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U.S. Global Investors
Investor Alert

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Press Release:
U.S. Global Investors Announces Earnings Webcast

Don't Sell in May: Here are Reasons to Extend Your Stay

By Frank Holmes
CEO and Chief Investment Officer
U.S. Global Investors

During the first week of May every year, the maxim, "Sell in May and Go Away," gets taken out, dusted off and powered up as a reason to sell stocks. The rhyme is more than just a catchy urban legend: June, July, August and September have historically been the weakest months of the year for the S&P 500 Index.


Springtime in the Midwest?

Yet even if seasons trigger certain events, when the snow falls in Minnesota in May, Midwesterners need to throw on their winter gear and roll out snowblowers, not lawnmowers.

Consider this encouraging research: The S&P 500 has been rallying for six months in a row, which has happened 48 times since 1950. Following these six-month winning streaks, stocks have historically continued rising. Sixty percent of the time, the S&P 500 climbed 0.79 percent over the next month; 84 percent of the time, stocks increased 3.50 percent, 7.77 percent and 11.77 percent the next three, six and 12 months following the streak.

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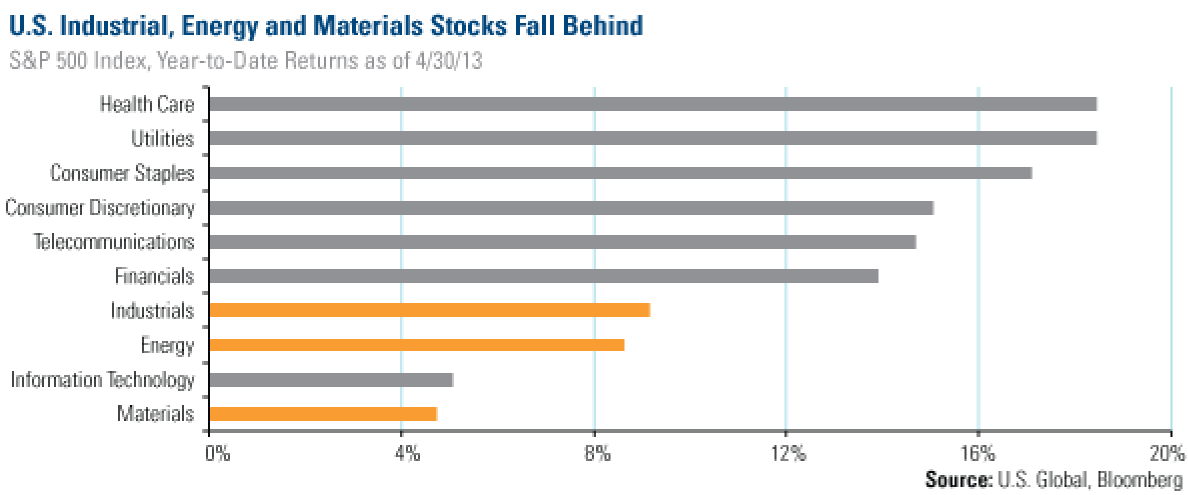
In addition, 165,000 jobs were added to payrolls in April, helping the unemployment rate fall to 7.5 percent. This is the lowest level since December 2008.

The news comes days after the Federal Reserve stamped its approval on another month of bond buying, with the added bonus of Ben Bernanke stating that the Fed is "prepared to increase or reduce the pace of its purchases to maintain appropriate policy accommodation."

If that's not enough to validate a continuing bull market, consider the European Central Bank's exceptional move this week. Mario Draghi cut key interest rates to 0.5 percent, the first time in 10 months, following weaker manufacturing data out of top four largest economies in the eurozone. Germany, France, Italy and Spain all experienced manufacturing contractions.

Our portfolio manager of the Emerging Europe Fund, Tim Steinle, described the ECB's motivation this way: It's one thing to punish the periphery; it's another to weaken the core.

The S&P 500 has climbed an amazing 12.74 percent through April 30, so if you're eager to do some investment spring cleaning, you might want to consider areas that have underperformed. For example, take a look at the year-to-date returns by sector, which reveal an interesting pattern. Health care, utilities, consumer staples and consumer discretionary have all climbed more than 15 percent, much more than the market. Meanwhile, companies in the materials, energy and industrials sectors have lagged the overall index.



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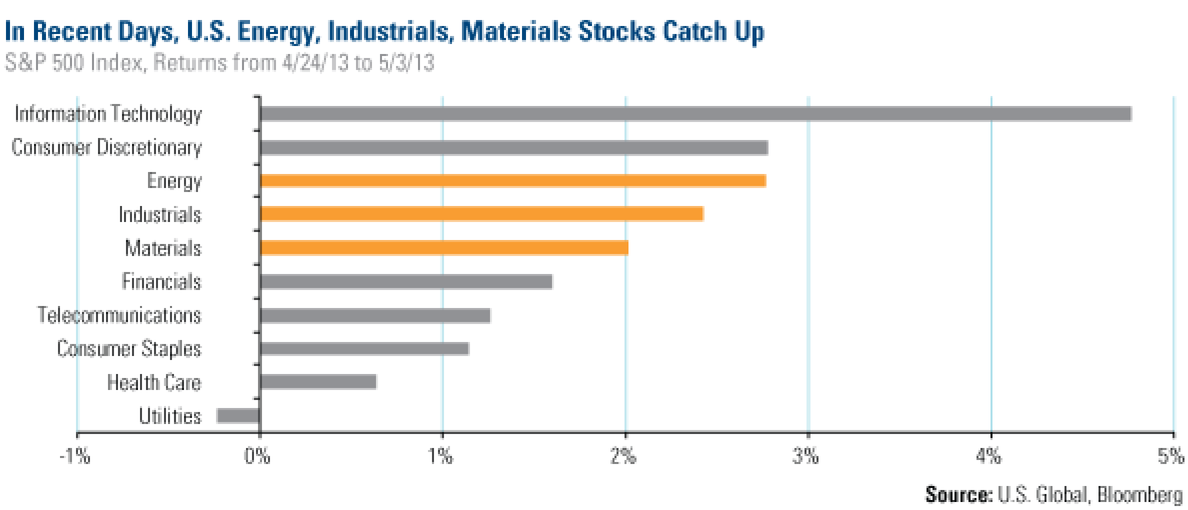
In recent days, an inflection point seems to have occurred, with these weaker areas of the market gaining strength. We wrote in the Investor Alert last week that cyclical stocks, including health care, consumer staples, utilities and telecommunication, have been lagging the remaining sectors. From the beginning of the earnings season on April 24 through May 3, energy, industrial and materials stocks are nearly the best performing areas of the market.



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We believe expectations might have become too lofty for defensive companies and too gloomy for cyclical stocks, so as perceptions toward global growth improve, it won't take much for energy, industrials and materials to take off.

Also Read: A Case for Owning Commodities When No One Else Is

Spring Clean Your Treasury Portfolio Too
With the Fed's insistence to keep interest rates low, real interest rates remain negative for investors. For example, a 90-day T-bill yields 0.06 percent and 2-year Treasury yields 0.23 percent, but inflation burns off 1.5 percent.

