832,647
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	274,479	281,760	291,705
Net recognized gain on disposal of fixed assets	-	(75,459)	154,216
Net recognized loss (gain) on securities	26,445	(157,668)	(135,759)
Net (income) from equity method investment	(54,528)	-	-
Provision for deferred taxes	8,612	(283,333)	321,117
Stock bonuses	63,364	193,221	169,484
Stock-based compensation expense	9,540	33,476	37,825
Changes in operating assets and liabilities:			
Accounts receivable	617,223	1,387,434	(297,834)
Prepaid expenses	1,347	210,766	(60,420)
Trading securities	213,292	485,139	(631,192)
Accounts payable and accrued expenses	(504,557)	(1,788,724)	36,740
Total adjustments	655,217	286,612	(114,118)
Net cash provided by operating activities	461,005	1,817,046	7,718,529
Cash Flows from Investing Activities:			
Purchase of property and equipment	(39,159)	(18,374)	(86,512)
Purchase of Galileo shares	(600,000)	-	-
Purchase of available-for-sale securities	(473,195)	(5,064,832)	(1,056,384)
Proceeds on sale of available-for-sale securities	744,319	170,192	201,772
Return of capital on investment	-	18,542	95,523
Net cash used in investing activities	(368,035)	(4,894,472)	(845,601)
Cash Flows from Financing Activities:			
Issuance of common stock	185,223	188,016	189,674
Repurchases of common stock	(173,608)	-	-
Dividends paid	(2,632,080)	(3,705,765)	(3,692,185)
Net cash used in financing activities	(2,620,465)	(3,517,749)	(3,502,511)
Net increase (decrease) in cash and cash equivalents	(2,527,495)	(6,595,175)	3,370,417
Beginning cash and cash equivalents	20,612,721	27,207,896	23,837,479
Ending cash and cash equivalents	$ 18,085,226	$ 20,612,721	$ 27,207,896
Supplemental Disclosures of Cash Flow Information			
Cash paid for income taxes	$ 118,000	$ 1,365,000	$ 4,360,000

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Organization

U.S. Global Investors, Inc. (the "Company" or "U.S. Global") serves as investment adviser to U.S. Global Investors Funds ("USGIF" or the "Funds"), a Delaware statutory trust that is a no-load, open-end investment company offering shares in numerous mutual funds to the investing public. The Company also provides administrative services, distribution, and transfer agency functions to USGIF. For these services, the Company receives fees from USGIF. The Company also provides advisory services to three offshore clients.

U.S. Global formed the following companies to provide supplementary services to USGIF: United Shareholder Services, Inc. ("USSI") and U.S. Global Brokerage, Inc. ("USGB").

The Company formed two subsidiaries utilized primarily for corporate investment purposes: U.S. Global Investors (Guernsey) Limited ("USGG"), incorporated in Guernsey (on August 3, 2013, USGG was dissolved), and U.S. Global Investors (Bermuda) Limited ("USBERM"), incorporated in Bermuda. A third subsidiary, U.S. Global Investors (Canada) Limited ("USCAN"), was formed in March 2013 for corporate investment purposes as well. In addition, in July 2013, the Company created U.S. Global Indices, LLC, a Texas limited liability company, of which the Company is the sole member. U.S. Global Indices, LLC did not have operations during fiscal year 2013.

Note 2. Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: USSI, USGG, USBERM, USGB and USCAN.

All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts have been reclassified for comparative purposes.

Cash and Cash Equivalents. Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Investments. The Company classifies its investments based on intent at the time of purchase and reevaluates and whether the Company is able to exercise significant influence such designation as of each reporting period date. The Company records security transactions on trade date. Realized gains (losses) from security transactions are calculated on the first-in/first-out cost basis, unless otherwise identifiable, and are recorded in earnings on the date of sale.

Trading Securities. Securities that are purchased and held principally for the purpose of selling in the near term are classified as trading securities and reported at fair value. Unrealized gains and losses on these securities are included in earnings.

Held-to-Maturity Securities. Investments in debt securities that are purchased with the intent and ability to hold until maturity are classified as held-to-maturity and measured at amortized cost. The Company currently has no investments in debt securities.

Available-for-sale Securities. Investments that are neither trading securities nor held-to-maturity securities and for which the Company does not have significant influence are classified as available-for-sale securities and reported at fair value. Unrealized gains and losses on these available-for-sale securities are excluded from earnings, reported net of tax as a separate component of shareholders' equity, and recorded in earnings on the date of sale.

The Company evaluates its available-for-sale investments for other-than-temporary decline in value on a periodic basis. This may exist when the fair value of an investment security has been below the current value for an extended period of time. When a security in the Company's investment portfolio has an unrealized loss in fair value that is deemed to be other than temporary, the Company reduces the book value of such security to its current fair value, recognizing the credit related decline as a realized loss in the Consolidated Statements of Operations and Comprehensive Income and a revised GAAP cost basis for the security is established. For available-for-sale securities with declines in value deemed other than temporary, the unrealized loss recorded net of tax in accumulated other comprehensive income is realized as a charge to net income.

Equity Method Investments. Investments classified as equity method consist of investments in companies in which the Company is able to exercise significant influence but not control. Under the equity method of accounting, the Company's proportional share of investee's underlying net income or loss is recorded as a component of Other Income and increases or decreases to the carrying value of the investee. Distributions received from the investment reduce the Company's carrying value of the investee. These investments are evaluated for impairment if events or circumstances arise that indicates that the carrying amount of such assets may not be recoverable.

No impairment has been recognized for the Company's equity investment during the years presented.

Advisory Receivables. Advisory receivables consist primarily of monthly advisory, transfer agent and other fees owed to the Company by USGIF as well as receivables related to offshore investment advisory fees.

Property and Equipment. Fixed assets are recorded at cost. Depreciation for fixed assets is recorded using the straight-line method over the estimated useful life of each asset as follows: furniture and equipment are depreciated over 3 to 10 years, and the building and related improvements are depreciated over 14 to 40 years.

Treasury Stock. Treasury stock purchases are accounted for under the cost method. The subsequent issuances of these shares are accounted for based on their weighted-average cost basis.

Stock-Based Compensation. Stock-based compensation expense is measured at the grant date based on the fair value of the award, and the cost is recognized as expense ratably over the award's vesting period.

Income Taxes. The Company and its subsidiaries file a consolidated federal income tax return. Provisions for income taxes include deferred taxes for temporary differences in the bases of assets and liabilities for financial and tax purposes resulting from the use of the liability method of accounting for income taxes. The liability method requires that deferred tax assets be reduced by a valuation allowance in cases where it is more likely than not that the deferred tax assets will not be realized.

The Company accounts for income taxes in accordance with ASC 740 *Income Taxes.* The Company's policy is to recognize interest and penalties related to uncertain tax positions in income tax expense. As of June 30, 2013, the Company did not have any accrued interest or penalties related to uncertain tax positions. The tax years from 2009 through 2012 remain open to examination by the tax jurisdictions to which the Company is subject.

Revenue Recognition. The Company earns substantially all of its revenues from advisory, administrative, distribution and transfer agency services. Mutual fund advisory, administrative, and distribution fees are calculated as a percentage of assets under management and are recorded as revenue as services are performed. Offshore advisory client contracts provide for monthly management fees, in addition to performance fees. The advisory contract for the USGIF equity funds provides for a performance fee on the base advisory fee that are calculated and recorded monthly. Transfer agency fees are calculated using a charge based upon the number of shareholder accounts serviced as well as transaction and activity-based fees. Revenue shown on the Consolidated Statements of Operations and Comprehensive Income are net of fee waivers.

Dividends and Interest. Dividends are recorded on the ex-dividend date, and interest income is recorded on an accrual basis. Both dividends and interest income are included in investment income.

Advertising Costs. The Company expenses advertising costs as they are incurred. Certain sales materials, which are considered tangible assets, are capitalized and then expensed during the period in which they are distributed. Net advertising expenditures were $862,086, $1,182,287, and $2,463,758 during fiscal years 2013, 2012, and 2011, respectively.

Foreign Currency Transactions. Transactions between the Company and foreign entities are converted to U.S. dollars using the exchange rate on the date of the transactions. Security investments valued in foreign currencies are translated to U.S. dollars using the applicable exchange rate as of the reporting date. Realized foreign currency gains and losses are immaterial and are therefore included as a component of investment income.

Fair Value of Financial Instruments. The financial instruments of the Company are reported on the Consolidated Balance Sheet at market or fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments.

Use of Estimates. The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Earnings Per Share. The Company computes and presents earnings per share in accordance with ASC 260, *Earnings Per Share*. Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of EPS that could occur if options to issue common stock were exercised. The Company has two classes of common stock with outstanding shares. Both classes share equally in dividend and liquidation preferences.

Recent Accounting Pronouncements

On February 5, 2013, the FASB issued Accounting Standard Update (ASU) 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. ASU 2013-02 does not change the current requirement for reporting net income or other comprehensive income but requires additional disclosures about significant amounts reclassified out of accumulated other comprehensive income. ASU 2013-02 is effective for fiscal years and interim periods within those years beginning after December 31, 2012 and is not expected to have a material impact on the consolidated financial statements.

Note 3. Purchase of Galileo Shares

In January 2013, the Company entered into a Stock Purchase Agreement with Galileo Global Equity Advisors Inc. ("Galileo"), a privately held Toronto-based asset management firm, to purchase 50 percent of the issued and outstanding shares of Galileo for $600,000. The closing date of the transaction was March 31, 2013. Galileo will continue to have overall control of the operations and investment management activities of Galileo, including its management of the Galileo Funds. As the Company lacks control over the investee, the Company will account for its interest in Galileo under the equity method with its share of Galileo's profit or loss recognized in earnings. After one year, Galileo may terminate the agreement or allow the Company to purchase an additional 15 percent of its shares. Since the transaction closed on March 31, 2013, the Company is continuing to evaluate the transaction, and future changes to the amounts recorded could occur. There was no material basis difference between the cost of the Company's investment in Galileo and the Company's proportionate share of the underlying equity in net assets of Galileo. Frank Holmes, CEO, and Susan McGee, President and General Counsel, serve as directors of Galileo.

Note 4. Share Repurchase Plan

The Board of Directors approved a share repurchase program on December 7, 2012, authorizing the Company to purchase up to $2.75 million of its outstanding common shares, as market and business conditions warrant, on the open market in compliance with Rule 10b-18 of the Securities Exchange Act of 1934. The share repurchase authorization expires at the end of calendar 2013. As of June 30, 2013, the Company had repurchased 55,052 class A shares using cash of $173,608. There remains approximately $2.576 million available for repurchase under this authorization.

Note 5. Investments

As of June 30, 2013, the Company held investments with a fair value of $13,811,331 and a cost basis of $13,522,891. The market value of these investments is approximately 35.7 percent of the Company's total assets.

Investments in securities classified as trading are reflected as current assets on the Consolidated Balance Sheet at their fair market value. Unrealized holding gains and losses on trading securities are included in earnings in the Consolidated Statements of Operations and Comprehensive Income. Substantially all of the cash and cash equivalents included in the balance sheet on June 30, 2013, and June 30, 2012, are invested in USGIF money market funds.

Investments in securities classified as available-for-sale, which may not be readily marketable, are reflected as non-current assets on the Consolidated Balance Sheet at their fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income as a separate component of shareholders' equity until realized.

The Company records security transactions on trade date. Realized gains (losses) from security transactions are calculated on the first-in/first-out cost basis, unless otherwise identifiable, and are recorded in earnings on the date of sale.

Investment Activity

The following table summarizes investment activity over the last three fiscal years:

	Year Ended June 30,		
	2013	**2012**	**2011**
Realized losses on sale of trading securities	$ (244,627)	$ (2,638)	$ -
Trading securities, at cost	5,457,989	5,960,634	5,963,272
Trading securities, at fair value [1]	4,758,220	5,216,139	5,703,916
Net change in unrealized gains (losses) on trading securities (included in earnings)	44,728	(485,139)	631,192
Available-for-sale securities, at cost	8,064,902	8,117,844	3,081,439
Available-for-sale securities, at fair value [1]	9,053,111	8,824,311	4,660,928
Gross realized gains on sale of available-for-sale securities	265,641	179,379	139,458
Gross unrealized gains recorded in shareholders' equity	1,289,689	951,631	1,596,949
Gross unrealized losses recorded in shareholders' equity	(301,480)	(245,164)	(17,460)
Losses on available-for-sale securities deemed to have other-than-temporary declines in value	(47,459)	(19,073)	(3,699)

[1] These categories of securities are comprised primarily of equity investments, including those investments discussed in Note 17 regarding related party transactions.

The following summarizes investment income (loss) reflected in earnings for the periods discussed:

Investment Income (Loss)	Year Ended June 30, 2013	2012	2011
Realized losses on sales of trading securities	$ (244,627)	$ (2,638)	$ -
Realized gains on sales of available-for-sale securities	265,641	179,379	139,458
Unrealized gains (losses) on trading securities	44,728	(485,139)	631,192
Realized foreign currency gains (losses)	1,255	(1,583)	3,013
Other-than-temporary declines in available-for-sale securities	(47,459)	(19,073)	(3,699)
Dividend and interest income	188,501	152,093	238,604
Total Investment Income (Loss)	$ 208,039	$ (176,961)	$ 1,008,568

Unrealized Losses

The following tables summarize equity investments that are in an unrealized loss position at each balance sheet date, categorized by how long they have been in a continuous loss position. These investments do not include trading securities or those available-for-sale securities with declines in value deemed other than temporary as their unrealized losses are recognized in earnings.

	June 30, 2013 (in thousands)					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale securities						
Common stock	$ 95	$ (5)	$ -	$ -	$ 95	$ (5)
Venture capital investments	163	(5)	-	-	163	(5)
Offshore fund	-	-	4,712	(288)	4,712	(288)
Mutual funds	3	(3)	-	-	3	(3)
Total available-for-sale securities	$ 261	$ (13)	$ 4,712	$ (288)	$ 4,973	$ (301)

	June 30, 2012 (in thousands)					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale securities						
Common stock	$ 135	$ (52)	$ -	$ -	$ 135	$ (52)
Offshore fund	4,811	(189)	-	-	4,811	(189)
Mutual funds	16	(4)	-	-	16	(4)
Total available-for-sale securities	$ 4,962	$ (245)	$ -	$ -	$ 4,962	$ (245)

Many of the investments included above are early-stage or start-up businesses whose fair values fluctuate.

Fair Value Hierarchy

ASC 820, *Fair Value Measurement and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value and requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy (i.e., Levels 1, 2, and 3 inputs, as defined below). The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Additionally, companies are required to provide enhanced disclosures regarding instruments in the Level 3 category (which have inputs to the valuation techniques that are unobservable and require significant management judgment), including a reconciliation of the beginning and ending values separately for each major category of assets or liabilities.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

> Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities at the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, value of these products does not entail a significant degree of judgment.
>
> Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
>
> Level 3 – Valuations based on inputs that are unobservable and significant to the fair value measurement.

