

# Gold and Precious Metals Fund (USERX)

November 2009

Symbol: USERX CUSIP: 911478-10-5  
Inception Date: 7/1/74

## About the Fund

The Gold and Precious Metals Fund is the first no-load gold fund in the U.S. We have a history as pioneers in portfolio management in this specialized sector. Our team brings valuable background in geology and mining finance, important to understanding the technical side of the business. The fund focuses on producers, companies currently pulling gold or other precious minerals out of the ground. These companies, often called "seniors," generally have the largest market caps in the mining sector.

## Fund Objective

The Gold and Precious Metals Fund seeks capital appreciation while protecting against inflation and monetary instability. The fund also pursues current income as a secondary objective.

## Fund Strategy


Under normal market conditions, the Gold and Precious Metals Fund will invest at least 80 percent of its net assets in equity securities of companies predominately involved in the mining, fabrication, processing, marketing, or distribution of metals including gold, silver, platinum group, palladium and diamonds. Gold companies include mining companies that exploit gold deposits that are supported by by-products and co-products such as copper, silver, lead and zinc, and also have diversified mining companies which produce a meaningful amount of gold. The fund focuses on selecting companies with established producing mines.

## Portfolio Team

**Frank Holmes**, Chief Investment Officer  
Years of Experience: 30

**Ralph Aldis**, CFA, Senior Analyst  
Years of Experience: 20

## Potential Risk/Reward

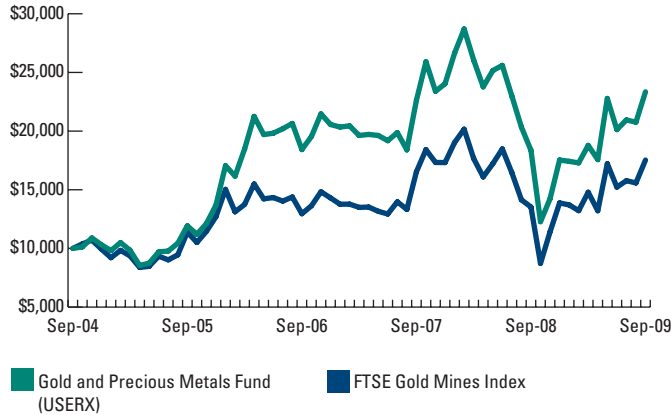
Low  High



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All information is unaudited and, unless otherwise indicated, is as of 11/30/09

## Growth of \$10,000 from 09/30/2004 to 09/30/2009



The chart illustrates the performance of a hypothetical \$10,000 investment made in the fund during the depicted time frame, compared to its benchmark index. Figures include reinvestment of capital gains and dividends, but the performance does not include the effect of any direct fees described in the fund's prospectus (e.g., short-term trading fees) which, if applicable, would lower your total returns.

## Portfolio Statistics

Total Net Assets	\$257.0 Million	Standard Deviation	10.60%
NAV	\$16.30	Benchmark Standard Deviation	11.60%
Average Weighted Market Capitalization	\$5.8 Billion	2008 Distributions (\$ per share)	\$0.727
Beta	0.897	Lipper Category	Gold Oriented
Information Ratio	0.392		

## Average Annual Returns

	Average Annual						Expense Ratio		
	1 Month	Year to Date	1-year	3-year	5-year	10-year	Since Inception (7/1/74)	Gross	Capped
Gold and Precious Metals Fund (as of 9/30/09)	12.48%	33.15%	27.16%	8.21%	18.47%	15.80%	1.01%	1.86%	1.90%
FTSE Gold Mines Index <sup>1</sup> (as of 9/30/09)	12.52%	26.34%	29.59%	10.59%	11.88%	10.24%	n/a	n/a	n/a
Gold and Precious Metals Fund (as of 11/30/09)	14.79%	50.51%	85.44%	7.12%	19.35%	19.04%	1.36%	1.86%	1.90%
FTSE Gold Mines Index <sup>1</sup> (as of 11/30/09)	17.41%	41.74%	72.35%	9.86%	12.92%	13.62%	n/a	n/a	n/a