It's interesting to note that while low interest rates help keep the government's debt payments low, these rates hurt seniors living on a fixed income. My friend, Terry Savage writes this week,

"Savers are the big losers in this rigged game. And most domestic savers are seniors and those approaching retirement, who planned to live on the income generated by their savings. Today, that's simply not possible – unless they are willing to take on a lot more risk."

Here's an alternative that offers both a shorter duration and higher yields, without a lot of risk: The Near-Term Tax Free Fund (NEARX) has a tax-equivalent yield of 1.51 percent as of March 31, 2013. Its 30-day SEC yield is 0.81 percent. These yields are significantly higher than a 2-year Treasury. Learn more today.

The important idea for investors is to adjust to the current conditions. Regardless of the month, if the thermostat shows frigid temperatures, dress accordingly. Likewise for when it's hot in the summer. What's important is to stay tuned and make sure your portfolio is dressed accordingly.

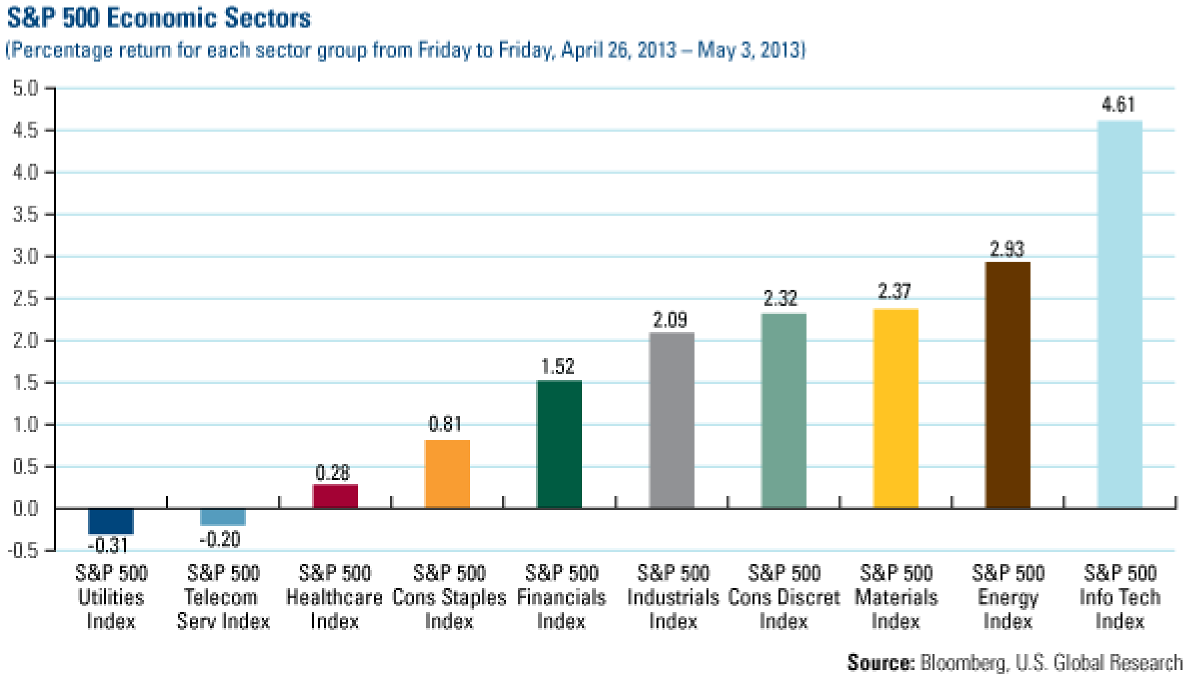
Index Summary

- The major market indices moved higher this week. The Dow Jones Industrial Average rose 1.78 percent. The S&P 500 Stock Index moved higher by 2.03 percent, while the Nasdaq Composite gained 3.03 percent. The Russell 2000 small capitalization index rose 2.05 percent this week.
- The Hang Seng Composite rose 0.77 percent; Taiwan gained 1.41 percent while the KOSPI advanced 1.09 percent.
- The 10-year Treasury bond yield rose 8 basis points this week, to 1.74 percent.

All American Equity Fund - GBTFX • Holmes Growth Fund - ACBGX • MegaTrends Fund - MEGAX

Domestic Equity Market

The S&P 500 powered ahead to new highs this week as cyclical sectors took the lead in a reversal of recent trends. Last week we highlighted that we could be at a potential inflection point in the market as the leadership of defensive areas such as telecom, staples, healthcare and utilities started to show signs of cracking last week. One week does not make a trend but it appears that the leadership baton may have been handed off.



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Strengths

- The technology sector was the leader this week in a broad based rebound. Outperformers included Advanced Micro Devices, Seagate Technology and Apple.
- The energy sector was the runner up this week as earnings from Pioneer Natural Resources and Ensco were well received and the coal sector rebounded with Consol Energy and Peabody Energy both rising sharply.
- Advanced Micro Devices was the best performer this week rising by more than 36 percent. The company is the subject of takeover rumors, which has occurred in the past but the magnitude of the move adds credence to this speculation.

Weaknesses

- The utility sector was the worst performer this week with mixed performance from constituents. A sector rotation appears to be in the works as cyclicals gain favor.
- The telecom services sector under performed this week with Verizon falling 1.77 percent after holding up well last week when AT&T fell 3.2 percent.
- Oneok Inc. was the worst performer in the S&P 500 this week declining 7.32 percent as the company missed quarterly earnings expectations.

Opportunity

- The market continues to climb that proverbial wall of worry and just shakes off any bad news and rallies smartly on good news.
- Global central banks are literally pulling out all the stops in an attempt to ignite economic growth. The European Central Bank cut interest rates again this week, which is a move in the right direction as far as the market is concerned.