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

The following tables present fair value measurements, as of each balance sheet date, for the three major categories of U.S. Global's investments measured at fair value on a recurring basis:

	Fair Value Measurement using (in thousands) June 30, 2013			
	Quoted Prices (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Trading securities				
Common stock	$ 22	$ -	$ -	$ 22
Mutual funds	3,950	-	-	3,950
Offshore fund	-	786	-	786
Total trading securities	3,972	786	-	4,758
Available-for-sale securities				
Common stock	1,299	-	95	1,394
Venture capital investments	-	-	163	163
Mutual funds	2,784	-	-	2,784
Offshore fund	-	4,712	-	4,712
Total available-for-sale securities	4,083	4,712	258	9,053
Total Investments	$ 8,055	$ 5,498	$ 258	$ 13,811

	Fair Value Measurement using (in thousands) June 30, 2012			
	Quoted Prices (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Trading securities				
Common stock	$ 185	$ 26	$ -	$ 211
Mutual funds	3,980	-	-	3,980
Offshore fund	-	1,025	-	1,025
Total trading securities	4,165	1,051	-	5,216
Available-for-sale securities				
Common stock	1,228	-	-	1,228
Venture capital investments	-	-	168	168
Mutual funds	2,617	-	-	2,617
Offshore fund	-	4,811	-	4,811
Total available-for-sale securities	3,845	4,811	168	8,824
Total Investments	$ 8,010	$ 5,862	$ 168	$ 14,040

Approximately 58 percent of the Company's financial assets, measured at fair value, are derived from Level 1 inputs, including SEC-registered mutual funds and equity securities traded on an active market; 40 percent of the Company's financial assets, measured at fair value, are derived from Level 2 inputs, including investments in two offshore funds; and the remaining two percent are Level 3 inputs. The Company recognizes transfers between levels at the end of each quarter. The Company did not transfer any securities between Level 1 and Level 2 during fiscal year 2013.

In Level 2, the Company has an investment in an offshore fund with a fair value of $785,990 that invests in companies in the energy and natural resource sectors. The Company may redeem this investment on the first business day of each month after providing a redemption notice at least forty-five days prior to the proposed redemption date.

The Company also has a Level 2 investment in an offshore fund with a fair value of $4,712,205 that invests in dividend-paying equity and debt securities of companies located around the world. The Company may redeem this investment on the first business day of each month after providing a redemption notice at least forty-five days prior to the proposed redemption date.

In Level 3, the Company held investments in one private company and one venture capital investment. These investments are measured at fair value using significant unobservable inputs on June 30, 2013. Fair value is based on cost adjusted for known changes in value.

During the quarter ended March 31, 2012, the Company redeemed its Level 3 investment in a venture capital investment that primarily invests in companies in the energy and precious metals sectors for a realized gain of $179,379.

The Company has a venture capital investment with a fair value of approximately $162,841 that primarily invests in companies in the medical and medical technology sectors. The Company may redeem this investment with general partner approval. As of June 30, 2013, the Company has an unfunded commitment of $62,500 related to this investment.

The Company also has an investment in restricted shares of a private sports entertainment company with a fair value of approximately $95,066.

The following table presents additional information about investments measured at fair value on a recurring basis and for which the Company has utilized unobservable inputs to determine fair value:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis				
	Year Ended June 30,			
	2013		2012	
(Dollars in Thousands)	Venture Capital Investments	Common Stock	Venture Capital Investments	Common Stock
Beginning Balance	$ 168	$ -	$ 243	$ -
Return of capital	-	-	(19)	-
Total gains or losses (realized/unrealized)				
Included in earnings (investment income)	-	-	160	-
Included in other comprehensive income	(5)	-	(108)	-
Purchases, sales, issuances, and settlements	-	95	(108)	-
Transfers in and/or out of Level 3	-	-	-	-
Ending Balance	$ 163	$ 95	$ 168	$ -

As discussed in Note 3, on March 31, 2013, the Company purchased 50% of the issued and outstanding shares of Galileo Global Equity Advisors Inc., a privately held Toronto-based asset management firm for $600,000. The Company accounts for its interest in Galileo under the equity method with its share of Galileo's profit or loss recognized in earnings. Included in other income in fiscal year 2013 is $54,528 of equity method earnings of Galileo.

Note 6. Investment Management, Transfer Agent, and Other Fees

The Company serves as investment adviser to USGIF and receives a fee based on a specified percentage of net assets under management. Two of the thirteen Funds within USGIF, Emerging Europe Fund and Global Emerging Markets Fund, are subadvised by a third party subadviser, Charlemagne Capital (IOM) Limited ("Charlemagne"), although the Company has primary day-to-day management of both Funds. On March 1, 2010, three Funds, MegaTrends Fund, Global Resources Fund and World Precious Minerals Fund, began offering institutional class shares.

The advisory agreement for the nine equity Funds provides for a base advisory fee that is adjusted upwards or downwards by 0.25 percent if there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months. For the year ended June 30, 2013 and 2012, the Company realized a decrease in its base advisory fee of $133,011 and $2,230,811, respectively, and for the year ended June 30, 2011, the Company realized an increase in its base advisory fees of $2,380,608.

Effective September 30, 2009, the Company agreed to voluntarily cap the expenses of all thirteen Funds. These caps will continue on a modified and voluntary basis at the Company's discretion. Effective May 1, 2013, the Company agreed to contractually limit the expenses of the two fixed income funds and the institutional class of Global Resources Fund through April 30, 2014. The aggregate fees waived and expenses borne by the Company were $3,328,326, $3,132,831 and $3,131,906 in 2013, 2012 and 2011 respectively.

The above waived fees include amounts waived under an agreement whereby the Company has voluntarily agreed to waive fees and/or reimburse U.S. Treasury Securities Cash Fund and U.S. Government Securities Savings Fund to the extent necessary to maintain the respective Fund's yield at a certain level as determined by the Company (Minimum Yield). For the fiscal year ended June 30, 2013, fees waived and/or expenses reimbursed as a result of this agreement were $719,660 and $484,206 for the U.S. Treasury Securities Cash Fund and the U.S. Government Securities Savings Fund, respectively.

The Company may recapture any fees waived and/or expenses reimbursed within three years after the end of the Funds' fiscal year of such waiver and/or reimbursement to the extent that such recapture would not cause the Funds' yield to fall below the Minimum Yield. Thus, $1,562,956 of these waivers is recoverable by the Company through December 31, 2013; $1,604,076 through December 31, 2014; $1,245,458 through December 31, 2015; and $616,631 through December 31, 2016. Management believes these waivers could increase in the future. Such increases in fee waivers could be significant and will negatively impact the Company's revenues and net income. Management cannot predict the impact of the waivers due to the number of variables and the range of potential outcomes.

The Company continues to provide advisory services to three offshore clients and receives a monthly advisory fee based on the net asset values of the clients and performance fees, if any, based on the overall increase in net asset values. The contracts between the Company and the offshore clients expire periodically, and management anticipates that its offshore clients will renew the contracts.

USSI also serves as transfer agent to USGIF and receives fees based on the number of shareholder accounts as well as transaction- and activity-based fees. The Company's Board of Directors formally agreed on August 23, 2013, to exit the transfer agency business so that the Company could focus more on its core strength of investment management. On August 23, 2013, the Funds' board of trustees agreed to continue the existing transfer agency contract with USSI until conversion to the new transfer agent, which is projected to be in December 2013. Additionally, the Company receives certain miscellaneous fees directly from USGIF shareholders. Included in transfer agent fees on the Statement of Operations are shareholder servicing fees based on the value of assets held through broker-dealer platforms. The Company will continue to receive the shareholder servicing fees.

The Company also receives distribution and administrative services fees form USGIF based on average net assets.

Note 7. Property and Equipment

Property and equipment are composed of the following:

	June 30,	
	2013	2012
Building and land	$ 4,607,640	$ 4,568,481
Furniture, equipment, and other	1,708,261	1,708,261
	6,315,901	6,276,742
Accumulated depreciation	(3,191,845)	(2,917,366)
Net property and equipment	$ 3,124,056	$ 3,359,376

Depreciation expense totaled $274,479; $281,760; and $291,705 in 2013, 2012, and 2011, respectively.

Note 8. Other Accrued Expenses

Other accrued expenses consist of the following:

	June 30,	
	2013	2012
Legal, professional and consulting fees	$ 326,315	$ 303,156
Vendors payable	236,065	179,434
Platform fees	194,399	295,383
Taxes payable	68,400	103,468
Performance fees	12,612	123,968
Subadvisory fees	5,000	5,000
Other	46	97
Other accrued expenses	$ 842,837	$ 1,010,506

Note 9. Borrowings

As of June 30, 2013, the Company has no long-term liabilities.

The Company has access to a $1 million credit facility with a one-year maturity for working capital purposes. The credit agreement was renewed effective April 22, 2013, and requires the Company to maintain certain quarterly financial covenants to access the line of credit. The amended credit agreement will expire on May 31, 2014, and the Company intends to renew annually. The Company has been in compliance with all financial covenants during the fiscal year. As of June 30, 2013, the credit facility remains unutilized by the Company.

Note 10. Lease Commitments

The Company has operating leases for computers and equipment that expire between fiscal years 2014 and 2017. Lease expenses totaled $490,942, $572,148, and $610,256 in fiscal years 2013, 2012, and 2011, respectively. Minimum non-cancelable lease payments required under operating leases for the years subsequent to June 30, 2013, are as follows:

Fiscal Year	Amount
2014	$ 197,497
2015	163,105
2016	131,940
2017	65,970
2018	-
Total	$ 558,512

Note 11. Benefit Plans

The Company offers a savings and investment plan qualified under Section 401(k) of the Internal Revenue Code covering substantially all employees. In connection with this 401(k) plan, participants can voluntarily contribute a portion of their compensation, up to certain limitations, to this plan, and the Company will match 100 percent of participants' contributions up to the first 3 percent of compensation and 50 percent of the next 2 percent of compensation. The Company has recorded expenses related to the 401(k) plan for contributions of $219,611; $205,480; and $228,612 for fiscal years 2013, 2012, and 2011, respectively.

The 401(k) plan allows for a discretionary profit sharing contribution by the Company, as authorized by the Board of Directors. The Company made no profit sharing contribution in fiscal year 2013. The Company made profit sharing contributions of $400,000 and $300,000 in fiscal years 2012 and 2011, respectively.

The Company offers employees, including its executive officers, an opportunity to participate in savings programs using mutual funds managed by the Company. Employees may contribute to an IRA, and the Company matches these contributions on a limited basis. Similarly, certain employees may contribute to the Tax Free Fund, and the Company will match these contributions on a limited basis. A similar savings plan utilizing Uniform Gifts to Minors Act ("UGMA") accounts is offered to employees to save for their minor relatives. The Company match, reflected in base salary expense, aggregated in all programs to $78,706; $77,049; and $74,644 in fiscal years 2013, 2012, and 2011, respectively.

The Company has an Employee Stock Purchase Plan, subject to a current registration statement, whereby eligible employees can purchase treasury shares at market price, and the Company will match their contributions up to 3 percent of gross salary. During fiscal years 2013, 2012, and 2011, employees purchased 48,679; 28,998; and 25,781, respectively, shares of treasury stock from the Company.

Additionally, the Company self-funds its employee health care plan. The Company has obtained reinsurance with both a specific and an aggregate stop-loss in the event of catastrophic claims. The Company has accrued an amount representing the Company's estimate of claims incurred but not paid at June 30, 2013.

Note 12. Shareholders' Equity

The monthly dividend of $0.005 is authorized through December 2013 and will be considered for continuation at that time by the Board. Payment of cash dividends is within the discretion of the Company's Board of Directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company and general business conditions. On a per share basis, the holders of the class C common stock and the nonvoting class A common stock participate equally in dividends as declared by the Company's Board of Directors.

During fiscal year 2013, the Company repurchased 55,052 class A shares on the open market using cash of $173,608. During the fiscal years ended June 30, 2012 and 2011, the Company did not purchase any of its class A common stock.

The Company did not grant any shares of class A common stock to employees during fiscal year 2013. During the years ended June 30, 2012, and 2011, the Company granted 15,600 and 35,300 shares, respectively, of class A common stock to certain employees at a weighted average fair value on grant date of $4.73 and $8.12, respectively. Grants vest immediately after issuance.

The Company granted 3,600; 3,600; and 3,300 shares of class A common stock at a weighted average fair value of $4.16, $6.65, and $8.10 to its non-employee Directors in fiscal years 2013, 2012, and 2011, respectively. Grants vest immediately after issuance.

Shareholders of class C shares are allowed to convert to class A. During fiscal years 2013, 2012, and 2011, 2,516; 60; and 0 shares, respectively, were converted from class C to class A.

In November 1989, the Board of Directors adopted the 1989 Non-Qualified Stock Option Plan ("1989 Plan"), amended in December 1991, which provides for the granting of options to purchase 1,600,000 shares of the Company's class A common stock to directors, officers and employees of the Company and its subsidiaries. Options issued under the 1989 Plan vest six months from the grant date or 20 percent on the first, second, third, fourth, and fifth anniversaries of the grant date. Options issued under the 1989 Plan expire ten years after issuance. As of June 30, 2013, there were no options outstanding under the 1989 Plan.

In April 1997, the Board of Directors adopted the 1997 Non-Qualified Stock Option Plan ("1997 Plan"), which provides for the granting of stock appreciation rights (SARs) and/or options to purchase 400,000 shares of the Company's class A common stock to directors, officers, and employees of the Company and its subsidiaries. Options issued under the 1997 Plan expire ten years after issuance. No options were granted in fiscal year 2013. One option for 5,000 shares was granted in fiscal year 2012 with a fair value, net of tax, of $8,052. The option will vest over five years with 20 percent vesting on each anniversary date. No options were granted in fiscal year 2011.

The estimated fair value of options granted is amortized to expense over the options' vesting period. The fair value of these options is estimated at the date of the grant using a Black-Scholes option pricing model with the following assumptions for the option granted in fiscal year 2012: expected volatility factor based on historical volatility of 49.9 percent, risk-free interest rate of 2.4 percent and an expected life of 5.67.

Stock option transactions under the various employee stock option plans for the past three fiscal years are summarized below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Yrs	Aggregate Intrinsic Value (net of tax)
Outstanding June 30, 2010	55,300	$ 19.21		
Granted	-	n/a		
Exercised	-	n/a		
Forfeited	30,000	$ 19.06		
Outstanding June 30, 2011	25,300	$ 19.40		
Granted	5,000	$ 6.54		
Exercised	-	n/a		
Forfeited	1,300	$ 22.63		
Outstanding June 30, 2012	29,000	$ 17.03		
Granted	-	n/a		
Exercised	-	n/a		
Forfeited	-	n/a		
Outstanding June 30, 2013	29,000	$ 17.03	5.04	$ 200,336

As of June 30, 2013, 2012, and 2011, exercisable employee stock options totaled 25,000; 22,000; and 20,180 shares and had weighted average exercise prices of $18.71, $19.21, and $19.78 per share, respectively.

Class A common stock options outstanding and exercisable under the employee stock option plans at June 30, 2013, were as follows:

	Options Outstanding				Options Exercisable	
	Date of Option Grant	Number Outstanding	Remaining Life in Years	Weighted Average Exercise Price ($)	Number Exercisable	Weighted Average Option Price ($)
1997 Plan Class A	06/20/07	2,000	3.97	$ 24.74	2,000	$ 24.74
	10/03/07	20,000	4.25	$ 19.36	20,000	$ 19.36
	10/07/09	2,000	6.27	$ 12.31	2,000	$ 12.31
	08/23/11	5,000	8.15	$ 6.54	1,000	$ 6.54
		29,000	5.04	$ 17.03	25,000	$ 18.71

Note 13. Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return. Provisions for income taxes include deferred taxes for temporary differences in the bases of assets and liabilities for financial and tax purposes, resulting from the use of the liability method of accounting for income taxes. At June 30, 2013, the current deferred tax asset primarily consists of temporary differences in the deductibility of prepaid expenses, accrued liabilities and stock-based compensation, as well as unrealized gains on trading securities. The long-term deferred tax asset is composed primarily of unrealized losses and other than temporary impairments on available-for-sale securities and capital loss carryovers.