Gross expense ratio as stated in the most recent prospectus. Capped expense ratio is a voluntary limit on total fund operating expenses (exclusive of any acquired fund fees and expenses, performance fees, taxes, brokerage commissions and interest) that U.S. Global Investors, Inc. can modify or terminate at any time. Performance data quoted above is historical. Past performance is no guarantee of future results. Results reflect the reinvestment of dividends and other earnings. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance does not include the effect of any direct fees described in the fund's prospectus (e.g., short-term trading fees of 0.50%) which, if applicable, would lower your total returns. Obtain performance data current to the most recent month-end at [www.usfunds.com](http://www.usfunds.com) or 1-800-US-FUNDS. High double-digit returns are attributable, in part, to unusually favorable market conditions and may not be repeated or consistently achieved in the future.

Gold, precious metals, and precious minerals funds may be susceptible to adverse economic, political or regulatory developments due to concentrating in a single theme. The prices of gold, precious metals, and precious minerals are subject to substantial price fluctuations over short periods of time and may be affected by unpredicted international monetary and political policies. We suggest investing no more than 5% to 10% of your portfolio in these sectors.



## Industry Breakdown

as a percentage of total investments

Gold Mining	60.70%
Cash Equivalents	9.44%
Silver Mining	6.98%
Diversified Minerals	5.34%
Precious Metals	2.80%
Metal - Diversified	2.61%
Metal - Copper	2.60%
Platinum	2.48%
Gold ETF	2.01%
Other	5.03%

## Top 5 Regional Breakdown

as a percentage of net assets (Country of incorporation)

Canada	53.61%
United States	11.60%
Jersey - Channel Islands	11.21%
Australia	5.33%
South Africa	2.66%

## Assets by Capitalization

as a percentage of total assets

Small Cap (under \$1 Billion)	26.52%
Mid Cap (\$1-\$5 Billion)	26.99%
Large Cap (over \$5 Billion)	46.49%

## Top 10 Equity Holdings<sup>2</sup>

as a percentage of net assets

Randgold Resources Ltd	9.14%
Agnico-Eagle Mines Ltd	4.71%
Yamana Gold Inc	4.62%
Royal Gold Inc	3.66%
Centamin Egypt Ltd	3.62%
Red Back Mining Inc	3.53%
Goldcorp Inc	3.29%
Kinross Gold Corp	3.19%
IAMGOLD Corp	3.02%
Silver Wheaton Corp	2.89%

**Percentage of total net assets in top 20 holdings** **63.86%**

**Total number of holdings** **63**

## Fund Composition<sup>3</sup>

as a percentage of total investments

Equities	90.11%
Cash Equivalents	9.44%
Bonds	0.45%

★★★★

### Morningstar 5-year Rating™

Among 61, 61, 61, and 36 Equity Precious Metals funds, the Gold and Precious Metals Fund earned 3 stars, 3 stars, 4 stars and 2 stars for the overall, 3-, 5- and 10-year periods 9/30/09. Ratings are based on risk-adjusted return. The Overall Morningstar Rating for a fund is derived from a weighted-average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Past performance does not guarantee future results.

Please consider carefully a fund's investment objectives, risks, charges and expenses. For this and other important information, obtain a fund prospectus by visiting [www.usfunds.com](http://www.usfunds.com) or by calling 1-800-US-FUNDS (1-800-873-8637). Read it carefully before investing. Distributed by U.S. Global Brokerage, Inc.

There is no guarantee that the investment objectives will be met. <sup>1</sup>The FTSE Gold Mines Index Series encompasses all gold mining companies that have a sustainable and attributable gold production of at least 300,000 ounces a year, and that derive 75% or more of their revenue from mined gold. <sup>2</sup>Portfolio holdings will change. <sup>3</sup>Fund assets can include, but are not limited to, equities, bonds, cash, receivables, pre-paid expenses and other miscellaneous assets. Fund composition represents key components only and should not be considered a complete financial picture of a fund's assets. Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Information Ratio is the ratio of expected return to risk, as measured by standard deviation. Information Ratio is used to measure portfolio management's performance against a benchmark. Standard deviation is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is also known as historical volatility. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) 09-834