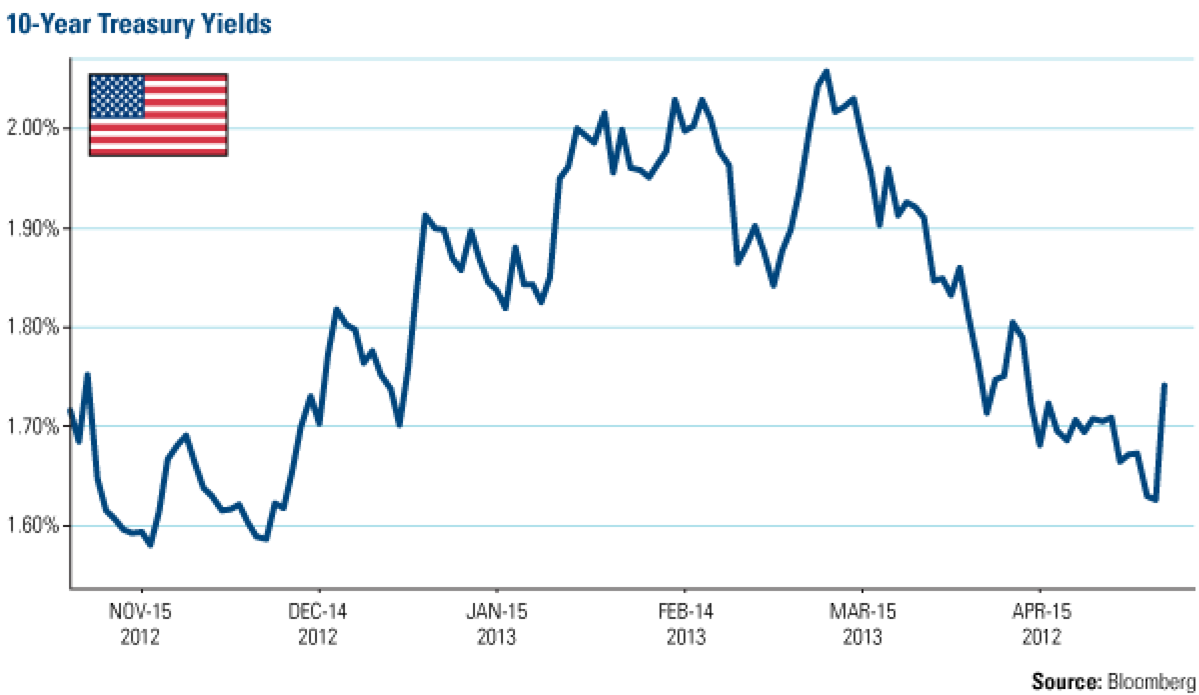
Threat

- A market consolidation wouldn't be a surprise after a strong start to the year.
- Expectations for cyclical areas of the market are low and allowing stocks to rally when companies just meet expectations. If the global economy were to deteriorate the market wouldn't have much to fall back on.

U.S. Government Securities Savings Fund - UGSXX • U.S. Treasury Securities Cash Fund - USTXX
Near-Term Tax Free Fund - NEARX • Tax Free Fund - USUTX

The Economy and Bond Market

Treasury yields moved higher this week as Friday's payroll report was better than expected, leading to a significant sell off in bonds. The Fed reiterated its position while the European Central Bank (ECB) cut interest rates for the first time in 10 months, reassuring the market of its easing bias.



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Strengths

- Nonfarm payrolls grew 165,000 in April and February and March were revised higher by 114,000. This unexpected growth in payrolls took the market by surprise as recent data points have been weak.
- The Case-Shiller 20 city index rose 1.2 percent in February, which is the largest monthly gain since 2005. The housing market continues to strengthen, providing a much needed economic tailwind.
- Initial jobless claims fell to 324,000, which is the lowest level since January 2008. This adds credibility to the strong payroll numbers.

Weaknesses

- The ISM manufacturing index fell to 50.7, declining for a second month and approaching the break even level of 50.
- Chinese manufacturing PMI also fell and disappointed the market, but still remains above the critical 50 level.
- Japanese industrial production expanded at a slower than expected pace in March, rising a modest 0.2 percent. South Korean industrial production fell 2.6 percent, well below estimates and shows the pressure that the

Japanese yen devaluation is having on the country as the countries compete for exports.

Opportunity

- The Fed continues to remain committed to an extremely accommodative policy.
- Key global central bankers are still in easing mode such as the ECB, Bank of England and the Bank of Japan. The Bank of Japan in particular is aggressively easing currently and the ECB cut rates by 25 basis points this week.

Threat

- Inflation in some corners of the globe is getting the attention of policy makers and may be an early indicator for the rest of the world.
- Trade and/or currency wars cannot be ruled out which may cause unintended consequences and volatility in the financial markets.

World Precious Minerals Fund - UNWPX • Gold and Precious Metals Fund - USERX

Gold Market

For the week, spot gold closed at $1,470.75 up $8.66 per ounce, or 0.59 percent. Gold stocks, as measured by the NYSE Arca Gold Miners Index, rose 0.59 percent. The U.S. Trade-Weighted Dollar Index lost 0.46 percent for the week.

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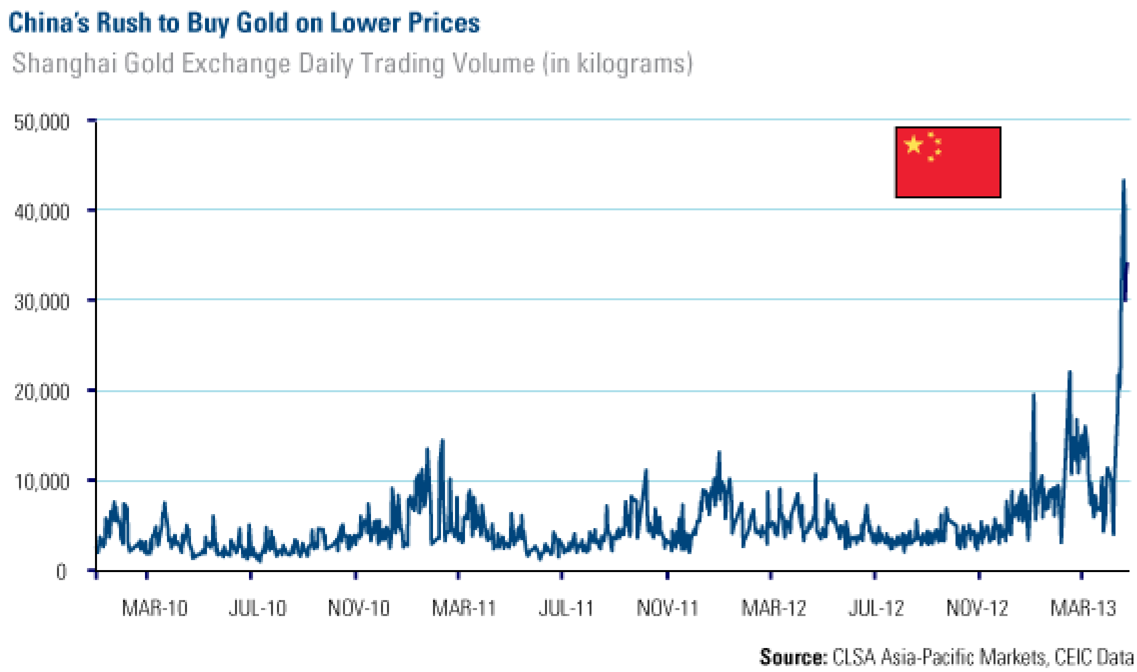

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- INK Research reports insider buying on the TSX Venture exchange is nearing record highs, led by the mining sector. The company's proprietary insider buying indicator hit 715 percent, meaning there are seven stocks with insider buying for each stock with insider selling. The recent surge bodes well for mining junior stocks as the insider buying indicator correctly foreshadowed the recovery in prices following the 2008 crash says David Kwan of Salman Partners. It appears physical gold buyers are not the only gold bulls in the market today.
- During a recent panel discussion David Franklin of Sprott and Frank Holmes discussed the recent sell off in gold and agreed that gold sentiment has bifurcated with financial buyers reducing their allocation to gold while physical investors have increased their purchases. As a result, Frank stated that as uneducated buyers get shaken out of the market, and educated buyers jump in gold, ownership is effectively transferred from weak hands to strong hands.