For federal income tax purposes at June 30, 2013, the Company has capital loss carryovers of approximately $1.6 million expiring in fiscal year 2018. The Company also has charitable contribution carryovers of approximately $80,000 expiring in fiscal year 2018.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax amount will not be realized. At June 30, 2013, a $27,286 valuation allowance was included related to the charitable contribution carryover. No valuation allowance was included at June 30, 2012, or 2011.

The reconciliation of income tax computed at the U.S. federal statutory rates to income tax expense is:

	Year ended June 30,					
	2013	% of Pretax	2012	% of Pretax	2011	% of Pretax
Tax expense (benefit) at statutory rate	$ (60,856)	34.0%	$ 849,792	34.0%	$ 4,090,206	34.0%
Nondeductible membership dues	26,853	-15.0%	27,491	1.1%	27,929	0.2%
Nondeductible meals and entertainment	44,294	-24.7%	40,720	1.7%	42,959	0.4%
Other	4,933	-2.8%	50,950	2.0%	36,278	0.3%
Total tax expense	$ 15,224	-8.5%	$ 968,953	38.8%	$ 4,197,372	34.9%

Components of total tax expense (benefit) are as follows:

	Year ended June 30,		
	2013	2012	2011
Current tax expense	$ 6,612	$ 1,252,286	$ 3,876,255
Deferred tax expense (benefit)	8,612	(283,333)	321,117
Total tax expense	$ 15,224	$ 968,953	$ 4,197,372

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's deferred assets and liabilities using the effective statutory tax rate (34.0 percent for 2013 and 2012) are as follows:

	Year ended June 30,	
	2013	2012
Book/tax differences in the balance sheet		
Trading securities	$ 237,921	$ 253,128
Prepaid expenses	(152,391)	(201,124)
Accumulated depreciation	85,208	60,837
Available-for-sale securities & equity method	(74,070)	640,280
Accrued expenses	110,341	110,564
Stock-based compensation expense	117,372	114,129
Tax Carryovers		
Capital loss carryover	549,029	-
Charitable contributions carryover	27,286	-
Valuation Allowance	(27,286)	-
Net deferred tax asset	$ 873,410	$ 977,814

Note 14. Earnings Per Share

The following table sets forth the computation for basic and diluted earnings per share (EPS):

	Year Ended June 30,		
	2013	2012	2011
Basic and diluted net income (loss)	$ (194,212)	$ 1,530,434	$ 7,832,647
Weighted average number of outstanding shares			
Basic	15,482,612	15,441,464	15,384,435
Effect of dilutive securities			
Employee stock options	-	118	-
Diluted	15,482,612	15,441,582	15,384,435
Earnings (loss) per share			
Basic	($0.01)	$0.10	$0.51
Diluted	($0.01)	$0.10	$0.51

The diluted EPS calculation excludes the effect of stock options when their exercise prices exceed the average market price for the period. For the year ended June 30, 2013, employee stock options for 29,000 shares were excluded from diluted EPS. For the year ended June 30, 2012, employee stock options for 24,000 shares were excluded from diluted EPS. For the year ended June 30, 2011, employee stock options for 25,300 shares were excluded from diluted EPS. During fiscal year 2013, the Company repurchased 55,052 class A shares on the open market using cash of $173,608. The Company did not repurchase any shares of its class A common stock on the open market during fiscal years 2012 or 2011 or from employees during fiscal years 2013, 2012 or 2011. Repurchased shares are classified as treasury shares and are deducted from outstanding shares in the earnings per share calculation.

Note 15. Comprehensive Income

The Company has disclosed the components of comprehensive income in the Consolidated Statements of Operations and Comprehensive Income.

	Before-Tax Amount	Tax Effect	Net-of-Tax Amount
June 30, 2011			
Unrealized gains (losses) on available-for-sale securities	$ 837,281	$ (284,676)	$ 552,605
Less: reclassification adjustment for gains (losses) included in net income	(99,235)	33,740	(65,495)
Other comprehensive income (loss)	$ 738,046	$ (250,936)	$ 487,110
June 30, 2012			
Unrealized gains (losses) on available-for-sale securities	$ (702,829)	$ 238,962	$ (463,867)
Less: reclassification adjustment for gains (losses) included in net income	(170,192)	57,865	(112,327)
Other comprehensive income (loss)	$ (873,021)	$ 296,827	$ (576,194)
June 30, 2013			
Unrealized gains (losses) on available-for-sale securities	$ 529,873	$ (180,157)	$ 349,716
Less: reclassification adjustment for gains (losses) included in net income	(248,131)	84,365	(163,766)
Other comprehensive income (loss)	$ 281,742	$ (95,792)	$ 185,950

Note 16. Financial Information by Business Segment

The Company operates principally in two business segments: providing investment management services to the funds it manages and investing for its own account in an effort to add growth and value to its cash position. The following schedule details total revenues and income by business segment:

	Investment Management Services	Corporate Investments	Consolidated
Year ended June 30, 2011			
Net operating revenues	$ 40,925,058	$ -	$ 40,925,058
Net other income	2,887	1,005,681	1,008,568
Net income before income taxes	11,034,140	995,879	12,030,019
Depreciation	291,705	-	291,705
Capital expenditures	86,512	-	86,512
Year ended June 30, 2012			
Net operating revenues	$ 24,066,909	$ -	$ 24,066,909
Net other income (loss)	2,684	(179,645)	(176,961)
Net income (loss) before income taxes	2,690,689	(191,302)	2,499,387
Depreciation	281,760	-	281,760
Capital expenditures	18,374	-	18,374
Year ended June 30, 2013			
Net operating revenues	$ 18,665,250	$ -	$ 18,665,250
Net other income	2,317	260,250	262,567
Net income (loss) before income taxes	(425,724)	246,736	(178,988)
Depreciation	274,479	-	274,479
Capital expenditures	39,159	-	39,159
Gross identifiable assets at June 30, 2013	23,288,449	14,533,555	37,822,004
Deferred tax asset			873,410
Consolidated total assets at June 30, 2013			$ 38,695,414

Note 17. Related Party Transactions

On June 30, 2013, and June 30, 2012, respectively, the Company had $29.7 million and $32.9 million at fair value invested in USGIF and offshore clients the Company advises, and these amounts were included in the balance sheet in cash and cash equivalents and trading securities. The Company recorded $113,787, $117,234, and $238,604 in dividend income and ($146,544), $50,480, and $725,512 in net unrealized gains (losses) on its investments in the Funds and offshore clients for fiscal years 2013, 2012, and 2011, respectively. Receivables from mutual funds shown on the Consolidated Balance Sheets represent amounts due the Company and its wholly-owned subsidiaries for investment advisory fees, administrative fees, distribution fees, transfer agent fees and out-of-pocket expenses, net of amounts payable to the mutual funds. Frank Holmes, a director and Chief Executive Officer of the Company, is a trustee of USGIF.

The Company provides advisory services for the Meridian Global Gold and Resources Fund Ltd., an offshore fund. The Company receives a monthly advisory fee and a performance fee, if any, based on the overall increase in value of the net assets in the fund. The Company recorded fees totaling $145,054, $211,960, and $1,129,271 for the years ended June 30, 2013, 2012, and 2011, respectively. Frank Holmes, a director and Chief Executive Officer of the Company, is a director of Meridian

Global Gold and Resources Fund Ltd. and Meridian Fund Managers Ltd., the manager of the Meridian Global Gold and Resources Fund Ltd.

The Company provides advisory services for the Meridian Global Energy and Resources Fund Ltd., an offshore fund. The Company receives a monthly advisory fee and a performance fee, if any, based on the overall increase in value of the net assets in the fund. The Company recorded fees totaling $99,663, $122,182, and $258,087 for the years ended June 30, 2013, 2012, and 2011, respectively. Mr. Holmes is a director of Meridian Global Energy and Resources Fund Ltd. and Meridian Fund Managers Ltd., the manager of the Meridian Global Energy and Resources Fund Ltd. In addition, the Company has an investment in the Meridian Global Energy and Resources Fund Ltd. classified as trading with a fair value of $785,990 on June 30, 2013.

The Company provides advisory services for the Meridian Global Dividend Income Fund Ltd., an offshore fund. The Company receives a monthly advisory fee and a performance fee, if any, based on the overall increase in value of the net assets in the fund. The Company recorded fees totaling $73,006 for the year ended June 30, 2013 and $24,133 for the year ended June 30, 2012, the first year in which services were provided. Mr. Holmes is a director of Meridian Global Dividend and Income Fund Ltd. and Meridian Fund Managers Ltd., the manager of the Meridian Global Dividend Income Fund Ltd. In addition, the Company has an investment in the Meridian Global Dividend and Income Fund Ltd. classified as available-for-sale with a fair value of $4,712,205 at June 30, 2013.

The Company owns a position in Charlemagne Capital Limited on June 30, 2013, with a fair value of approximately $719,550 and recorded as an available-for-sale security. Charlemagne Capital (IOM) Limited, a wholly owned subsidiary of Charlemagne Capital Limited, specializes in emerging markets and is the non-discretionary subadviser to the Emerging Europe Fund and Global Emerging Markets Fund, two funds in USGIF.

Note 18. Contingencies and Commitments

The Company continuously reviews all investor, employee, and vendor complaints and pending or threatened litigation. The likelihood that a loss contingency exists is evaluated through consultation with legal counsel, and a loss contingency is recorded if probable and reasonably estimable.

During the normal course of business, the Company may be subject to claims, legal proceedings, and other contingencies. These matters are subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably. The Company establishes accruals for matters for which the outcome is probable and can be reasonably estimated. Management believes that any liability in excess of these accruals upon the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial statements of the Company.

The Board has authorized a monthly dividend of $0.005 per share through December 2013, at which time it will be considered for continuation by the Board. Payment of cash dividends is within the discretion of the Company’s Board of Directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company and general business conditions. The total amount of cash dividends to be paid to class A and class C shareholders from July 2013 to December 2013 will be approximately $465,000.

Note 19. Selected Quarterly Financial Data (Unaudited)

Note that some rows may not add to the correct annual total due to rounding.

Fiscal 2013	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
(in thousands except per share figures)				
Operating revenues	$ 4,777	$ 5,330	$ 4,788	$ 3,770
Operating expenses	4,888	5,186	4,686	4,347
Other income (loss)	201	161	(16)	(83)
Pretax income (loss)	90	305	86	(660)
Net income (loss)	49	166	41	(450)
Comprehensive income (loss)	151	(31)	470	(598)
Earnings (loss) per share:				
Basic	$ -	$ 0.01	$ -	$ (0.02)
Diluted	$ -	$ 0.01	$ -	$ (0.02)
Fiscal 2012	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
(in thousands except per share figures)				
Operating revenues	$ 8,344	$ 5,737	$ 5,073	$ 4,874
Operating expenses	6,630	5,217	4,743	4,761
Other income (loss)	(552)	143	465	(233)
Pretax income (loss)	1,162	663	795	(120)
Net income (loss)	750	409	487	(116)
Comprehensive income (loss)	309	436	639	(430)
Earnings (loss) per share:				
Basic	$ 0.05	$ 0.03	$ 0.03	$ (0.01)
Diluted	$ 0.05	$ 0.03	$ 0.03	$ (0.01)

Note 20. Subsequent Events

The Company's Board of Directors formally agreed on August 23, 2013, to exit the transfer agency business so that the Company could focus more on its core strength of investment management. On August 23, 2013, the Funds' board of trustees agreed to continue the existing transfer agency contract with USSI until conversion to the new transfer agent, which is projected to be in December 2013.

Transfer agent fees are based on the number of shareholder accounts as well as transactions and activity of shareholders. Therefore, the change in the Company's revenue cannot be precisely estimated. Based on fiscal year 2013, the Company estimates that net transfer agency revenues will decrease on an annual basis approximately $1.31 million and expenses will decrease approximately $1.47 million. The Company has estimated that the transition costs will range from $150,000 to $375,000; these will be recognized in fiscal year 2014. The Company will continue to receive shareholder servicing fees based on the assets held through broker-dealer platforms. These shareholder servicing fees, included in transfer agent fees in the Consolidated Statements of Operations and Comprehensive Income, amounted to $1.38 million in fiscal year 2013. On August 23, 2013, the Funds' board of trustees also approved an increase to the administrative services fees paid to the Company. The new fees, projected to be effective in December 2013, will change from an annual rate of 0.08 percent to 0.10 percent per investor class and from 0.06 percent to 0.08 percent per institutional class of each Fund, based on average daily net assets, plus $10,000 per Fund.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in or disagreements with accountants on accounting and financial disclosure during the two most recent fiscal years.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. An evaluation was conducted under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2013. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of June 30, 2013, to ensure that information required to be disclosed in the reports that it files or submits under the Exchange Act is: (1) recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms; and (2) accumulated and communicated to management, including the principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined by Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of its internal control over financial reporting as of June 30, 2013. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (1992). Based on the Company's assessment, management believes that, as of June 30, 2013, the Company's management has maintained effective internal control over financial reporting.

The effectiveness of the Company's internal control over financial reporting as of June 30, 2013, has been audited by BDO USA, LLP, the independent registered public accounting firm who also audited the Company's consolidated financial statements. Its report appears in Item 8.

Changes in Internal Control over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the fourth quarter ended June 30, 2013, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Inherent Limitation of the Effectiveness of Internal Control. A control system, no matter how well conceived, implemented and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of such inherent limitations, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company or any division of a company have been detected.

Item 9B. Other Information

In light of Frank Holmes' ownership of 99.71 percent of the class C voting shares, the Company is eligible to rely on the exemption from certain of the NASDAQ corporate governance listing requirements relating to the independence of the Board of Directors and certain committees that is afforded to controlled companies. Under NASDAQ rules, a controlled company is a company of which more than 50 percent of the voting power for the election of directors is held by an individual, a group or another company.

The Company's Board of Directors formally agreed on August 23, 2013, to exit the transfer agency business so that the Company could focus more on its core strength of investment management. On August 23, 2013, the Funds' board of trustees agreed to continue the existing transfer agency contract with USSI until conversion to the new transfer agent, which is projected to be in December 2013.

Based on fiscal year 2013, the Company estimates that net transfer agency revenues are expected to decrease on an annual basis approximately $1.31 million and expenses will decrease approximately $1.47 million. The Company has estimated that the transition costs of one-time termination benefits and contract termination costs will range from $150,000 to $375,000; these will be recognized in fiscal year 2014.

On August 23, 2013, the Funds' board of trustees also approved an increase to the administrative services fees paid to the Company. The new fees, projected to be effective in December 2013, will change from an annual rate of 0.08 percent to 0.10 percent per investor class and from 0.06 percent to 0.08 percent per institutional class of each Fund, based on average daily net assets, plus $10,000 per Fund.

Part III of Annual Report on Form 10-K

Item 10. Directors, Executive Officers and Corporate Governance

The directors and executive officers of the Company are as follows:

Name	Age	Position
Frank E. Holmes	58	Director of the Company and Chief Executive Officer of the Company since October 1989, and Chief Investment Officer since June 1999. Since October 1989, Mr. Holmes has served and continues to serve in various positions with the Company, its subsidiaries, and the investment companies it sponsors. Mr. Holmes has served as Trustee of U.S. Global Investors Funds since August 1989 and Trustee of U.S. Global Accolade Funds from April 1993 to October 2008. Mr. Holmes has also served as Director of Meridian Fund Managers Ltd. since November 2003, Director of Meridian Global Gold & Resources Fund Ltd. since December 2003, Director of Meridian Global Energy & Resources Fund Ltd. since April 2006, Director of Meridian Global Dividend Income Fund since April 2011 and Chairman of Endeavour Financial Corp. from October 2005 to November 2008. Mr. Holmes served as Director, President, and Secretary of F.E. Holmes Organization, Inc. from July 1978 to July 2009.
Jerold H. Rubinstein	75	Chairman of the Board of Directors since February 2006 and Director of the Company since October 1989. Director, Chairman of the Board and CEO of Stratus Media Group, Inc. since April 2011. Director, Chief Executive Officer, and Chairman of the Board for ProElite, Inc. since June 2012. Founder and Chief Executive Officer of Music Imaging & Media, Inc. from July 2002 to January 2010. Director and Chairman of the Audit Committee of CKE Restaurants from June 2006 to July 2010.
Roy D. Terracina	66	Director of the Company since December 1994 and Vice Chairman of the Board of Directors since May 1997. Owner of Sunshine Ventures, Inc., a company formed to hold investments, since January 1994. Chairman of the Board of Our Lady of the Lake University since May 2010.
Thomas F. Lydon, Jr.	53	Director of the Company since June 1997. Chairman of the Board and President of Global Trends Investments since April 1996. Trustee, Rydex/SGI from June 2005 to February 2012. Trustee, Guggenheim Investments since February 2012.
Susan B. McGee	54	President of the Company since February 1998, General Counsel since March 1997. Since September 1992, Ms. McGee has served and continues to serve in various positions with the Company, its subsidiaries, and the investment companies it sponsors.
Catherine A. Rademacher	53	Chief Financial Officer of the Company from August 2004 to July 12, 2013. Controller of the Company from April 2004 until August 2004.
Lisa C. Callicotte	40	Chief Financial Officer of the Company since July 12, 2013. Controller of the Company from July 2009 until July 2013. Prior to joining the Company, Ms. Callicotte was employed with Ernst & Young LLP from January 1997 to July 2009.

None of the directors or executive officers of the Company has a family relationship with any of the other directors or executive officers.

The members of the Board of Directors are elected for one-year terms or until their successors are elected and qualified. The Board of Directors appoints the executive officers of the Company.

Director Independence. The Company's Board of Directors is currently composed of four members. The Board of Directors has determined that three of the four members meet the definition of an independent director set forth in NASDAQ Rule 5605(a)(2), with the exception being Frank Holmes who is the Chief Executive Officer and Chief Investment Officer of the Company. In assessing the independence of directors, the Board of Directors considered the business relationships between the Company and its directors or their affiliated businesses, including businesses owned and operated by family members, other than ordinary investment relationships. Furthermore, the Board has determined that none of the members of the two standing committees of the Board of Directors in existence during the 2013 fiscal year has any material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) and that each such member is "independent" within the meaning of the independence standards applicable to each such committee.

The Board of Directors held six meetings over the past fiscal year. All incumbent directors attended 75 percent or more of the Board meetings and meetings of the committees on which they served during the last fiscal year. Directors are encouraged to attend the Annual Meeting of Shareholders. Three of the four directors attended the 2012 Annual Meeting. The standing committees of the Board of Directors currently consist of the Audit Committee and the Compensation Committee. The membership and responsibilities of those committees are described below:

Independent Directors	*Audit Committee*	*Compensation Committee*
Roy D. Terracina	Chairman	Member
Thomas F. Lydon, Jr.	Member	Chairman
Jerold H. Rubinstein	Member	Member

Audit Committee. The Company has a separately designated Audit Committee, established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee assists the Board of Directors in monitoring the integrity of the financial statements of the Company; the independent auditor's qualifications and independence; the performance of the Company's internal audit function and independent auditors; complaints relating to the Company's accounting, internal accounting controls and audit matters; and the Company's accounting and financial reporting processes and audits of the Company's financial statements. The Board of Directors has determined that Director Roy Terracina qualifies as an "audit committee financial expert" as defined in Item 401(e) of Regulation S-K under the Exchange Act. Mr. Terracina's pertinent experience, qualifications, attributes, and skills include: a bachelor's degree and a master's degree in finance, financial experience as a treasurer of a publicly traded company, managerial experience attained as the owner of a company responsible as a major supplier of baked and packaged goods primarily through the Department of Defense, the knowledge and experience he has attained from service on other boards and the knowledge and experience he has attained from his service on U.S. Global's Board. The Audit Committee met six times during the past fiscal year. All incumbent committee members attended 75 percent or more of the committee meeting on which they served during the last fiscal year.

Report of the Audit Committee. Management is responsible for U.S. Global's internal controls and financial reporting process. BDO USA, LLP, U.S. Global's independent registered public accounting firm for the fiscal year ended June 30, 2013, is responsible for performing an independent audit of U.S. Global's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board ("PCAOB"), and an audit of the effectiveness of U.S. Global's internal control over financial reporting in accordance with the standards of the PCAOB and to issue its reports thereon. The Audit Committee monitors and oversees these processes. The Audit Committee approves the selection and appointment of U.S. Global's independent registered public accounting firm and recommends the ratification of such selection and appointment to U.S. Global's Board of Directors.

The Audit Committee has reviewed and discussed U.S. Global's audited financial statements with management and BDO USA, LLP. The committee has discussed with BDO USA, LLP the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the PCAOB in Rule 3200T, which relates to the conduct of our audit, including our auditors' judgment about the quality of the accounting principles applied in our fiscal year 2013 audited consolidated financial statements. The Audit Committee has received the written disclosures and the letter from BDO USA, LLP required by applicable requirements of the PCAOB regarding the independent accountant's communications with the committee concerning independence and has discussed with BDO USA, LLP that firm's independence.

Based on the foregoing review and discussions and such other matters the Audit Committee considered relevant and appropriate, the committee recommended to the Board that the audited financial statements of U.S. Global be included in its Annual Report on Form 10-K for the year ended June 30, 2013.

Compensation Committee. The Compensation Committee assists the Board of Directors in carrying out its responsibilities with respect to employee qualified benefit plans and employee programs, executive compensation programs, stock option plans and director compensation programs. The Compensation Committee has broad responsibility for assuring that the Company's executive officers, including the Company's Chief Executive Officer, are effectively compensated in terms of salaries, supplemental compensation and benefits that are internally equitable and externally competitive. Additional responsibilities include the review and approval of corporate goals and objectives relevant to the Chief Executive Officer. The Compensation Committee reviews all components of compensation, including salaries, cash incentive plans, long-term incentive plans and various employee benefit matters. The Compensation Committee met two times during the past fiscal year. All incumbent committee members attended 75 percent or more of the committee meetings on which they served during the last fiscal year.

Compensation Committee Interlocks and Insider Participation. During fiscal year 2013, the Compensation Committee consisted of Roy D. Terracina, Thomas F. Lydon, Jr., and Jerold H. Rubinstein. All members of the Compensation Committee were independent directors, and no member was an employee or former employee. During fiscal year 2013, none of the Company's executive officers served on the compensation committee (or its equivalent) or board of directors of another entity whose executive officer served on the Company's Compensation Committee.

Nomination of Directors. Although the Company does not have a standing nominating committee, the Company's Corporate Governance Guidelines effectively provide guidance on selection and nomination process whenever a vacancy occurs on the Board of Directors. Due to the longevity of service of the current Board of Directors, those Directors have not participated in consideration of director nominees.

The Company believes generally that its Board as a whole should encompass a range of talent and expertise enabling it to provide sound guidance with respect to the Company's operations and interests. Whenever a vacancy occurs on the Board of Directors, the Board is responsible for identifying one or more candidates to fill that vacancy, investigating each candidate and evaluating their suitability for service on the Board. The following attributes or qualifications will be considered by the Board in evaluating a person's candidacy:

- Management and leadership experience;
- Skilled and diverse background; and
- Integrity and professionalism.

The Board is authorized to use any methods it deems appropriate for identifying candidates for Board membership. In addition, candidates recommended by the Company's stockholders, pursuant to a Director Recommendation Form, are considered in the same manner as other candidates.

The Company's policy is to have at least a majority of directors qualify as "independent" under the NASDAQ Listing Rules and the Company's Corporate Governance Guidelines, which are available at the Company's website at www.usfunds.com.

Code of Ethics for Principal Executive and Senior Financial Officers

The Company has adopted a Code of Ethics for Principal Executive and Senior Financial Officers that applies to the Company's principal executive officer and principal financial officer. This code charges these individuals with responsibilities regarding honest and ethical conduct, the preparation and quality of the disclosures in documents and reports the Company files with the SEC, and compliance with applicable laws, rules, and regulations.

Compliance with Section 16(a) of the 1934 Act

Section 16(a) of the 1934 Act requires directors and officers of the Company and persons who own more than 10 percent of the Company's class A common stock to file with the SEC initial reports of ownership and reports of changes in ownership of the stock. Directors, officers and more than 10 percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on the Company's review of the copies of such reports received by the Company and on written representations by the Company's officers and directors regarding their compliance with the applicable reporting requirements under Section 16(a) of the Exchange Act, the Company believes that, with respect to the fiscal year ended June 30, 2013, its officers and directors, and all of the persons known to it to own more than 10 percent of its common stock, filed all required reports on a timely basis.

Item 11. Executive Compensation

Compensation Discussion and Analysis

Overview

The following section provides a discussion and analysis of the basis for the compensation awarded to the CEO, the CFO, and our other most highly compensated executive officer of the Company ("Named Executive Officers" or "NEOs"), as well as our directors in fiscal year 2013. We provide investment advisory and other services to our clients. Our long-term success depends on our ability to provide superior investment returns and outstanding client service. As such, one of our greatest assets is the collective skill, experience and efforts of our employees. To achieve success, we must be able to attract, retain and motivate professionals within all levels of our Company who are committed to our core values.

We place great significance on our values of performance, teamwork, initiative, responsiveness, focused work ethic, and intellectual curiosity. We believe that adherence to these core values will contribute to the long-term success of the Company and our shareholders.

We compete for talent with a large number of investment management and financial services companies, many of which have significantly larger market capitalization than we do. Our relatively small size within the industry, geographic location, and lean executive management team provide unique challenges.

Setting Executive Compensation

The Compensation Committee of our Board of Directors is responsible for reviewing and approving corporate goals and objectives relevant to the CEO, Frank Holmes; evaluating the CEO's performance in light of those goals and objectives; and determining and approving the CEO's compensation level based on this evaluation. In addition, the committee is responsible for reviewing and approving compensation recommended by Mr. Holmes for our other executive officers. The Board appointed Messrs. Lydon, Terracina, and Rubinstein as members of the Compensation Committee. Mr. Lydon serves as the chairman of the Compensation Committee, and there are no Compensation Committee interlocks to report. The Compensation Committee has a charter that is available for review on our website at www.usfunds.com by clicking "About Us," followed by "Investor Relations," then "Policies and Procedures."

The individuals listed below are the CEO and CFO, plus our other most highly compensated NEO in fiscal year 2013.

Name	**Title**
Frank E. Holmes	Chief Executive Officer and Chief Investment Officer
Catherine A. Rademacher	Chief Financial Officer
Susan B. McGee	President and General Counsel

In establishing total annual compensation for Mr. Holmes, the Compensation Committee considers a number of factors. For assistance in determining the appropriate factors to consider, the Compensation Committee consulted in 2005 with Moss Adams LLP, an executive compensation consulting firm. Importantly, the Compensation Committee considers the various functions Mr. Holmes assumes, including the dual role of CEO and Chief Investment Officer ("CIO"). In addition, the Compensation Committee considers various measures of company performance, including profitability and total shareholder return. The Compensation Committee also reviews Mr. Holmes' performance in managing our corporate investments, in overseeing the management of our client portfolios and the results of our operational earnings.

In addition to his base salary, Mr. Holmes receives a bonus based on operational earnings, which are substantially derived from assets under management, based on a percentage of operational earnings, and capped at a predetermined dollar amount, as computed for financial reporting purposes in accordance with GAAP (before consideration of this fee).

Mr. Holmes also receives a bonus when our investment team meets their performance goals. The bonus is based on calculated fund performance bonuses of the investment team and is in recognition of Mr. Holmes' creation and oversight of the investment processes and strategy.

In addition, Mr. Holmes receives a percentage of offshore fund management and performance fees in recognition of attracting and managing offshore client accounts and a percentage of realized gains on investments, offset by realized losses and other-than-temporary write-downs, in recognition of his expertise in managing the investments of the company.

The committee has delegated to Mr. Holmes the responsibility for reviewing the performance of, and recommending the compensation levels for, our other NEOs. The committee does not use rigid formulas with respect to the compensation of NEOs. Mr. Holmes makes a recommendation based on the achievement of qualitative goals that apply to all employees, quantitative goals that apply to an executive officer's specific job responsibilities and other accomplishments, such as expansion in functional responsibility. In forming his recommendations, Mr. Holmes also considers the responsibilities and workload of the executive officer; the explicit and tacit knowledge required to perform these responsibilities, including any professional designations; the profitability of the company; and the cost of living in San Antonio, Texas.

Objectives

Our executive compensation programs are designed to:

- attract and retain key executives,
- align executive performance with our long-term interests and those of our shareholders, and
- link executive pay with performance.

Elements of Executive Compensation

The committee reviews and approves all components of executive officer compensation. The principal elements of executive compensation, other than Mr. Holmes, are:

- base salary,
- performance-based cash and stock bonuses,
- long-term incentive awards, and
- other compensation and benefits.

Base Salary

Base salaries for NEOs are reviewed annually by the Compensation Committee. Generally, the salaries of NEOs are occasionally adjusted to recognize expansion of an individual's role, outstanding and sustained performance, or to bring the officer's pay into alignment with the market. We did not use any benchmarking studies in fiscal year 2013 to obtain market information. In addition, the Compensation Committee did not consider the equity ownership of the Company by Mr. Holmes when setting his compensation. Nor did the committee aim for a specific relationship between Mr. Holmes and the other executive officers. Base salaries paid to NEOs during the fiscal year are shown in the Summary Compensation Table.

Performance-Based Cash Bonuses

Executive officers, except Mr. Holmes, participate in a team performance pay program based on each employee's annual salary to recognize monthly completion of departmental goals. Additionally, key executive officers are compensated based on individual performance pay arrangements. Discretionary cash bonuses are awarded from time to time for such things as completion of critical projects or outstanding performance.

Mr. Holmes considered a matrix of factors in reviewing the performance of, and compensation for, the CFO, Catherine Rademacher. Mr. Holmes considered such things as responsibilities, productivity, results of the Company's actual versus targeted goals, hours of work, profitability of the Company, timely and accurate financial regulatory filings, unqualified S-Ox and audit results and the cost of living in San Antonio. Ms. Rademacher received a monthly bonus when certain fund performance criteria were met and a monthly bonus when certain other financial metrics were met. Occasionally, Ms. Rademacher received discretionary bonuses for the completion of special projects.

In reviewing the performance of and compensation for the President and General Counsel Susan McGee, Mr. Holmes considers a matrix of factors including responsibilities, productivity, hours of work, profitability of the Company, timely and accurate regulatory filings, completion of regulatory examinations, and the cost of living in San Antonio. In addition to her base salary, Ms. McGee is paid a monthly bonus based on new assets flowing through institutional accounts in recognition of her leadership and strategic guidance of the institutional sales department. Ms. McGee receives a monthly bonus when certain financial metrics are met. Occasionally Ms. McGee receives discretionary bonuses for special projects such as completion of regulatory exams or managing significant new business relationships.