Weaknesses

- Evy Hambro, manager of BlackRock's commodities funds was very critical of recent gold stocks performance at a private event in London this week. Hambro placed the blame on poor execution on the part of managers, and noted their poor job at delivering value to shareholders. These comments are not new, but they do serve to remind investors of the difficulty in picking the best stocks among an industry with rapid rising costs, recent weak pricing, and high execution risk.
- The reporting season started with some previous underperformers confirming their status. Newmont Mining disappointed with its high costs and lower grades which make its full year cost guidance now difficult to achieve. Goldcorp also battled lower grades as it announced lower by-product numbers at Penasquito. Kinross anticipated its reporting to announce its widely expected prefeasibility study of Tasiast. The project has only an 11 percent internal rate of return at $1,500 dollar gold. No sensitivities were given to see what could happen in a bad pricing scenario to a project that has already seen multi-billion dollar write-downs. And lastly, George Topping of Stifel Nicolaus shared the news that Barrick/Goldcorp's gold exports from Pueblo Viejo in Dominican Republic apparently have been halted againas the companies are reportedly required to pay an unsubstantiated and unlikely $992 million in fines and penalties.
- New Gold Inc. reported weak earnings this week. The company missed earnings and production guidance based on lower than expected production from its New Afton mine as low grade open pit waste material had to be removed to reach the high grade ore. The company also reported lower production at CSP and Mesquite based on lower grades at the leach pads.

Opportunities

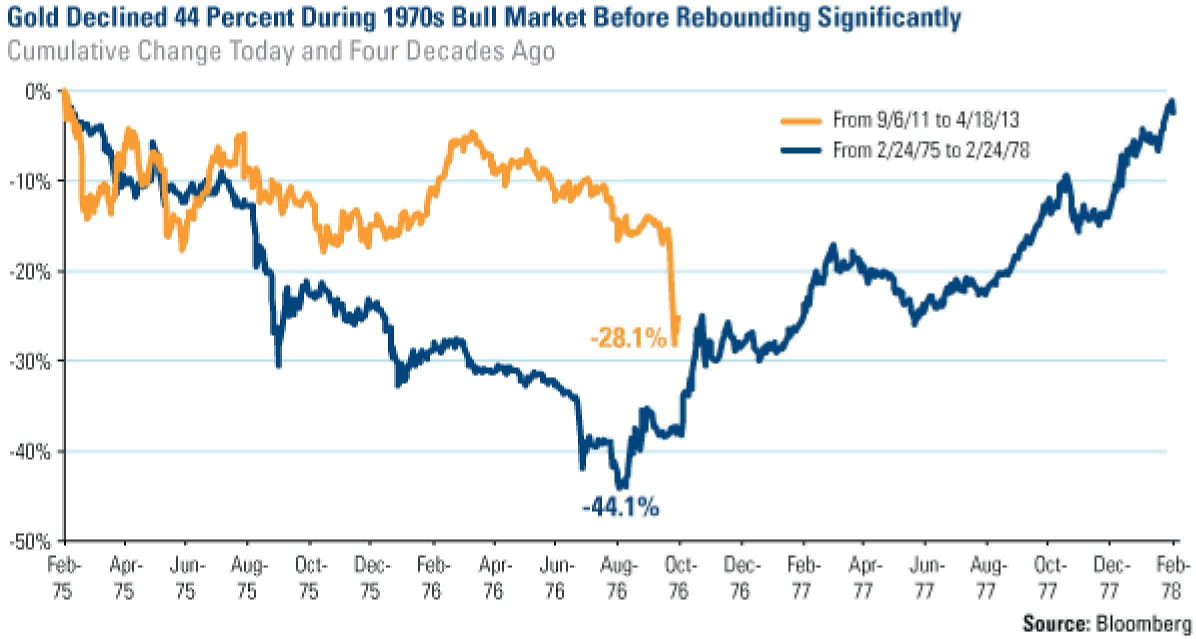
- A symbolic change in sentiment happened this week as Allied Nevada was able to complete a bought deal this week led by Dundee Securities. Dundee Securities President Ned Goodman is a widely respected in the mining industry and his company stepped up and raised equity for a gold company amid negative investor sentiment. The deal, valued at $150 million is by no means small, and demonstrates capital markets are healthier than initially thought; at least in the presence of strong leadership with a proven record of success.

- The Arizona State Senate approved legislation to make gold and silver coins legal tender in the state. The bill was eventually vetoed by the Governor who cited the lack of coordination with Federal agencies tasked with overseeing these transactions for her inability to pass the legislation. Despite this fact, it has become evident there is a lack of confidence in the monetary system. The push to establish gold as currency in the United States has become increasingly popular, with more than ten states currently drafting similar legislation.
- The addition of two words to the latest Federal Open Market Committee communication issued on Wednesday has given us more reasons to believe the Fed is not likely to taper purchases as early as some economists anticipate. The sentence now reads that not only is the Fed ready to reduce asset purchases when it deems it necessary, it is now also ready to increase those purchases to maintain appropriate policy accommodation. The correlation between the size of the Fed's balance sheet and the price of gold continues to be strong despite a recent divergence. Further easing, even the sole possibility of it, should bode well for gold prices.

Threats

- Dundee Capital Markets studied the three-year annualized percent increase in per tonne costs for 99 mines around the world. The results are staggering; their estimates talk of a median annualized rate of cost inflation of 11 percent over the last three years. It is evident mining cost inflation is widespread, but when comparing these costs with a 2 percent annual CPI, one can conclude costs are out of control. With gold prices showing weakness in recent months, margin compression is a genuine threat for those companies that cannot control their cost inflation.
- Dundee Capital Markets also looked at the recent developments that have changed the fiscal risk panorama for both seniors and juniors in the space. The regulatory instability of developing countries is not at all surprising, with at least eight documented cases of added fiscal pressure to miners. Countries such as Ghana, Romania, Senegal, and Armenia among others increased or sought to increase royalty payments from miners in the last 12 months. As if these risks were not enough, traditional mining friendly jurisdictions in developed countries have also turned their back on miners recently. Australia's super profits tax, Nevada's proposed changes to royalty rates, and Quebec's potential windfall tax, and Mexico's recently discussed new royalty system are only a few of the frontal attacks miners have been subject to in recent months.
- Financial media outlets have convinced investors that the gold sell off in mid April is broad based and that gold has lost its fundamental value. An interesting report was published this week in which it became evident that only a few players have parted with their physical gold in the last three months. What is most interesting is the fact that JP Morgan accounts for 99.3 percent of the gold delivered in the Comex market since February 1. This is the same bank that was investigated in connection with a possible silver price manipulation after whistleblowers alerted the Commodities Futures Trading Commission in November 2009. Back then it was speculated that the bank was acting as an agent of the Federal Reserve, holding down the price of silver, to buoy confidence in the U.S. dollar.

Energy and Natural Resources Market



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Strengths

- Crude oil prices (West Texas Intermediate) gained approximately 3 percent to close at a multi-week high price near $95.61 per barrel as stronger than expected payroll numbers and positive revisions for prior months drove oil and other commodity prices much higher on Friday.
- In agriculture, corn gained 1 percent this week and closed over $7 per bushel for the first time in several weeks as increasing concerns that some acreage will shift toward soybeans or even remain unplanted as weather remains challenging for planting.
- China saw its crude steel output increase 9.1 percent year-on-year to 191.89 million tonnes in the first quarter of this year, according to the latest statistics released by the National Development and Reform Commission. The commission said that the country's output of steel products rose 12.3 percent year-on-year to 245.51 million tonnes in the first three months.

Weaknesses

- Natural gas fell another 3 percent this week following a larger than expected build in weekly inventory data and closed at nearly $4.04/mmbtu.
- The PMI released by National Bureau of Statistics for month April was 50.6 compared to March number of 50.9. The April PMI figure released today by HSBC and Markit was also down to 50.4 from 51.6 in March. Index figures for new orders in manufacturing, new export orders and inventories for finished goods were also weak.