Long-Term Incentive Awards

Long-term incentive awards include stock options and restricted shares. We have utilized option grants to induce qualified individuals to join us, thereby providing the individual with an opportunity to benefit if we have significant growth. Similarly, options have been utilized to reward existing employees, including NEOs, for long and faithful service and to encourage them to stay with us. The Compensation Committee administers the stock option plans. Although the Company has no written policy for allocating between cash and equity, or current and long-term compensation for the CEO and other NEOs, the weighting has generally been in the range of less than 5 percent long-term compensation in the form of options or stock awards, with the remaining compensation in cash.

Stock Option Plans

In November 1989, the Board of Directors adopted the 1989 Non-Qualified Stock Option Plan (1989 Plan) which provides for the granting of options to purchase shares of our class A common stock to directors, officers, and employees. On December 6, 1991, shareholders approved and amended the 1989 Plan to provide provisions to cause the plan and future grants under the plan to qualify under 1934 Act Rule 16b-3. The 1989 Plan is administered by the Compensation Committee consisting of three outside members of the Board of Directors. The maximum number of shares of class A common stock initially approved for issuance under the 1989 Plan is 1,600,000 shares. During the fiscal year ended June 30, 2013, no stock options were granted. As of June 30, 2013, under this amended plan, 1,733,400 options had been granted, 883,000 options had been exercised, 850,400 options had expired, no options remained outstanding and 717,000 options are available for grant.

In April 1997, the Board of Directors adopted the 1997 Non-Qualified Stock Option Plan (1997 Plan), which shareholders approved on April 25, 1997. It provides for the granting of stock appreciation rights (SARs) and/or options to purchase shares of our class A common stock to directors, officers and employees. The 1997 Plan expressly requires that all grants under the plan qualify under 1934 Act Rule 16b-3. The 1997 Plan is administered by the Compensation Committee consisting of three outside members of the Board of Directors. The maximum number of shares of class A common stock initially approved for issuance under the 1997 Plan is 400,000 shares. During the fiscal year ended June 30, 2013, no stock options were granted. As of June 30, 2013, 581,300 options had been granted, 257,000 shares had been exercised, 295,300 options had expired, 29,000 options remained outstanding and 114,000 options are available for grant.

2010 Stock Incentive Plan

In October 2010, at the Annual Meeting of Shareholders, the class C shareholders voted to adopt the 2010 Stock Incentive Plan. The 2010 Stock Incentive Plan is intended to promote the interests of the Company by providing eligible persons in the Company's service with the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest, in the Company to align such persons' interests with those of the Company's shareholders and as an incentive for them to remain in such service. During fiscal year 2013, no stock bonuses were awarded to NEOs.

Assessment of Risk

By design, the Company's compensation program for all employees, including executive officers, does not incentivize excessive risk-taking. The Company's base salary component of compensation does not encourage risk-taking because it is a fixed amount. Generally, incentive awards have the following risk-limiting characteristics:

- Awards are made based on a review of a variety of indicators of performance, thus diversifying the risk associated with any single indicator of performance;
- For executive officers other than Mr. Holmes (who is a significant U.S. Global shareholder), the majority of the award value is delivered in the form of stock that vests over a multiple years, which aligns the interests of executive officers to long-term shareholder interests; and
- All participants, including executive officers, in the Employee Stock Purchase Plan are subject to stock ownership and holding guidelines.

Other Compensation and Benefits

Health, Welfare and Retirement Benefits

Health, welfare, and retirement benefits are designed to provide a safety net of protection for employees in the event of illness, disability, or death, and to provide employees an opportunity to accumulate retirement savings.

We offer a range of health and welfare benefits to substantially all employees, including the NEOs. These benefits include medical, dental, vision, prescription drug, short-term disability, long-term disability, group life and accidental death insurance, tuition reimbursement, and a free health club membership.

401(k) Plan

We offer a 401(k) plan covering substantially all employees, including NEOs. Participants may contribute, on a pretax basis, their base salary and cash incentive compensation, up to a limit imposed by the Internal Revenue Code, which is $17,500 in calendar year 2013. An additional "catch-up" pretax contribution of up to $5,500 is allowed for employees over 50. We automatically match 100 percent of the first 3 percent of participating employees' contributions and 50 percent of the next 2 percent of participating employees' contributions. We contribute to participants' accounts at the same time that the employee's pay deferral is made. Employees are immediately vested in both their 401(k) salary deferral contribution and the matched contributions. Participants in our 401(k) plan may allocate some or all of their contributions to a separate designated Roth account, commonly known as a Roth 401(k).

Profit Sharing

The 401(k) plan allows for us to make a discretionary profit sharing contribution, as authorized by the Board of Directors. Factors that are considered by the Board include earnings, cash flows, capital requirements and the general financial condition of the Company. No specific performance thresholds or goals are required by the Board to authorize a profit sharing contribution. Profit sharing contributions of $0, $400,000, and $300,000 were made in fiscal years 2013, 2012, and 2011, respectively.

Savings Plans

We also have a program pursuant to which we offer employees an opportunity to participate in savings programs using managed investment companies. Employee contributions to an Individual Retirement Account are matched to a maximum of $100 per month for certain management-level employees, including NEOs, and a maximum of $30 for all other employees. Similarly, certain management-level employees, including NEOs, may contribute to the Tax Free Fund and we will match these contributions up to a maximum of $90 per month. A similar savings plan utilizing UGMA accounts is offered to all employees to save for minor relatives and is matched at a maximum of $15 per month per child.

Employee Stock Purchase Plan

We also have a program whereby eligible employees can purchase treasury shares, at market price, and we will automatically match their contribution up to 3 percent of gross salary. During fiscal years 2013, 2012, and 2011, employees purchased 48,679; 28,998; and 25,781 shares of treasury stock from us, respectively. The purchase price used is the closing stock price on the last business day of each month. We do not restrict the ability of our employees or directors to hedge their position in our shares. In addition, neither the Board nor NEOs are required to own or purchase a certain number of shares.

The Summary Compensation Table includes the matched contributions to the plans described above for each NEO.

Perquisites and Other Benefits

We provide certain perquisites that the committee believes are reasonable and consistent with our overall compensation program to a limited number of officers. The perquisites consist of such things as memberships for business entertainment purposes and policies for long-term disability and life insurance. The Summary Compensation Table shows the value of perquisites provided to NEOs in fiscal year 2013 in the “All Other Compensation” column.

Employment Agreements, Termination and Change-in Control Arrangements

We do not have any employment agreements, termination agreements, or change-in control agreements with any of our executive officers.

Compliance with Section 162(m)

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation greater than $1 million paid during any fiscal year to our CEO and our four other most highly compensated executive officers. However, the statute exempts qualifying performance-based compensation from the deduction limit if certain requirements are met. The Compensation Committee plans to review this matter as appropriate and take action as may be necessary to preserve the deductibility of compensation payments to the extent reasonably practical and consistent with our objectives.

Compensation of Named Executive Officers

The following table sets forth for the fiscal year ended June 30, 2013, the compensation reportable for the NEOs, as determined by SEC rules. Columns were omitted if they were not applicable.

Summary Compensation Table							
Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Non-Equity Incentive Plan Compensation ($) [1]	All Other Compensation ($)	Total ($)
Frank E. Holmes	2011	421,799	6,300	-	880,591	150,012	1,458,702
Chief Executive Officer	2012	421,799	6,200	-	257,175	162,336	847,510
Chief Investment Officer	2013	411,799	6,300	-	229,979	122,616 [2]	770,694
Catherine A. Rademacher [5]	2011	98,006	98,416	28,780	-	31,211	256,413
Chief Financial Officer	2012	100,021	62,226	12,374	-	37,496	212,117
	2013	101,004	48,618	-	-	18,382 [3]	168,004
Susan B. McGee	2011	256,895	74,898	16,600	120,263	131,311	599,967
President	2012	258,041	35,891	11,539	44,758	147,083	497,312
General Counsel	2013	258,396	28,935	-	48,150	132,026 [4]	467,507

[1] *Amounts consist of cash incentive compensation awards earned for services. The amounts were paid pursuant to the senior executive bonus programs.*

[2] *Represents amounts paid by us on behalf of Mr. Holmes as follows: (i) $56,248 in insurance, (ii) $32,033 in matched contributions, (iii) $13,400 in memberships, (iv) $6,000 in trustee fees, and (v) $14,935 in miscellaneous items.*

[3] *Represents amounts paid by us on behalf of Ms. Rademacher as follows: (i) $9,675 in matched contributions, (ii) $6,554 in memberships, and (iii) $2,153 in miscellaneous items.*

[4] *Represents amounts paid us on behalf of Ms. McGee as follows: (i) $72,526 in insurance, (ii) $25,210 in matched contributions, (iii) $18,047 in memberships, and (iv) $16,243 in miscellaneous items.*

[5] *Ms. Rademacher separated her employment effective July 12, 2013, and was replaced as CFO by Ms. Lisa C. Callicotte.*

No stock awards were granted to the named executive officer in fiscal year 2013.

During fiscal year 2013, there were no exercises of stock options, vesting of restricted stock or options outstanding for any of the named executive officers.

The Outstanding Equity Awards at Fiscal Year-End, Pension Benefits and Nonqualified Deferred Compensation Tables were omitted because they were not applicable.

Compensation of Directors

The compensation of directors is subject to a minimum of $6,000 in any quarter paid in arrears. We may grant non-employee directors options under our 1989 and 1997 Stock Option Plans. Directors are reimbursed for reasonable travel expenses incurred in attending the meetings held by the Board of Directors. Mr. Rubinstein serves as the chairman of the Board. The Company grants each director 100 shares of stock per month. Director compensation for the fiscal year ended June 30, 2013, is detailed in the table below. Columns that were not applicable were omitted.

Director Compensation			
Name	**Fees Earned or Paid in Cash** [1]	**Stock Awards** [2]	**Total**
Jerold H. Rubinstein	$88,320	$4,997	$93,317
Roy D. Terracina	$28,320	$4,997	$33,317
Thomas F. Lydon, Jr.	$24,000	$4,997	$28,997

[1] *The difference in fees earned was primarily due to Mr. Rubinstein receiving an additional $5,000 per month for added responsibilities as chairman.*

[2] *Amounts shown represent expense recognized in the consolidated financial statements for stock awards granted to non-employee directors in fiscal year 2013.*

Compensation Committee Report on Executive Compensation

The Compensation Committee is composed entirely of independent directors in accordance with the listing standards of the NASDAQ Stock Market. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based upon this review and discussion, the committee has recommended to the Board that the Compensation Discussion and Analysis section be included in this annual report.

Respectfully,

Members of the Compensation Committee

Thomas F. Lydon, Jr., Chairman
Jerold H. Rubinstein
Roy D. Terracina

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners

Class C Common Stock (Voting Stock)

On August 14, 2013, there were 2,070,527 shares of the Company's class C common stock outstanding. The following table sets forth, as of such date, information regarding the beneficial ownership of the Company's class C common stock by each person known by the Company to own 5 percent or more of the outstanding shares of class C common stock.

Name and Address of Beneficial Owner	Class C Common Shares Beneficially Owned	Percent of Class (%)
Frank Holmes 7900 Callaghan Road San Antonio, TX 78229	2,064,560	99.71%

Class A Common Stock (Nonvoting Stock)

On August 14, 2013, there were 13,401,843 shares of the Company's class A common stock issued and outstanding. The following table sets forth, as of such date, information regarding the beneficial ownership of the Company's class A common stock by each person known by the Company to own 5 percent or more of the outstanding shares of class A common stock.

Name and Address of Beneficial Owner	Class A Common Shares Beneficially Owned	Percent of Class (%)
Royce & Associates, LLC – New York, NY [1]	2,078,000 [1]	15.51%
Financial & Investment Management Group, Ltd. – Traverse City, MI [2]	1,855,242 [2]	13.84%

[1] *Information is from Schedule 13F for the period ending June 30, 2013, filed with the SEC on August 7, 2013.*
[2] *Information is from Schedule 13F for the period ending June 30, 2013, filed with the SEC on August 5, 2013.*

Security Ownership of Management

The following table sets forth, as of August 14, 2013, information regarding the beneficial ownership of the Company's class A and class C common stock by each director and named executive officer and by all directors and executive officers as a group. Except as otherwise indicated in the notes below, each person owns directly the number of shares indicated in the table and has sole voting power and investment power with respect to all such shares.

	Class C Common Stock		Class A Common Stock	
Beneficial Owner	**Number of Shares**	**%**	**Number of Shares**	**%**
Frank E. Holmes, CEO, Director	2,064,560	99.71%	317,228	2.37%
Catherine A. Rademacher, CFO [1]	-	-	23,489	0.18%
Susan B. McGee, President, General Counsel	-	-	86,060	0.64%
Jerold H. Rubinstein, Director	-	-	6,900	0.05%
Roy D. Terracina, Director	-	-	40,900	0.31%
Thomas F. Lydon, Jr., Director	-	-	6,900	0.05%
All directors and executive officers as a group (six persons)	2,064,560	99.71%	481,477	3.59%

[1] *Ms. Rademacher separated her employment effective July 12, 2013, and was replaced as CFO by Ms. Lisa C. Callicotte.*

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	N/A	N/A	N/A
Equity compensation plans not approved by security holders			
1989 Stock Option Plan [1]	-----	-----	717,000
1997 Non-Qualified Stock Option Plan [2]	29,000	$17.03	114,000
Employee Stock Purchase Plan [3]	N/A	N/A	20,610
2010 Stock Incentive Plan [4]	N/A	N/A	88,600
Total	29,000		940,210

[1] *Stock options under this plan may be granted to directors, officers, and employees of the Company from authorized but unissued shares or treasury shares.*

[2] *Stock options under this plan may be granted to directors, executives, and key salaried employees of the Company from authorized but unissued shares or treasury shares. The term of the option periods must be less than ten years.*

[3] *The Company has adopted a stock purchase plan to provide eligible employees of the Company an opportunity to purchase common stock of the Company. There are authorized shares of treasury stock reserved for issuance under the plan for which a registration statement was filed. The Company contributes on behalf of each participant an amount equal to lesser of (i) the aggregate amount of the participant's payroll deductions the purchase period, or (ii) 3% of the participant's base compensation during the purchase period.*

[4] *The Company has adopted a stock incentive plan to provide eligible persons in the Company's service an opportunity to acquire common stock of the Company. There are authorized shares of treasury stock reserved for issuance under the plan for which a registration statement was filed.*

Item 13. Certain Relationships and Related Transactions, and Director Independence

U.S. Global is invested in several of the mutual funds it manages. See Note 17 to the Consolidated Financial Statements, which incorporates the information of the relationships and related transaction for this Item 13. Refer to Item 10 for information regarding director independence.

Item 14. Principal Accounting Fees and Services

The following table represents fees for professional audit services for the audit of the Company's annual financial statements for the fiscal years ended June 30, 2013, and 2012, respectively, rendered by BDO USA, LLP.

	Fiscal year ended June 30,	
	2013	2012
Audit fees [1]	$ 318,300	$ 325,000
Audit-related fees [2]	10,000	10,000
Tax fees [3]	44,865	53,285
Total fees	$ 373,165	$ 388,285

[1] *Audit fees consist of fees for professional services rendered by the principal accountant for the audit of the Company's annual financial statements and review of the financial statements included in the Company's Form 10-Q and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements.*

[2] *Audit-related fees consist primarily of fees for assurance and related services by the accountant that are reasonably related to the performance of the audit or review of the Company's financial statements and fees related to the audit of the Employee Stock Purchase Plan.*

[3] *Tax fees include the preparation of federal tax returns as well as tax planning and consultation on new tax legislation, regulations, rulings, and developments.*

Audit Committee Pre-Approval Policies

The Audit Committee has established pre-approval policies pursuant to which all audit and auditor- provided non-audit engagement fees and terms must be approved. Pre-approval is generally provided and is detailed as to the particular service or category of services. The Audit Committee is also responsible for considering, to the extent applicable, whether the independent auditors' provision of other non-audit services to the Company is compatible with maintaining the independence of the independent auditors.

All services provided by BDO USA, LLP in the fiscal years ended June 30, 2013, and 2012 were pre-approved by the Audit Committee.

Part IV of Annual Report on Form 10-K

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Financial Statements

The Consolidated Financial Statements including:

- Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting
- Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements
- Consolidated Balance Sheets as of June 30, 2013, and June 30, 2012
- Consolidated Statements of Operations and Comprehensive Income for the three years ended June 30, 2013
- Consolidated Statements of Shareholders' Equity for the three years ended June 30, 2013
- Consolidated Statements of Cash Flows for the three years ended June 30, 2013
- Notes to Consolidated Financial Statements

2. Financial Statement Schedules

None.

3. Exhibits

3.1	Fourth Restated and Amended Articles of Incorporation of Company, incorporated by reference to the Company's Form 10-Q for the quarterly report ended March 31, 2007 (EDGAR Accession Number 000095134-07-010817).
3.2	Amended and Restated By-Laws of Company, incorporated by reference to Exhibit 3.02 of the Company's Form 8-K filed on November 8, 2006, (EDGAR Accession Number 0000754811-06-000076).
10.1	Advisory Agreement with U.S. Global Investors Funds, dated October 1, 2008, incorporated by reference to Post-Effective Amendment 100 filed October 1, 2008 (EDGAR Accession No. 0000950134-08-017422).
10.2	Amended and Restated Transfer Agency Agreement, dated January 15, 2010, by and between U.S. Global Investors Funds and United Shareholder Services, Inc., incorporated by reference to Post-Effective Amendment 105 filed February 26, 2010 (EDGAR Accession No. 0000950123-10-018191).

10.3	Amended and Restated Administrative Services Agreement, dated May 29, 2013, by and between U.S. Global Investors Funds and U.S. Global Investors, Inc., included herein.
10.4	Amended and Restated Distribution Plan Pursuant to Rule 12b-1 Plan, dated January 15, 2010, by and between U.S. Global Investors Funds and U.S. Global Brokerage, Inc., incorporated by reference to Post-Effective Amendment 105 filed February 26, 2010 (EDGAR Accession No. 0000950123-10-018191).
10.5	Amended and Restated Distribution Agreement dated March 4, 2010, by and between U.S. Global Investors Funds and U.S. Global Brokerage, Inc., incorporated by reference to Post-Effective Amendment 107 filed April 30, 2010 (EDGAR Accession No. 0001104659-10-024038).
10.6	United Services Advisors, Inc. 1985 Incentive Stock Option Plan as amended November 1989 and December 1991, incorporated by reference to Exhibit 4(b) of the Company’s Registration Statement No. 33-3012, Post-Effective Amendment No. 2, filed on Form S-8 with the Commission on April 23, 1997 (EDGAR Accession No. 0000754811-97-000004).
10.7	United Services Advisors, Inc. 1989 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 4(a) of the Company’s Registration Statement No. 33-3012, Post-Effective Amendment No. 2, filed on Form S-8 with the Commission on April 23, 1997 (EDGAR Accession No. 0000754811-97-000004).
10.8	U.S. Global Investors, Inc. 1997 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 4 of the Company’s Registration Statement No. 333-25699 filed on Form S-8 with the Commission on April 23, 1997 (EDGAR Accession No. 0000754811-97-000003).
10.9	Line of Credit Note dated June 3, 2005, between the Company and JP Morgan Chase Bank N.A., incorporated by reference to Exhibit 10.10 of the Company’s Form 10-K for fiscal year ended June 30, 2006 (EDGAR Accession No. 0000950134-06-017619).
10.10	2010 Stock Incentive Plan, incorporated by reference, filed on September 26, 2011 (EDGAR Accession No. 0000950123-11-082564).
10.11	Reserved
10.12	Amendment dated February 26, 2009 to Credit Agreement dated June 3, 2005, and Line of Credit Note dated February 26, 2009 by and between the Company and JP Morgan Chase Bank N.A., incorporated by reference, filed on September 10, 2009 (EDGAR Accession No. 0000950123-09-042459).
10.13	Registration statement for the U.S. Global Investors, Inc. Employee Stock Purchase Plan, as amended May 9, 2005, incorporated by reference, filed July 8, 2008 (EDGAR Accession No. 0000950134-08-012469).
10.14	Registration statement for the U.S. Global Investors, Inc. 401(k) Plan, as amended January 1, 2007, incorporated by reference, filed July 8, 2008 (EDGAR Accession No. 0000950134-08-012468).

10.15	Registration statement for the U.S. Global Investors, Inc. Employee Stock Purchase Plan, as amended April 28, 2009, incorporated by reference, filed April 30, 2009 (EDGAR Accession No. 0000950134-09-008950).
10.16	Note Modification Agreement dated March 26, 2013, by and between the Company and JPMorgan Chase Bank, N.A., included herein.
14.01	Code of Ethics for Principal Executive and Senior Financial Officers, adopted December 15, 2003, and amended February 23, 2009, incorporated by reference, filed on September 10, 2009 (EDGAR Accession No. 0000950123-09-042459).
14.02	Code of Ethics, adopted June 28, 1989, and amended October 3, 2012, incorporated by reference to Post-Effective Amendment 113 filed May 1, 2013 (EDGAR Accession No. 0001104659-13-035762).
21	List of Subsidiaries of the Company, included herein.
23.1	BDO USA, LLP consent of independent registered public accounting firm for Form 10-K for U.S. Global Investors, Inc., included herein.
24	Power of Attorney, incorporated by reference to Annual Report on Form 10-K for fiscal year ended June 30, 2001 (EDGAR Accession No. 0000754811-01-500016).
31.1	Rule 13a-14(a) Certifications (under Section 302 of the Sarbanes-Oxley Act of 2002), included herein.
32.1	Section 1350 Certifications (under Section 906 of the Sarbanes-Oxley Act of 2002), included herein.
101.INS	INS XBRL Instance Document.
101.SCH	SCH XBRL Taxonomy Extension Schema Document.
101.CAL	CAL XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	DEF XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	LAB XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	PRE XBRL Taxonomy Extension Presentation Linkbase Document.

Signatures

Pursuant to the requirements of Section 13 of 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

U.S. GLOBAL INVESTORS, INC.

By: /s/ Frank E. Holmes
FRANK E. HOLMES
Chief Executive Officer

Date: August 28, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	**CAPACITY IN WHICH SIGNED**	**DATE**
/s/ Frank E. Holmes FRANK E. HOLMES	Chief Executive Officer Chief Investment Officer Director	August 28, 2013
* /s/ Thomas F. Lydon, Jr. THOMAS F. LYDON, JR.	Director	August 28, 2013
* /s/ Jerold H. Rubinstein JEROLD H. RUBINSTEIN	Chairman, Board of Directors	August 28, 2013
* /s/ Roy D. Terracina ROY D. TERRACINA	Director	August 28, 2013
/s/ Lisa C. Callicotte LISA C. CALLICOTTE	Chief Financial Officer	August 28, 2013
*BY: /s/ Susan B. McGee Susan B. McGee Attorney-in-Fact under Power of Attorney dated September 26, 2001		August 28, 2013

Exhibit 10.3 — Amended and Restated Administrative Services Agreement

AMENDED AND RESTATED
ADMINISTRATIVE SERVICES AGREEMENT

AGREEMENT, dated as of May 29, 2013, among U.S. Global Investors Funds, a Delaware statutory trust (the "Trust"), on its own behalf and on behalf of each of the Funds listed on Appendix A to this Agreement (each a "Fund" and together, the "Funds"), and U.S. Global Investors, Inc., a Texas corporation, and any successor thereto (the "Administrator"), effective with respect to each Fund as of the date set out with respect to such Fund on Appendix A to this Agreement, as may be amended from time to time.

WHEREAS, the Trust is engaged in business as an open-end investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"); and

WHEREAS, the Trust desires to retain the Administrator and its permitted designees to provide certain administrative services (the "Services") to the Funds and with respect to the share classes of those Funds (the "Classes") on the terms set out in this Agreement, and the Administrator and its designees are willing to provide the Services to the Funds and Classes on the terms set out in this Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants contained in this Agreement, the parties agree as follows:

1. <u>Appointment</u>. The Trust appoints the Administrator to provide the Services set out in Appendix B to this Agreement for the benefit of the Trust and the Funds. The Administrator accepts its appointment and agrees to provide the Services for the compensation set out in this Agreement. Each new series of the Trust and share class thereof established in the future by the Trust shall automatically become a "Fund" or "Class," respectively, for all purposes hereunder as if it were listed in Appendix A, absent written notification to the contrary by either the Trust or the Administrator.

2. <u>Duties of the Administrator</u>. The Administrator shall, at its expense, provide the services set forth in Appendix B in connection with the operations of the Trust and the Funds.

The parties hereto hereby acknowledge and agree that, for single class Funds, all of the administration services listed in Appendix B are provided at the Fund level and that, for multi-class Funds, certain of the administration services listed in Appendix B are provided, to some degree, at the Fund level ("Fund-Level Duties"). Additionally, the parties hereto hereby acknowledge and agree that, for multi-class Funds, certain of the administration services listed in Appendix B are provided in their entirety or to a different degree at the Class level ("Class-Level Duties").

In performing all services under this Agreement, the Administrator shall: (a) act in conformity with the Trust's Agreement and Declaration of Trust and By-Laws, the 1940 Act, and any other applicable laws as may be amended from time to time, and all relevant rules thereunder, and with the Trust's registration statement under the Securities Act of 1933 and the 1940 Act, as may be amended from time to time; (b) consult and coordinate with legal counsel to the Trust as necessary and appropriate; and (c) advise and report to the Trust and its legal counsel, as necessary and appropriate, with respect to any compliance or other matters that come to its attention.

3. <u>Fees</u>.

(a) In consideration of the Fund-Level Duties and Class-Level Duties rendered by the Administrator under this Agreement for each multi-class Fund, the Trust shall pay the Administrator a Fund-Level Fee and Class-Level Fee, respectively, as shown on Appendix C. In consideration of the duties rendered by the Administrator under this Agreement for each single class Fund, the Trust shall pay the Administrator a fee, as shown on Appendix C. The fees payable pursuant to this Paragraph shall be calculated based on the average daily value (as determined on each business day at the time set forth in each Fund's prospectus for determining net asset value per share) of each Fund's or Class's net assets, as appropriate, during the preceding month.

(b) The Administrator may from time to time agree not to impose all or a portion of its fee otherwise payable under this Agreement and/or undertake to pay or reimburse the Trust for all or a portion of its expenses not otherwise required to be paid by or reimbursed by the Administrator. Unless otherwise agreed, any fee reduction or undertaking may be discontinued or modified by the Administrator at any time. The Administrator reserves the right to recoup any waived fees or expenses payable under this Agreement for a period of up to three years from the date of the waiver of such fees and expenses.

(c) For the month and year in which this Agreement becomes effective or terminates, there will be an appropriate pro ration of any fee based on the number of days that the Agreement is in effect during such month and year, respectively.

(d) The Administrator will not be required to pay expenses of any activity which is primarily intended to result in the sale of shares of a Fund if and to the extent that such expenses are required to be borne by a principal underwriter which acts as the distributor of a Fund's shares pursuant to an underwriting agreement which provides that the underwriter shall assume some or all of such expenses.

4. <u>Expenses</u>.

(a) Except as otherwise provided in this Agreement, the Administrator will pay all costs it incurs in connection with the performance of its duties under this Agreement. The Administrator will pay the compensation and expenses of all of its personnel and will make available, without expense to the Trust, the services of its officers and employees as may duly be elected officers or Trustees of the Trust, subject to their individual consent to serve and to any limitations imposed by law. Nothing in this Paragraph 3 shall preclude or prevent the Trust from paying expenses not enumerated in Subparagraph (b) below, including but not limited to expenses incurred in the course of the Administrator providing additional services to the Trust that are not currently contemplated by this Agreement.

(b) The Administrator will not be required to pay any expenses of the Trust other than those specifically allocated to the Administrator in this Agreement. In particular, but without limiting the generality of the previous sentence, the Administrator will not be required to pay the Trust expenses set forth below. The expenses of the Trust shall include, without limitation:

i. the charges and expenses of any registrar, stock transfer or dividend disbursing agent, custodian, or depository appointed by the Trust for the safekeeping of its cash, portfolio securities and other property;

ii. the charges and expenses of the Trust's independent auditors;

iii. brokerage commissions and other costs in connection with transactions in the portfolio securities of the Trust;

iv. all taxes, including issuance and transfer taxes, and corporate fees payable by the Trust to Federal, state or other governmental agencies;

v. the cost of stock certificates (if any) representing shares of the Trust;

vi. expenses involved in registering and maintaining registrations of the Trust and of its shares with the U.S. Securities and Exchange Commission and various states and other jurisdictions;

vii. all expenses of shareholders' and Trustees' meetings, including meetings of committees, and of preparing, printing and mailing proxy statements and solicitations of proxies, quarterly reports, semi-annual reports, annual reports and other communications to shareholders;

viii. all expenses of preparing and setting in type, prospectuses, and expenses of printing and mailing the same to shareholders (but not expenses of printing and mailing of prospectuses and literature used for promotional purposes);

ix. compensation and travel expenses of Trustees who are not "interested persons" within the meaning of the 1940 Act ("Independent Trustees");

x. the expenses of furnishing or causing to be furnished, to each shareholder an account statement, including the expense of mailing such statements;

xi. charges and expenses of legal counsel in connection with matters relating to the Trust, including, without limitation, legal services rendered by counsel to the Trust's Independent Trustees, or the services of other legal counsel retained by the Trust's Independent Trustees;

xii. the expenses of attendance at professional meetings of organizations such as the Investment Company Institute, the Mutual Fund Director's Forum, or other similar organizations by officers and Trustees of the Trust, and the membership or association dues of such organizations;

xiii. the cost and expense of maintaining the books and records of the Trust, including general ledger accounting;

xiv. the expense of obtaining and maintaining fidelity bond as required by Section 17(g) of the 1940 Act and the expense of maintaining director's and officer's insurance for the Trust and the Trustees and officers of the Trust;

xv. interest payable on Trust borrowings;

xvi. postage; and

xvii. such non-recurring or extraordinary expenses as they may arise, including those relating to actions, suits or proceedings to which the Trust is a party and the legal obligation which the Trust may have to indemnify the Trust's Trustees and officers with respect thereto.

5. <u>Delegation.</u>

(a) The Administrator, upon prior notice to the Trust and in compliance with applicable law, may delegate any of the Services, or adjust any prior delegation, to any other person or persons that the Administrator controls, is controlled by, or is under common control with, or to specified employees of any such persons, to the extent permitted by applicable law.

(b) Subject to prior approval of a majority of the members of the Trust's Board of Trustees (the "Board"), including a majority of the Trustees who are not "interested persons," and, to the extent required by applicable law, by the shareholders of a Fund, the Administrator, upon prior consent of the Trust and in compliance with applicable law, may delegate or outsource any of the Services, or adjust any prior delegation or outsourcing, to any other person or persons unaffiliated with the Administrator or to specified employees of any such persons, to the extent permitted by applicable law.

(c) Notwithstanding any delegation under clauses (a) or (b) of this Section 4, the Administrator will continue to supervise the Services provided by such persons or employees and any delegation will not relieve the Administrator of any of its obligations under this Agreement.