Opportunities

- Alcoa will expand a plant in Tennessee to meet increasing demand for aluminum in cars and trucks. Alcoa will spend $275 million in the next three years at its rolling mill in Alcoa, Tennessee, the company said in a statement. The expansion will create 200 jobs at the plant, the company said.
- The second largest power generator in India is seeking coal assets in the U.S., Canada and Colombia amid low coal prices due to the shale boom and is said to be in talks with several mines. Tata lost interest in South Africa assets due to infrastructure constraints and its purchase of mines in Indonesia turned unsuccessful as the country pegged its prices to global benchmarks, according to a news report from Bloomberg.

Threats

- Steel demand won’t rebound before next year after reduced European spending on cars and railways contributed to oversupply, said Wolfgang Eder, CEO at Voestalpine. “It’s hard to see at the moment any major upturn in the second half,” Eder said in an interview. “I would not be surprised if we would have to postpone a more optimistic scenario to the first half of 2014." While Voestalpine had foreseen a recovery in steel demand starting in July, those expectations have been delayed by European budget cuts that won't be reversed for at least a decade, according to Eder.

- Copper output will exceed demand by 681,000 metric tons next year after a surplus of 417,000 tons this year, the International Copper Study Group said. Refined copper usage will grow 0.3 percent this year, the group said in a statement. "Although underlying industrial demand for copper in China is expected to increase by about 5 percent in 2013, apparent demand in China is expected to decrease as a result of much lower net refined imports," it said. Usage outside of China is forecast to grow by 1.9 percent, it said. Demand will climb 3.9 percent next year as refined production expands by 5.1 percent, up from 4.3 percent this year, according to the report.

Emerging Markets

Strengths

- China had allocated Rmb200 billion investment in railway projects for the first quarter, equal to the total investment in 2012. Railway infrastructure investment is on the way to reach the annual budget of Rmb530 billion for 2013. It is believed May and June will be active months for new project tendering. Finally, industry professionals predict China railway network will remain fast expansion even post 2015.

- CEBM, an economic research firm in China, said in its survey flash that further recovery in China is observed among industrial sectors. The CEBM Industrial Sales versus Expectation Index rebounded to 10.6 percent in April from 6.4 percent in March and -13.1 in February. CEBM has been less bullish than investment banks in the last few years before publishing this bullish report.

- Macau April gaming gross revenue rose 13.2 percent year-over-year to MOP28.3 billion.

- S&P upgraded Philippines sovereign credit from BB+ to investment grade BBB-, citing structural growth potential and sustainable current account surplus.

- The Thailand private consumption index was up 3.7 percent year-over-year in the first quarter. Exports gained 3 percent quarter-over-quarters, and current account surplus was $1.9 billion versus consensus of $1.55 billion.

- The China government intends to approve RMB200 billion of additional Renminbi Qualified Foreign Institutional Investor (RQFII) quota by year end.

- Hong Kong loan growth was 10.5 percent year-over-year, and 3.1 percent quarter-over-quarter in the first quarter. System loan-to-deposit ratio (LDR) was 68.7 percent.

- Korean April CPI was at its eight-month low of 1.2 percent, leaving room for easing monetary policy.

- Credit demands are still strong in Association of Southeast Asian Nations (ASEAN) countries. In Indonesia, loans rose 23.4 percent in February; Thai bank loans improved 14.3 percent year-over-year in February; Philippine commercial banks' February customer loans increased 15.1 percent.

- In Thailand, headline CPI was 2.42 percent versus the estimate of 2.7 percent in April; core CPI was 1.18

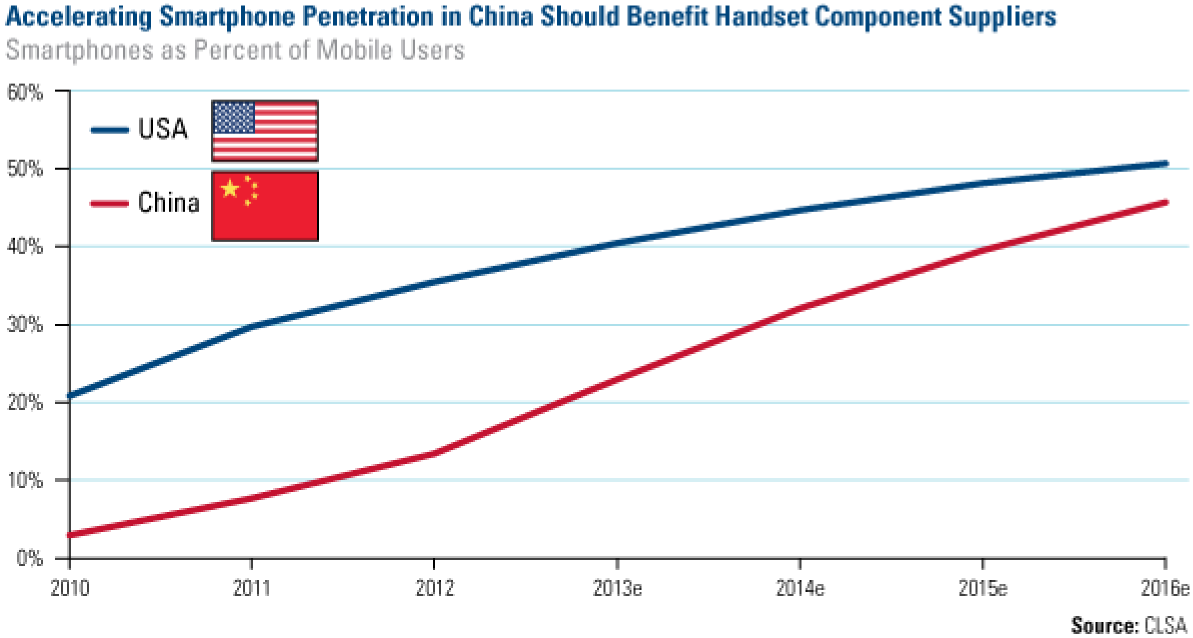
percent versus the estimate of 1.3 percent. This might prompt a rate cut in the next central bank policy meeting.

- Optimism in Turkey continued this week with strong gains in the equity market and record lows on the country's two-year benchmark bond yields. Advances in the peace process with Kurdish militants increased speculations of a second credit-rating upgrade this year. In addition, annual inflation dropped to 6.13 percent in April, a significant decrease from the previous months. Lastly, the auction for the Third Istanbul Airport, which began with EUR4 billion bids by multiple local and foreign construction groups for the 25 year operational rights, was quickly bid up to EUR22.13 by a consortium of five closely held constructors. The winning bid was significantly higher than previously predicted and serves to demonstrate the value proposition the country offers to investors.
- On Monday the Chilean budget direction office reported a fiscal budget surplus of $2.42 billion for the quarter ended March 31. This number corresponds to an estimated 0.8 percent of GDP. The number signals a decrease from a year ago mainly attributed to an increase in government expenditures and lower tax receipts from copper production. However, the decline was contained by growing industrial production, with large increases in mineral production to offset price declines. The rapid adaptation of the Chilean economy to the current macroeconomic challenges is truly commendable.

Weaknesses

- China official April PMI was 50.6, just slightly lower than market consensus of 50.7 and 50.9 in March, which shows the economy is expanding at a slower speed.
- Hong Kong March retail sales grew 9.8 percent year-over-year, lower than the consensus expectation of 14.7 percent. Hong Kong had restricted the amount of infant formula mainland travelers can buy to bring home, which had caused stagnant baby food sales and slowed retail sales growth in general. A story was told that a woman was caught as a "smuggler" at the border back to Mainland China by carrying 1.8 kilos of infant milk powder earlier this year.
- S&P downgraded Indonesia sovereign credit rating to BB+/stable from BB+/positive, saying "the stalling of the reform momentum in Indonesia and weaker external profile has diminished the potential for an upgrade over the next 12 months."
- Moody's cut Slovenia's sovereign credit rating by two notches from Baa2 to Ba1, effectively downgrading the country from investment grade to speculative grade. The justification given was Moody's centered on the uncertain funding environment for a nation with undercapitalized banks and a deteriorating government balance sheet. Despite the downgrade, the country went ahead with a planned debt offering at roughly the same yields as forecast before the rating change. S&P and Fitch maintain investment grade ratings for the country.
- Brazil posted a trade balance deficit of $994 million in April, the third monthly deficit in four months, and brings the cumulative 2013 trade balance to a $6.15 billion deficit. The number compares to a $3.3 billion surplus for the same period in 2012. Imports have risen 10 percent for the year, driven by a 28 percent surge in fuel imports. On the other hand, exports suffered a large monthly decline led by a 20 percent decrease in oil exports to the United States. Surprisingly, the argument of weakness in China that has been used recently to justify the Brazilian underperformance finds itself without merit as exports to China grew 5.9 percent in the first four months of the year.

Opportunities



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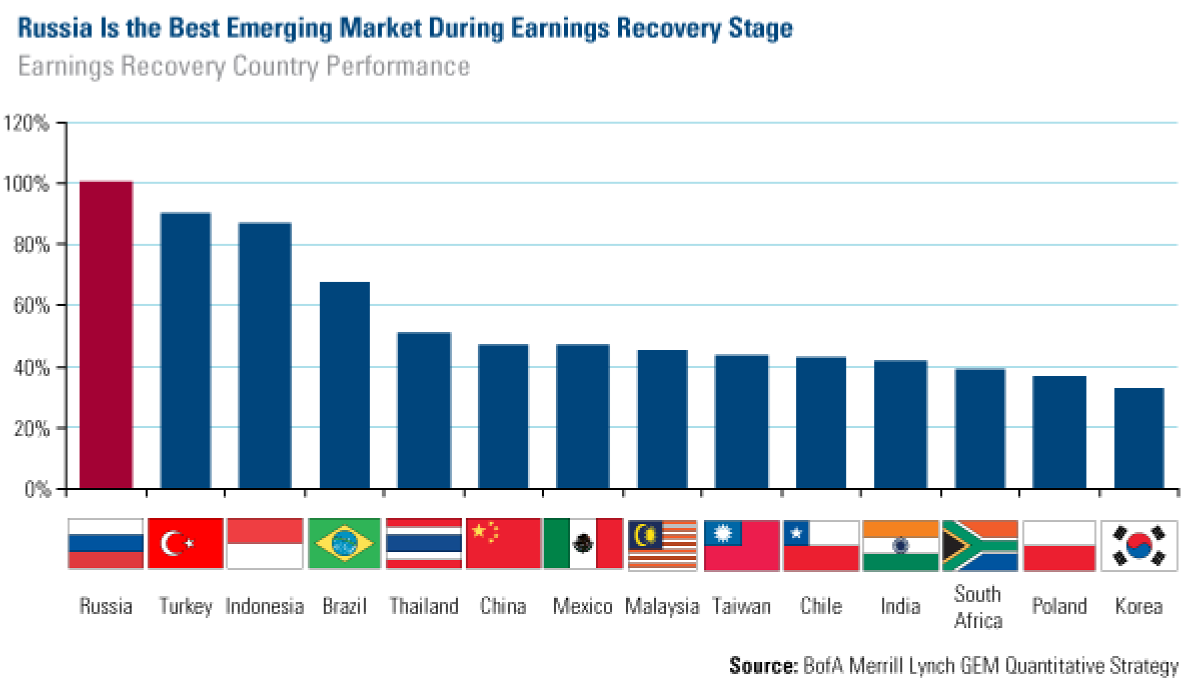
- As shown in the graph above, smartphone penetration in China as a percentage of total mobile phone users is much lower than that in the U.S. The smartphone market is one of the fastest growing sectors in China today. CLSA expects China's 3G smartphone users to double this year to 300 million, with penetration reaching 23 percent of mobile subs, versus 40 percent in the U.S. Consumer goods and services providers in China are now focusing on developing smartphone platforms to monetize their search and social network. Suppliers of smartphone components are benefiting from growing smartphone penetration in China.
- JP Morgan published a clever note on Russia highlighting reasons why it may be worth looking back into a market many have been bearish on for decades. It lists basics, such as the fact that Russia is very cheap; the country's main index trades at 5.7x trailing earnings, and extremely low multiples on a forward basis. Later Bank of America published a report noting Russia's imminent release of its monetary firepower will find added effectiveness under a bullish global equity backdrop where emerging markets can thrive. Perhaps, with the positive U.S. jobs report today and the earnings recovery taking place, it is time turn around and head back into Russia.



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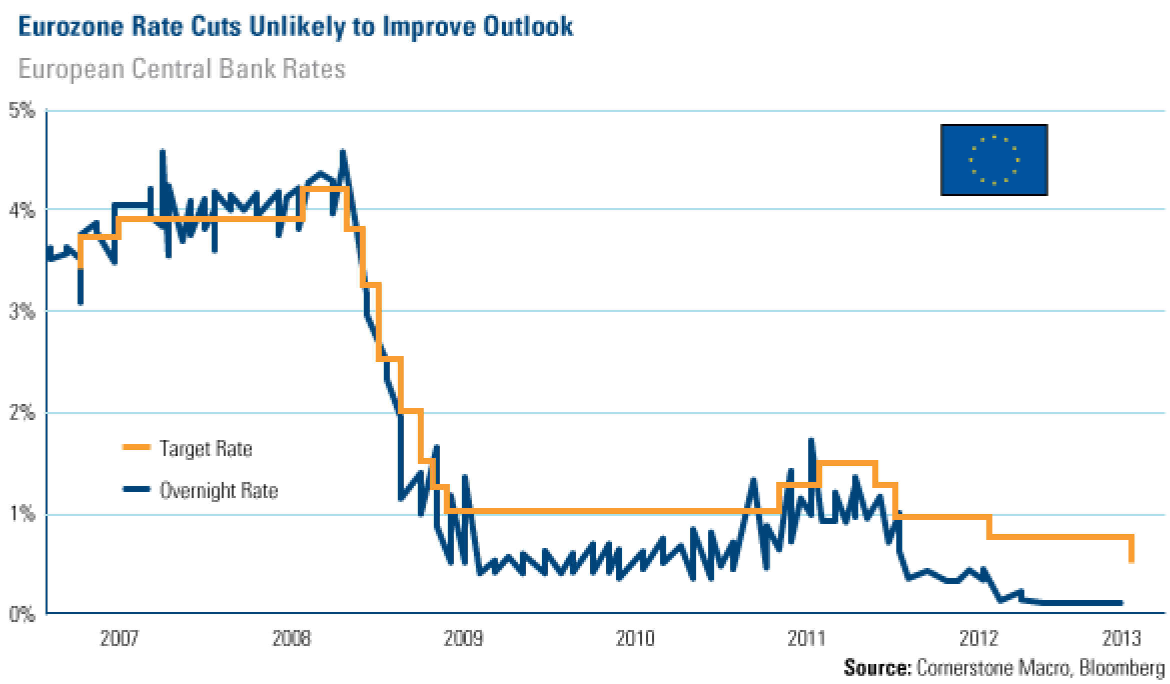
- Mexico recently reported a $3.27 billion fiscal surplus for the first three months of 2013, as well as $6 billion in Japanese foreign direct investment over the last eight quarters. It can only be expected for this strength to give momentum to the economy and build on the competitiveness platform President Pena Nieto is submitting to Parliament. In addition, President Obama is on an official visit to Mexico this week and, despite the fact that the President is visiting mainly to discuss immigration and security, the trip presents an opportunity to touch on other bilateral items in the agenda such as immigration and trade.