6. Compliance with Rule 38a-1. The Administrator shall maintain policies and procedures relating to the services it provides pursuant to this Agreement that are reasonably designed to prevent violations of the federal securities laws, and shall employ personnel to administer the policies and procedures who have the requisite level of skill and competence required to effectively discharge its responsibilities. The Administrator also shall provide the Trust's chief compliance officer with periodic reports regarding its compliance with the federal securities laws, and shall promptly provide special reports in the event of any material violation of the federal securities laws.

7. Books and Records. The Administrator will maintain the books and records with respect to each Fund relating to the Services it provides pursuant to this Agreement and as are required pursuant to the 1940 Act and the rules thereunder. In compliance with the requirements of Rule 31a-3 under the 1940 Act, the Administrator hereby agrees that all records which it maintains for each Fund are the property of such Fund and further agrees to surrender promptly to a Fund any of such records upon the Fund's request. The Administrator further agrees to preserve for the periods prescribed by Rule 31a-2 under the 1940 Act the foregoing records required to be maintained by Rule 31a-1 under the 1940 Act.

8. Reports to Administrator. Each Fund shall furnish or otherwise make available to the Administrator such copies of that Fund's prospectus, statement of additional information, financial statements, proxy statements, reports, and other information relating to its business and affairs as the Administrator may, at any time or from time to time, reasonably require in order to discharge its obligations under this Agreement.

9. Reports to Each Fund. The Administrator shall prepare and furnish to each Fund such reports, statistical data and other information in such form and at such intervals as such Fund may reasonably request.

10. Independent Contractor. In the performance of its duties hereunder, the Administrator is and shall be an independent contractor and, unless otherwise expressly provided herein or otherwise authorized in writing, shall have no authority to act for or represent the Trust or any Fund in any way or otherwise be deemed to be an agent of the Trust or any Fund.

11. Confidentiality. Subject to the duties of the Administrator and the Trust to comply with the applicable law, including any demand of any regulatory or taxing authority having jurisdiction, the parties hereto shall treat as confidential all information pertaining to a Fund and the Trust and the actions of the Adviser and the Funds in respect thereof.

12. Non-Exclusive Services. The services of the Administrator to the Trust are not to be deemed exclusive, the Administrator being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Administrator's ability to meet all of its obligations with respect to rendering services to the Trust hereunder.

13. Effect of Agreement. Nothing herein contained shall be deemed to require the Trust or any Fund to take any action contrary to the Agreement and Declaration of Trust or By-laws of the Trust or any applicable law, regulation or order to which it is subject or by which it is bound, or to relieve or deprive the Trustees of their responsibility for and control of the conduct of the business and affairs of the Fund or Trust.

14. <u>Limitation of Liability and Indemnification.</u> The Administrator shall exercise its best judgment in rendering the services under this Agreement. The Administrator shall not be liable for any error of judgment or mistake of law or for any loss suffered by a Fund or a Fund's shareholders in connection with the matters to which this Agreement relates, provided that nothing herein shall be deemed to protect or purport to protect the Administrator against any liability to a Fund or to its shareholders to which the Administrator would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence on its part in the performance of its duties or by reason of the Administrator's reckless disregard of its obligations and duties under this Agreement. The Trust shall indemnify and hold harmless the Administrator and its affiliated and controlling persons (as those terms are defined in Section 2(a)(3) of the 1940 Act and Section 15 of the 1933 Act, respectively) against any and all losses, claims, damages, liabilities or litigation (including reasonable legal and other expenses) by reason of or arising out of any error of judgment or mistake of law or for any loss suffered by a Fund or a Fund's shareholders in connection with the matters to which this Agreement relates, provided that the Administrator's actions or omissions do not rise to the level of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations and duties under this Agreement. The Administrator shall indemnify and hold harmless the Trust, including its series, and its affiliated and controlling persons (as defined above) against any and all losses, claims, damages, liabilities or litigation (including reasonable legal and other expenses) by reason of or arising out of the Administrator's willful misfeasance, bad faith or gross negligence on its part in the performance of its duties or by reason of the Administrator's reckless disregard of its obligations and duties under this Agreement. It is expressly agreed that the obligations of the Administrator hereunder shall not be binding upon any shareholders, nominees, officers, agents or employees of the Administrator personally, but bind only the assets and property of the Administrator, respectively.

15. <u>Trust and Shareholder Liability</u>. The Administrator is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Agreement and Declaration of Trust of the Trust and agrees that obligations assumed by the Trust and/or a Fund pursuant to this Agreement shall be limited in all cases to that Trust and/or the Fund and its assets, and if the liability relates to one or more Funds, the obligations hereunder shall be limited to the respective assets of such Fund or Funds. The Administrator further agrees that they shall not seek satisfaction of any such obligation from the shareholders or any individual shareholder of a Fund, nor from the Trustees, any individual Trustee of the Trust or any of the Trust's officers, employees or agents, whether past, present or future shall be personally liable therefor.

16. <u>Force Majeure</u>. The Administrator shall not be liable for delays or errors occurring by reason of circumstances beyond its control, including but not limited to acts of civil or military authority, national emergencies, work stoppages, fire, flood, catastrophe, acts of God, insurrection, war, riot, or failure of communication or power supply. In the event of equipment breakdowns beyond its control, the Administrator shall take reasonable steps to minimize service interruptions but shall have no liability with respect thereto.

17. <u>Duration and Termination.</u> This Agreement shall become effective as of the date written above with respect to the Trust, and with respect to each Fund as indicated in Schedule A and shall remain in full force and effect until one year after the date written above. Thereafter, if not terminated, this Agreement shall continue automatically for successive terms of one year, subject to annual renewal as provided in Section 16(a) hereof and unless terminated as set forth in Sections 16(b) and (c) hereof:

(a) (The Agreement shall be approved annually with respect to a Fund (1) by a vote of a majority of the Trust's Board who are not "interested persons" of the Trust or (2) by a vote of a "majority of the outstanding voting securities" of the Fund.

(b) Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Agreement with respect to a Fund or the Trust as a whole, without payment of any penalty. With respect to a Fund, termination may be authorized by action of the Board of the Trust or by a vote of a majority of the outstanding voting securities of the Fund.

(c) Either party hereto may terminate this Agreement with respect to a Fund or the Trust as a whole, upon a material breach of the other party with respect to that party's obligations under this Agreement. The party in material breach of this Agreement will be permitted a period of no more than sixty (60) days' to remedy the breach. Failure to remedy such breach will result in termination of this Agreement without payment of any penalty by the non-breaching party.

In the event of termination of this Agreement for any reason, the Administrator shall, immediately upon notice of termination or on such later date as may be specified in such notice, cease all activity on behalf of the Trust and each Fund and, with respect to any of its assets, except as otherwise required by any fiduciary duties of the Administrator under applicable law. In addition, the Administrator shall deliver the all books and records to the Trust by such means and in accordance with such schedule as the Trust shall direct and shall otherwise cooperate, as reasonably directed by the Trust, in the transition of administrative duties to any successor of the Administrator.

18. Amendments. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought, and no material amendment of this Agreement as to a the Trust or a Fund shall be effective until approved by the Board.

19. Definitions. As used in this Agreement, the terms "majority of the outstanding voting securities," "interested person," and "affiliated person" shall have the same meanings as such terms have in the 1940 Act.

20. Interpretation of Terms. Any question of interpretation of any term or provision of this Agreement having a counterpart in or otherwise derived from a term or provision of the 1940 Act shall be resolved by reference to such term or provision of the 1940 Act and to interpretation thereof, if any, by the United States courts or, in the absence of any controlling decision of any such court, by rules, regulations or orders of the SEC validly issued pursuant to the 1940 Act. Where the effect of a requirement of the 1940 Act reflected in any provision of this Agreement is altered by a rule, regulation or order of the SEC, whether of special or general application, such provision shall be deemed to incorporate the effect of such rule, regulation or order.

21. Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties hereto, and supersedes all prior agreements and understandings relating to the subject matter hereof.

22. Notices. All notices required to be given pursuant to this Agreement shall be delivered or mailed to the last known business address of the Trust (attn: [Secretary]) or the Administrator (attn: [President]) (or to such other address or contact as shall be designated by the Trust or the Administrator in a written notice to the other party) in person or by registered or certified mail or a private mail or delivery service providing the sender with notice of receipt. Notice shall be deemed given on the date delivered or mailed in accordance with this Paragraph 20.

23. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Delaware without giving effect to the conflicts of laws principles thereof, and in accordance with the 1940 Act. To the extent that the applicable laws of the State of Delaware conflict with the applicable provisions of the 1940 Act, the latter shall control.

24. Severability. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors.

25. **<u>Paragraph Headings.</u>** The headings of paragraphs contained in this Agreement are provided for convenience only, form no part of this Agreement and shall not affect its construction.

26. **<u>Counterparts.</u>** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective officers thereunto duly authorized, as of the day and year first above written.

U.S. GLOBAL INVESTORS FUNDS	**U.S. GLOBAL INVESTORS, INC.**
By: /s/ Frank E. Holmes	By: /s/ Susan B. McGee
Name & Title: Frank E. Holmes President/Chief Executive Officer	Name & Title: Susan B. McGee President/Secretary

APPENDIX A

The following Funds of the Trust and the classes thereof are subject to this Agreement:

Name of Fund	Investor Class Shares	Institutional Class Shares
China Region Fund	X	
All American Equity Fund	X	
Gold and Precious Metals Fund	X	X
World Precious Minerals Fund	X	X
Global Resources Fund	X	X
Tax Free Fund	X	
Near-Term Tax Free Fund	X	
U.S. Government Securities Savings Fund	X	
U.S. Treasury Securities Cash Fund	X	
Emerging Europe Fund	X	X
Global Emerging Markets Fund	X	
Holmes Growth Fund	X	
MegaTrends Fund	X	X

APPENDIX B

ADMINISTRATIVE SERVICES

Subject to the oversight and control of the Board, the Administrator will manage, supervise and conduct all business and affairs of the Trust in connection with its operation as an open-end investment company, other than those governed by the Investment Advisory Agreement or otherwise provided by other parties, including without limitation the Services set forth below as they may be amended from time to time. The table below identifies which Services are generally considered to be Fund-Level Duties and Class-Level Duties. Certain of the Services may be considered a Class-Level Duty in their entirety and others may have both Fund-Level Duty and Class-Level Duty components. The categorization of Services as Fund-Level Duties or Class-Level Duties may vary depending on the facts and circumstances involved in the provision of any particular Service.

	Services	**Fund-Level Duty**	**Class-Level Duty**
1	provide the Trust with personnel as are reasonably necessary to perform the Services	X	
2	prepare, distribute and utilize comprehensive compliance materials pursuant to Rule 38a-1 of the 1940 Act, including compliance manuals and checklists, develop and/or assist in developing compliance guidelines and procedures to improve overall compliance by the Trust and its various agents	X	
3	monitor overall compliance with Rule 38a-1 by the Trust and its various agents including coordination, preparation and submission of reports required by Rule 38-1 of the 1940 Act	X	
4	subject to supervision of the Board, propose and carry out policies directed at operational problem inquiry and resolution concerning actual or potential compliance violations, valuation of complex securities, securities trading in problematic markets or correction of pricing errors	X	
5	arrange for the preparation and filing for the Trust of all required tax returns	X	
6	prepare and submit reports and meeting materials to the board of trustees and to existing shareholders	X	X
7	prepare and file the periodic updating of the Trust’s prospectus and statement of additional information		X
8	prepare and file, or oversee the preparation and filing of, any currently required or to be required reports filed with the Securities and Exchange Commission and other regulatory and self-regulatory authorities including, but not limited to, preliminary and definitive proxy materials, post-effective amendments to the Registration Statement, semi-annual reports on Form N-SAR, Form N-CSR, Form N-Q, Form N-PX, and notices pursuant to Rule 24f-2 under the 1940 Act		X
9	prepare and file any regulatory reports as required by any regulatory agency	X	

10	oversee the maintenance by the Funds' custodian of certain books and records of the Funds as required under Rule 31a-1(b) of the 1940 Act	X	
11	maintain a general corporate calendar for the Trust and, with respect to each Fund, create and maintain all records required by Section 31 of the 1940 Act and Rules 31a-1 and 31a-2 thereunder, except those records that are maintained by the Funds' investment adviser, sub-adviser (if applicable), transfer agent, distributor and custodian	X	
12	prepare, update and maintain copies of documents, such as charter documents, by-laws and foreign qualification filings	X	
13	prepare agenda and background materials for Board meetings, including reoccurring reports on Fund compliance; make presentations where appropriate, prepare minutes and follow-up on matters raised at Board meetings	X	X
14	organize, attend and prepare minutes of shareholder meetings		X
15	review and monitor the fidelity bond and errors and omissions insurance coverage and the submission of any related regulatory filings	X	
16	maintain continuing awareness of significant emerging regulatory and legislative developments that may affect the Funds, update the Board and the investment adviser on those developments and provide related planning assistance where requested or appropriate	X	
17	assist the Trust in the handling of routine regulatory examinations and work closely with the Trust's legal counsel in response to any non-routine regulatory matters	X	
18	the determination and publication of the net asset value of each Fund in accordance with the valuation procedures and policies adopted from time to time by the Board		X
19	accounting for dividends and interest received and distributions made by the Funds		X
20	calculate, submit for review by officers of the Trust, and arrange for the payment of fees to the Funds' investment adviser, sub-adviser, transfer agent, distributor and custodian		X
21	arrange for and monitor, if directed by the appropriate officers of the Trust, the payment each Fund's Rule 12b-1 expenses and prepare related reports		X
22	administer the implementation and required distribution of the Trust's privacy policy as required under regulation S-P	X	
23	monitor the Trust's compliance with its registration statement		X

24	monitor the Trust's compliance with the Internal Revenue Code, and the regulations promulgated thereunder	X	
25	provide the Trust with adequate office space and all necessary office equipment and services, including but not limited to telephone service, heat, utilities, stationary supplies and similar items	X	
26	supervise, negotiate contractual arrangements with (to the extent appropriate) and monitor the performance of, incumbent third party accounting agents, custodians, depositories, transfer agents, pricing agents, independent accountants and auditors, attorneys, printers, insurers and other persons in any capacity deemed to be necessary or desirable to Trust or Fund operations		X
27	oversee the tabulation of proxies		X
28	monitor the valuation of portfolio securities and monitor compliance with Board-approved valuation procedures	X	
29	assist in establishing the accounting and tax policies of each Fund	X	
30	assist in the resolution of accounting issues that may arise with respect to each Fund's operations and consulting with each Fund's independent accountants, legal counsel and each Fund's other agents as necessary in connection therewith		X
31	establish and monitor each Fund's operating expense budgets		X
32	review each Fund's bills, as appropriate, and process the payment of bills that have been approved by an authorized person of the applicable Fund		X
33	assist each Fund in determining the amount of dividends and distributions available to be paid by each Fund to its shareholders, prepare and arrange for the printing of dividend notices to shareholders, and provide the transfer agent and the custodian with the information that is required for those parties to effect the payment of dividends and distributions		X
34	provide to the Board periodic and special reports as the Board may reasonably request, including but not limited to reports concerning the services of the administrator, custodian, shareholder service and transfer agents		X
35	provide assistance with investor and public relations matters		X