Threats

- China Premier Li Keqiang is considering cutting 2014's GDP growth target from 7.5 percent to 7 percent, reported by MNI. Although 7 percent is high, the market may have expected 7.5 percent growth for a very long time.

- The ECB cut its benchmark lending rate by 25 basis points this week for the first time since July 2012.The rate, which now sits at 50 basis points, does not seem to have the relevance to open the lending channels and make the current situation any better. The banks, both in core countries as well as in eastern Europe are set to benefit from a decrease in the lending rate which could help expand their net interest margins; however, as the chart below demonstrates, the overnight rate has been close to 10 basis points for several months now. Thus, the ECB rate cut will have a reduced, if any, effect on motivating lending. The feeling that the ECB is running out of monetary tools to boost growth is prevalent.



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- Pressure on the Argentine peso is strengthening as the parallel rate in the black market continues to rise. There has been renewed speculation on the implementation of a dual currency regime to avoid the depletion of the nation's foreign reserves. But, as Deutsche Bank notes in its Latin American Economic Summary, it is not expected for President Kirchner to risk the fragile political equilibrium with such a policy initiative before the October midterm elections. The uncertainty with regards to the peso disrupts the efficient deployment of capital and prevents the economy from reaching its full potential.

Leaders and Laggards

The tables show the weekly, monthly and quarterly performance statistics of major equity and commodity market benchmarks of our family of funds.

Weekly Performance

Index	Close	Weekly Change($)	Weekly Change(%)
10-Yr Treasury Bond	1.74	+0.07	+4.51%
Nasdaq	3,378.63	+99.37	+3.03%
S&P Energy	587.07	+16.73	+2.93%
Oil Futures	95.49	+2.49	+2.68%
S&P Basic Materials	250.66	+5.80	+2.37%
Russell 2000	954.42	+19.17	+2.05%
S&P 500	1,614.42	+32.18	+2.03%
DJIA	14,973.96	+261.41	+1.78%
XAU	107.67	+1.36	+1.28%
Gold Futures	1,469.80	+16.20	+1.11%
Korean KOSPI Index	1,965.71	+21.15	+1.09%
Hang Seng Composite Index	3,127.43	+23.99	+0.77%
S&P/TSX Canadian Gold Index	197.58	-0.02	-0.01%
Natural Gas Futures	4.05	-0.10	-2.41%

Monthly Performance

Index	Close	Monthly Change($)	Monthly Change(%)
Nasdaq	3,378.63	+160.03	+4.97%
S&P Basic Materials	250.66	+10.06	+4.18%
S&P 500	1,614.42	+60.73	+3.91%
Natural Gas Futures	4.05	+0.15	+3.90%
Russell 2000	954.42	+35.71	+3.89%
DJIA	14,973.96	+423.61	+2.91%
S&P Energy	587.07	+15.29	+2.67%
Oil Futures	95.49	+1.04	+1.10%
Korean KOSPI Index	1,965.71	-17.51	-0.88%
10-Yr Treasury Bond	1.74	-0.07	-4.03%
Gold Futures	1,469.80	-83.70	-5.39%
XAU	107.67	-15.57	-12.63%
S&P/TSX Canadian Gold Index	197.58	-32.76	-14.22%
Hang Seng Composite Index	3,127.43	-332.01	-14.83%

Quarterly Performance

Index	Close	Quarterly Change($)	Quarterly Change(%)
Natural Gas Futures	4.05	+0.75	+22.75%
DJIA	14,973.96	+964.17	+6.88%
S&P 500	1,614.42	+101.25	+6.69%
Nasdaq	3,378.63	+199.54	+6.28%

Russell 2000	**954.42**	**+43.22**	**+4.74%**
S&P Energy	**587.07**	**+8.35**	**+1.44%**
S&P Basic Materials	**250.66**	**+1.14**	**+0.46%**
Korean KOSPI Index	**1,965.71**	**+7.92**	**+0.40%**
Oil Futures	**95.49**	**-2.28**	**-2.33%**
Hang Seng Composite Index	**3,127.43**	**-154.73**	**-4.71%**
Gold Futures	**1,469.80**	**-202.90**	**-12.13%**
10-Yr Treasury Bond	**1.74**	**-0.28**	**-13.74%**
XAU	**107.67**	**-44.27**	**-29.14%**
S&P/TSX Canadian Gold Index	**197.58**	**-82.41**	**-29.43%**

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 or by calling 1-800-US-FUNDS (1-800-873-8637). Read it carefully before investing. Distributed by U.S. Global Brokerage, Inc.

An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

All opinions expressed and data provided are subject to change without notice. Some of these opinions may not be appropriate to every investor.

Foreign and emerging market investing involves special risks such as currency fluctuation and less public disclosure, as well as economic and political risk. By investing in a specific geographic region, a regional fund's returns and share price may be more volatile than those of a less concentrated portfolio.

The Emerging Europe Fund invests more than 25 percent of its investments in companies principally engaged in the oil & gas or banking industries. The risk of concentrating investments in this group of industries will make the fund more susceptible to risk in these industries than funds which do not concentrate their investments in an industry and may make the fund's performance more volatile.

Because the Global Resources Fund concentrates its investments in a specific industry, the fund may be subject to greater risks and fluctuations than a portfolio representing a broader range of industries.

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 percent to 10 percent of your portfolio in these sectors. Investing in real estate securities involves risks including the potential loss of principal resulting from changes in property value, interest rates, taxes and changes in regulatory requirements.

Tax-exempt income is federal income tax free. A portion of this income may be subject to state and local income taxes, and if applicable, may subject certain investors to the Alternative Minimum Tax as well. Each tax free fund may invest up to 20 percent of its assets in securities that pay taxable interest. Income or fund distributions attributable to capital gains are usually subject to both state and federal income taxes. Bond funds are subject to interest-rate risk; their value declines as interest rates rise. The tax free funds may be exposed to risks related to a concentration of investments in a particular state or geographic area. These investments present risks resulting from changes in economic conditions of the region or issuer.

Past performance does not guarantee future results.

These market comments were compiled using Bloomberg and Reuters financial news.

Holdings as a percentage of net assets as of 03/31/12:

Advanced Micro Devices, Inc.: 0.0%
Seagate Technology PLC: All American Equity Fund, 1.30%
Apple Inc.: All American Equity Fund, 2.39%; Holmes Growth Fund, 2.89%
Pioneer Natural Resources Co.: Global Resources Fund, 1.40%
Ensco PLC: American Equity Fund, 1.62%; Holmes Growth Fund, 2.12%
Consol Energy Inc.: 0.0%
Peabody Energy Corp.: 0.0%
Verizon Communications Inc.: American Equity Fund, 1.19%
AT&T, Inc.: All American Equity Fund, 1.43%
ONEOK, Inc.: All American Equity Fund, 0.98%
Alcoa Inc.: 0.0%
Voestalpine AG: 0.0%
Tata Steel Ltd.: 0.0%

Barrick Gold Corp.: Global Resources Fund: 2.03%; Gold and Precious Metals Fund, 2.61%; World Precious Minerals Fund, 0.73%
Newmont Mining Corp.: Global Resources Fund: 2.12%; Gold and Precious Metals Fund, 1.76%; World Precious Minerals Fund, 0.19%
Goldcorp Inc.: Gold and Precious Metals Fund, 0.96%; World Precious Minerals Fund, 0.49%
Kinross Gold Corp.: Global Resources Fund: 0.00%; Gold and Precious Metals Fund, 1.54%; World Precious Minerals Fund, 0.40%
New Gold Inc.: Global Resources Fund: 0.32%; Gold and Precious Metals Fund, 1.71%; World Precious Minerals Fund, 1.13%
Allied Nevada gold Corp.: Gold and Precious Metals Fund, 1.02%
Dundee Securities Corp.: 0.0%

*The above-mentioned indices are not total returns. These returns reflect simple appreciation only and do not reflect dividend reinvestment.

The Dow Jones Industrial Average is a price-weighted average of 30 blue chip stocks that are generally leaders in their industry.
The S&P 500 Stock Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies.
The Nasdaq Composite Index is a capitalization-weighted index of all Nasdaq National Market and SmallCap stocks.
The S&P BARRA Growth Index is a capitalization-weighted index of all stocks in the S&P 500 that have high price-to-book ratios.
The S&P BARRA Value Index is a capitalization-weighted index of all stocks in the S&P 500 that have low price-to-book ratios.
The Russell 2000 Index® is a U.S. equity index measuring the performance of the 2,000 smallest companies in the Russell 3000®, a widely recognized small-cap index.
The Hang Seng Composite Index is a market capitalization-weighted index that comprises the top 200 companies listed on Stock Exchange of Hong Kong, based on average market cap for the 12 months.
The Taiwan Stock Exchange Index is a capitalization-weighted index of all listed common shares traded on the Taiwan Stock Exchange.
The Korea Stock Price Index is a capitalization-weighted index of all common shares and preferred shares on the Korean Stock Exchanges.
The Philadelphia Stock Exchange Gold and Silver Index (XAU) is a capitalization-weighted index that includes the leading companies involved in the mining of gold and silver.
The U.S. Trade Weighted Dollar Index provides a general indication of the international value of the U.S. dollar.
The MSCI Russia Index is a free-float weighted equity index developed in 1994 to track major equities traded in the Russian market.
The S&P/TSX Canadian Gold Capped Sector Index is a modified capitalization-weighted index, whose equity weights are capped 25 percent and index constituents are derived from a subset stock pool of S&P/TSX Composite Index stocks.
The S&P 500 Energy Index is a capitalization-weighted index that tracks the companies in the energy sector as a subset of the S&P 500.
The S&P 500 Materials Index is a capitalization-weighted index that tracks the companies in the material sector as a subset of the S&P 500.
The S&P 500 Financials Index is a capitalization-weighted index. The index was developed with a base level of 10 for the 1941-43 base period.
The S&P 500 Industrials Index is a Materials Index is a capitalization-weighted index that tracks the companies in the industrial sector as a subset of the S&P 500.
The S&P 500 Consumer Discretionary Index is a capitalization-weighted index that tracks the companies in the consumer discretionary sector as a subset of the S&P 500.
The S&P 500 Information Technology Index is a capitalization-weighted index that tracks the companies in the information technology sector as a subset of the S&P 500.
The S&P 500 Consumer Staples Index is a Materials Index is a capitalization-weighted index that tracks the companies in the consumer staples sector as a subset of the S&P 500.
The S&P 500 Utilities Index is a capitalization-weighted index that tracks the companies in the utilities sector as a subset of the S&P 500.
The S&P 500 Healthcare Index is a capitalization-weighted index that tracks the companies in the healthcare sector as a subset of the S&P 500.
The S&P 500 Telecom Index is a Materials Index is a capitalization-weighted index that tracks the companies in the telecom sector as a subset of the S&P 500.
The Bloomberg Gold Bear/Bull Sentiment Indicator charts the percent of respondents in a weekly Bloomberg News survey of traders, investors, and analysts predicting gold prices will rise the following week. The number of participants in the survey, which is completed every Friday, may vary.
The NYSE Arca Gold Miners Index is a modified market capitalization weighted index comprised of publicly traded companies involved primarily in the mining for gold and silver.
The S&P/TSX Global Gold Index is an international benchmark tracking the world's leading gold companies with the intent to provide an investable representative index of publicly-traded international gold companies.
The NYSE Arca Gold BUGS (Basket of Unhedged Gold Stocks) Index (HUI) is a modified equal dollar weighted index of companies involved in gold mining. The HUI Index was designed to provide significant exposure to near term movements in gold prices by including companies that do not hedge their gold production beyond 1.5 years.
The Consumer Price Index (CPI) is one of the most widely recognized price measures for tracking the price of a market basket of goods and services purchased by individuals. The weights of components are based on consumer spending patterns.
The Producer Price Index (PPI) measures prices received by producers at the first commercial sale. The index measures goods at three stages of production: finished, intermediate and crude.
HSBC Flash China Manufacturing PMI is published a week ahead of the final HSBC China PMI every month. It analyses 85-90 per cent of the responses to the Final PMI from purchasing executives in more than 400 small, medium and large manufacturers,

both state-owned and private enterprises.
The Purchasing Manager's Index is an indicator of the economic health of the manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment
The Consumer Price Index (CPI) is one of the most widely recognized price measures for tracking the price of a market basket of goods and services purchased by individuals. The weights of components are based on consumer spending patterns.
The S&P/Case-Shiller Index tracks changes in home prices throughout the United States by following price movements in the value of homes in 20 major metropolitan areas.
The ISM manufacturing composite index is a diffusion index calculated from five of the eight sub-components of a monthly survey of purchasing managers at roughly 300 manufacturing firms from 21 industries in all 50 states.
The Thailand Private Consumptions Index revised back to January 1993 to improve index performance to reflect private consumption expenditure and to reduce risky estimated indicators. There are six components: (1) Quantity of Passengers Cars Sales (2) Quantity of Motorcycles Sales (3) Quantity of Benzene Sales (4) Quantity of Electronic to Household (5) Imports of Consumer Goods and (6) Valued added taxes.

These market comments were compiled using Bloomberg and Reuters financial news.