36	oversee required documentation and filings with the applicable state securities administrators at the specific direction of the Funds and in accordance with the securities laws of each jurisdiction in which Fund shares are to be offered or sold pursuant to instructions given to the Administrator by the Funds. Such filings include, but are not limited to: (a) a Fund's initial notices, the prospectus(es) and statement(s) of additional information and any amendments or supplements thereto where required; (b) renewals and amendments to registration statements where required; (c) a Fund's sales reports where required; (d) payment at the expense of the Funds of all Fund notice filing fees; (e) annual reports and proxy statements where required; and (f) such additional services as the Administrator and the Funds may agree upon in writing	X	X
37	otherwise assist the Trust as it may reasonably request in the conduct of each Fund's business. Any additional, non-reoccurring services will be negotiated separately. The Trust, subject to the Board approval, will pay the Administrator's fees and expenses for any non-reoccurring services	X	X

APPENDIX C

FEE SCHEDULE

The Trust will pay to the Administrator as compensation for the Administrator's services rendered, a monthly fee composed of a Fund-Level Fee and a Class-Level Fee, based on the Monthly Average Net Assets (defined below) of the respective Fund and Classes thereof in accordance with the following fee schedule:

Name of Fund	Class	Fund-Level Fee Rate	Class-Level Fee Rate	Total Annual Fee Rate
China Region Fund	Investor	0.04%	0.04%	0.08%
All American Equity Fund	Investor	0.04%	0.04%	0.08%
Gold and Precious Metals Fund	Investor	0.04%	0.04%	0.08%
	Institutional	0.03%	0.03%	0.06%
World Precious Minerals Fund	Investor	0.04%	0.04%	0.08%
	Institutional	0.03%	0.03%	0.06%
Emerging Europe Fund	Investor	0.04%	0.04%	0.08%
	Institutional	0.03%	0.03%	0.06%
Global Emerging Markets Fund	Investor	0.04%	0.04%	0.08%
Holmes Growth Fund	Investor	0.04%	0.04%	0.08%
MegaTrends Fund	Investor	0.04%	0.04%	0.08%
	Institutional	0.03%	0.03%	0.06%
Global Resources Fund	Investor	0.04%	0.04%	0.08%
	Institutional	0.03%	0.03%	0.06%
Tax Free Fund	Investor	0.04%	0.04%	0.08%
Near-Term Tax Free Fund	Investor	0.04%	0.04%	0.08%
U.S. Government Securities Savings Fund	Investor	0.04%	0.04%	0.08%
U.S. Treasury Securities Cash Fund	Investor	0.04%	0.04%	0.08%

The "Monthly Average Net Assets" of any Fund of the Trust for any calendar month shall be equal to the quotient produced by dividing (i) the sum of the net assets of such Fund for each calendar day of such month, by (ii) the number of such days.

The value of the net assets of each Fund will always be determined pursuant to the applicable provisions of the Trust's Declaration, as amended from time-to-time and the registration statement.

Fees and expenses for Non-Recurring Services will be negotiated and quoted separately.

The Administrator shall be reimbursed for certain out-of-pocket expenses, including but not limited to: (i) postage, stationery (including FedEx or other shipping fees); (ii) computer programming relating to services provided to the Trust that have been approved by the Board prior to implementation; (iii) EDGAR filing costs; (iv) record retention relating to the Trust; (v) federal and state regulatory filing fees; (vi) expenses incurred for Board meetings (e.g. catering services, entertainment, or off-site meeting rentals); (vii) such non-recurring or extraordinary expenses that have been approved by the Board of the Trust prior to implementation; and (viii) special reports prepared by the Administrator at the request of the Trust or Board.

Exhibit 10.16 — Note Modification Agreement dated March 26, 2013 to Credit Agreement dated February 26, 2009

CHASE Note Modification Agreement

This agreement is dated as of March 26, 2013 (the "**Agreement Date**"), by and between U.S. GLOBAL INVESTORS, INC. (the "Borrower") and JPMorgan Chase Bank, N.A. (together with its successors and assigns, the "**Bank**"). The provisions of this agreement are effective on the date that this agreement has been executed by all of the signers and delivered to the Bank (the "**Effective Date**").

WHEREAS, the Borrower executed a Line of Credit Note dated as of February 26, 2009 in the original principal amount of One Million and 00 100 Dollars ($1.000,000.00), (as same may have been amended or modified from time to time, the "Note") as evidence of an extension of credit from the Bank to the Borrower, which Note has at all times been, and is now, continuously and without interruption outstanding in favor of the Bank; and,

WHEREAS, the Borrower has requested and the Bank has agreed that the Note be modified to the limited extent as hereinafter set forth in this agreement;

NOW THEREFORE, in mutual consideration of the agreements contained herein and for other good and valuable consideration, the parties agree as follows:

1. **ACCURACY OF RECITALS**. The Borrower acknowledges the accuracy of the Recitals stated above.

2. **DEFINITIONS**. Capitalized terms used in this agreement shall have the same meanings as in the Note, unless otherwise defined in this agreement.

3. **MODIFICATION OF NOTE**.

3.1 The provision in the Note captioned "**Promise to Pay**" is hereby amended as follows: The date on which the entire balance of unpaid principal plus accrued interest shall be due and payable immediately is hereby changed from May 31, 2013 to May 31, 2014.

3.2 From and after the Effective Date, the provision in the Note captioned "**Purpose of Loan**" is hereby amended and restated to read as follows:

Purpose of Loan. The Borrower acknowledges and agrees that this Note evidences a loan for a business, commercial, agricultural or similar commercial enterprise purpose, and that no advance shall be used for any personal, family or household purpose. The proceeds of the loan shall be used only for the Borrower's working capital purposes.

3.3 Each of the Related Documents is modified to provide that it shall be a default or an event of default thereunder if the Borrower shall fail to comply with any of the covenants of the Borrower herein or if any representation or warranty by the Borrower herein or by any guarantor in any Related Documents is materially incomplete, incorrect, or misleading as of the date hereof. As used in this agreement, the "**Related Documents**" shall include the Note and all applications for letters of credit, loan agreements, credit agreements, reimbursement agreements, security agreements, mortgages, deeds of trust, pledge agreements, assignments, guaranties. or any other instrument or document executed in connection with the Note or in connection with any other obligations of the Borrower to the Bank.

3.4 Each reference in the Related Documents to any of the Related Documents shall be a reference to such document as modified by this agreement.

4. **RATIFICATION OF RELATED DOCUMENTS AND COLLATERAL**. The Related Documents are ratified and reaffirmed by the Borrower and shall remain in full force and effect as they may be modified by this agreement. All property described as security in the Related Documents shall remain as security for the Note, as modified by this agreement, and the Liabilities under the other Related Documents.

5. **BORROWER REPRESENTATIONS AND WARRANTIES**. The Borrower represents and warrants to the Bank that each of the representations and warranties made in the Note and the other Related Documents and each of the following representations and warranties are and will remain, true and correct until the later of maturity or the date on which all Liabilities evidenced by the Note are paid in full:

5.1 No default, event of default or event that would constitute a default or event of default but for the giving of notice, the lapse of time or both, has occurred and is continuing under any provision of the Note, as modified by this agreement, or any other Related Document.

5.2 No event has occurred which may in any one case or in the aggregate materially and adversely affect the financial condition, properties, business, affairs, prospects or operations of the Borrower or any guarantor or any subsidiary of the Borrower.

5.3 The Borrower has no defenses or counterclaims, offsets or adverse claims, demands or actions of any kind, personal or otherwise, that it could assert with respect to the Note or any other Liabilities.

5.4 The Note, as modified by this agreement, and the other Related Documents are the legal, valid, and binding obligations of the Borrower and the other parties, enforceable against the Borrower and other parties in accordance with their terms, except as may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by general principles of equity.

5.5 The Borrower, other than any Borrower who is a natural person, is validly existing under the laws of the State of its formation or organization. The Borrower has the requisite power and authority to execute and deliver this agreement and to perform the obligations described in the Related Documents as modified herein. The execution and delivery of this agreement and the performance of the obligations described in the Related Documents as modified herein have been duly authorized by all requisite action by or on behalf of the Borrower. This agreement has been duly executed and delivered by or on behalf of the Borrower.

6. **BORROWER COVENANTS**. The Borrower covenants with the Bank:

6.1 The Borrower shall execute, deliver, and provide to the Bank such additional agreements, documents, and instruments as reasonably required by the Bank to effectuate the intent of this agreement.

6.2 The Borrower fully, finally, and forever releases and discharges the Bank, its successors, and assigns and their respective directors, officers, employees, agents, and representatives (each a "**Bank Party**") from any and all causes of action, claims, debts, demands, and liabilities, of whatever kind or nature, in law or equity, of the Borrower, whether now known or unknown to the Borrower, (i) in respect of the loan evidenced by the Note and the Related Documents, or of the actions or omissions of any Bank Party in any manner related to the loan evidenced by the Note or the Related Documents and (ii) arising from events occurring prior to the date of this agreement ("**Claims**"); provided, however, that the foregoing **RELEASE SHALL INCLUDE ALL CLAIMS ARISING OUT OF THE NEGLIGENCE OF ANY BANK PARTY**, but not the gross negligence or willful misconduct of any Bank Party.

6.3 To the extent not prohibited by applicable law, the Borrower shall pay to the Bank:

6.3.1 All the internal and external costs and expenses incurred (or charged by internal allocation) by the Bank in connection with this agreement (including, without limitation, inside and outside attorneys, appraisal, appraisal review, processing, title, filing, and recording costs, expenses, and fees).

7. **EXECUTION AND DELIVERY OF AGREEMENT BY THE BANK**. The Bank shall not be bound by this agreement until (i) the Bank has executed this agreement and (ii) the Borrower has executed and delivered this agreement together with all other related documents requested by the Bank, and the Borrower has fully satisfied all other conditions precedent, as determined by the Bank in its sole discretion.

8. **INTEGRATION, ENTIRE AGREEMENT, CHANGE, DISCHARGE, TERMINATION, OR WAIVER**. The Note, as modified by this agreement, and the other Related Documents contain the complete understanding and agreement of the Borrower and the Bank in respect of any Liabilities evidenced by the Note and supersede all prior understandings, and negotiations. If any one or more of the obligations of the Borrower under this agreement or the Note, as modified by this Agreement, is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower shall not in any way be affected or impaired, and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrower under this agreement, the Note as modified by this agreement and the other Related Documents in any other jurisdiction. No provision of the *Note,* as modified by this agreement, or any other Related Documents may be changed, discharged, supplemented, terminated, or waived except in a writing signed by the party against whom it is being enforced.

9. **GOVERNING LAW AND VENUE**. This agreement shall be governed by and construed in accordance with the laws of the State of Texas (without giving effect to its laws of conflicts). The Borrower agrees that any legal action or proceeding with respect to any of its obligations under the Note or this agreement may be brought by the Bank in any state or federal court located in the State of Texas, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, the Borrower submits to and

accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Borrower waives any claim that the State of Texas is not a convenient forum or the proper venue for any such suit, action or proceeding. This agreement binds the Borrower and its successors, and benefits the Bank, its successors and assigns. The Borrower shall not, however, have the right to assign the Borrower's rights under this agreement or any interest therein, without the prior written consent of the Bank.

10. **COUNTERPART EXECUTION**. This agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same agreement.

11. **NOT A NOVATION**. This agreement is a modification only and not a novation. In addition to all amounts hereafter due under the Note, as modified by this agreement, and the other Related Documents, all accrued interest evidenced by the Note being modified by this agreement and all accrued amounts due and payable under the Related Documents shall continue to be due and payable until paid. Except for the modification(s) set forth in this agreement, the Note, the other Related Documents and all the terms and conditions thereof, shall be and remain in full force and effect with the changes herein deemed to be incorporated therein. This agreement is to be considered attached to the Note and made a part thereof. This agreement shall not release or affect the liability of any guarantor, surety or endorser of the Note or release any owner of collateral securing the Note. The validity, priority and enforceability of the Note shall not be impaired hereby. References to the Related Documents and to other agreements shall not affect or impair the absolute and unconditional obligation of the Borrower to pay the principal and interest on the Note when due. The Bank reserves all rights against all parties to the Note and the other Related Documents.

12. **TIME IS OF THE ESSENCE**. Time is of the essence under this agreement and in the performance of every term, covenant and obligation contained herein.

THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:

Address: 7900 Callaghan Road
San Antonio, TX 78229

U.S. GLOBAL INVESTORS, INC.

By: Catherine Rademacher

CATHERINE RADEMACHER, CFO

Printed Name Title

Date Signed: 4/22/2013

BANK'S ACCEPTANCE

The foregoing agreement is hereby agreed to and acknowledged

Bank:

JPMorgan Chase Bank, N.A.

By: NH

Natalie Hill VP

Printed Name Title

Date Signed: 4/22/2013

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003288321000 DW000B00961581211B9D9

Exhibit 21 — Subsidiaries of the Company, Jurisdiction of Incorporation, and Percentage of Ownership

1. United Shareholder Services, Inc. – incorporated in Texas and wholly owned by the Company
2. U.S. Global Investors (Bermuda) Ltd. - incorporated in Bermuda and wholly owned by the Company
3. U.S. Global Investors (Guernsey) Limited – incorporated in Guernsey, Channel Islands and wholly owned by the Company (on August 3, 2013, U.S. Global Investors (Guernsey) Limited was dissolved)
4. U.S. Global Brokerage, Inc. – incorporated in Texas and wholly owned by the Company
5. U.S. Global Investors (Canada) Ltd. – incorporated in Canada and wholly owned by the Company
6. U.S. Global Indices, LLC – incorporated in Texas and wholly owned by the Company

Exhibit 23.1 — Consent of BDO USA, LLP

Consent of Independent Registered Public Accounting Firm

U.S. Global Investors, Inc.
San Antonio, Texas

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our reports dated August 28, 2013, relating to the Consolidated Balance Sheets of U.S. Global Investors, Inc. as of June 30, 2013, and 2012, and the related Consolidated Statements of Operations and Comprehensive Income, Stockholders' Equity, and Cash Flows for each of three years in the period ended June 30, 2013, and the effectiveness of U.S. Global Investors, Inc.'s internal control over financial reporting appearing in the Company's Annual Report on Form 10-K for the year ended June 30, 2013.

/s/ BDO USA, LLP
BDO USA, LLP
Dallas, Texas
August 28, 2013

Exhibit 31.1 — Rule 13a – 14(a) Certifications
(under Section 302 of the Sarbanes-Oxley Act of 2002)

I, Frank E. Holmes, the principal executive officer of U.S. Global Investors, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of U.S. Global Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d – 15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 28, 2013

/s/ Frank E. Holmes
Frank E. Holmes
Chief Executive Officer

Rule 13a – 14(a) Certifications
(under Section 302 of the Sarbanes-Oxley Act of 2002)

I, Lisa C. Callicotte, the principal financial officer of U.S. Global Investors, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of U.S. Global Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d – 15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 28, 2013

/s/ Lisa C. Callicotte
Lisa C. Callicotte
Chief Financial Officer

Exhibit 32.1 — Section 1350 Certifications
(under Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report of U.S. Global Investors, Inc. (the Company) on Form 10-K for the year ending June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Frank E. Holmes, Chief Executive Officer of the Company, hereby certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 28, 2013

/s/ Frank E. Holmes
Frank E. Holmes
Chief Executive Officer

A signed original of the written statement required by Section 906 has been provided to U.S. Global Investors, Inc. and will be retained by U.S. Global Investors, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Section 1350 Certifications
(under Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report of U.S. Global Investors, Inc. (the Company) on Form 10-K for the year ending June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Lisa C. Callicotte, Chief Financial Officer of the Company, hereby certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 28, 2013

/s/ Lisa C. Callicotte
Lisa C. Callicotte
Chief Financial Officer

A signed original of the written statement required by Section 906 has been provided to U.S. Global Investors, Inc. and will be retained by U.S. Global Investors, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.