USFunds.com • **November 28, 2014**

U.S. Global Investors
Investor Alert

Podcast | RSS | Subscribe on iTunes | PDF Version

EMAIL TO A FRIEND

Table of Contents

Giving Thanks to the Innovators and Creators of Capital

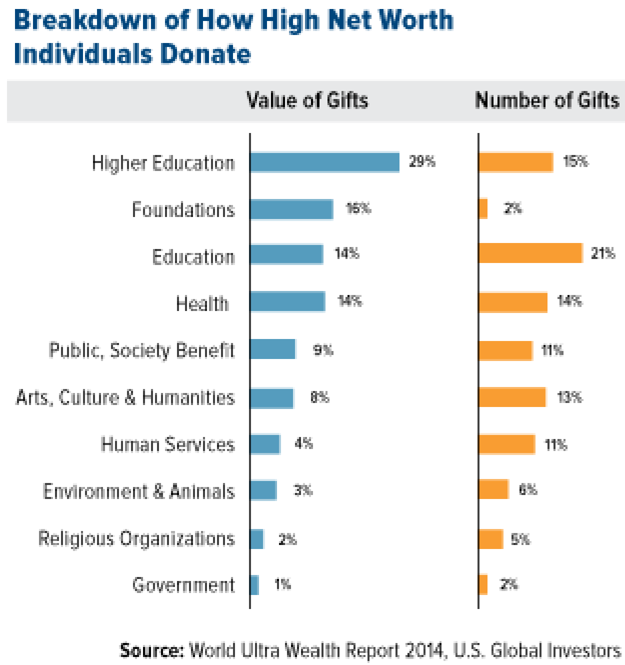
By Frank Holmes
CEO and Chief Investment Officer
U.S. Global Investors

Last week our office had the pleasure of welcoming Dr. Kaye E. Wilkins, who practices pediatric orthopedic surgery here in San Antonio. The recipient of the 2008 American Academy of Orthopedic Surgeons (AAOS) Humanitarian Award, Dr. Wilkins has made it his mission to bring life-changing treatments to underprivileged parts of the world. He established the Haiti Clubfoot Project, which trains nonphysician technicians to correct this debilitating deformity and give Haitian children a second chance at life. We were humbled to see and hear of Dr. Wilkins's lifelong altruism and passion for helping others, no matter their background.


Dr. Kaye E .Wilkins receiving the 2008 AAOS Humanitarian Award

No one needs justification to tout Dr. Wilkins's accomplishments, but I bring him up because he's reflective of the America I believe in. The United States ranks as the most giving, charitable country on Earth, and this is especially true during the Thanksgiving and Christmas seasons. Near the end of last year, Facebook CEO Mark Zuckerberg and wife Priscilla Chan donated nearly $1 billion to charity. One billion dollars! The combined amount of the top 20 largest donations of 2013 actually exceeds a mind-boggling $5.7 billion.

To the right you can see where high net worth individuals donate their money, broken down by the value and number of gifts. But a person need not travel abroad to poverty-stricken countries or donate thousands of dollars to make a difference. Our capitalist system allows entrepreneurs to find solutions to problems as well as profit from these solutions. Many critics tend to focus their derision on profit-seeking while taking for granted how much their own lives have improved as a result of private innovation and entrepreneurialism.



In a scintillating essay, Professor of Economics Mark Hendrickson writes that this Thanksgiving, we should be grateful for such entrepreneurs, the creators of our wealth:

> *Wealth doesn't just appear spontaneously; someone has to produce it... In a free-market economy characterized by voluntary, and therefore positive-sum, transactions, the profits of entrepreneurs signify that at least that much wealth has been created for their customers. In other words, the larger profits are, the more wealth the entrepreneur has created for others, and indeed, the largest profits accrue to those firms that have supplied valuable goods and services to the masses.*

Google, for instance, has made co-founders Larry Page and Sergey Brin billionaires many times over. But how much capital would you say it's generated for the world? The amount is unfathomable. On top of that, Google employs about 55,000 people across the globe and each year hires an additional 6,000. The company's success benefits not just its bottom line but also the lives of millions upon millions of people, from its employees to the users of its many services.

I'm grateful to live in a society that monetarily rewards such innovation and problem-solving, in addition to the intrinsic rewards entrepreneurs receive for improving the lives of others.

This week we were visited by the management team of Calpian, including Chairman and CEO Harold Montgomery, President Craig Jessen and Chief Financial Officer Scott Arey. You might not have heard of Calpian before now, but the company is already changing people's lives for the better by facilitating electronic and mobile payments, especially in India, the world's second-largest cell phone market. In many parts of India, there's poor to nonexistent point-of-sale payment mechanisms, and even though most transactions are done with cash, the ATM machines are often very spotty. Calpian's Money on Mobile service allows Indians of all classes to make transactions using their cell phones, thereby eliminating the need to carry cash or stand in hour-long lines to pay their water bills. Two years after its launch, Money on Mobile is used by approximately 112 million Indians.

I'm also thankful to be blessed with 1,440 minutes each day. So much can be achieved in this short amount of time—whether it's staying active or helping others—so long as you have the will to put it to good use. I asked

Calpian's Money on Mobile payment service is changing and simplifying the way Indians make transactions.

our portfolio managers what they were most thankful for this season, with regard to a fund they manage. Here's how they responded:

John Derrick – Near-Term Tax Free Fund (NEARX)

I'm most thankful that our fund received the 5-star overall rating from Morningstar, among 164 Municipal National Short-Term funds as of October 31, 2014, based on risk-adjusted return. Despite the global slowdown and decline in gold and oil prices, the municipal bond market this year has been up every month through October. I'm grateful that we have continued to perform well and deliver solid risk-adjusted returns for our investors to meet their high expectations of what a municipal bond fund is supposed to do.

Aside from that, I'm incredibly fortunate to work with such a dedicated team of portfolio managers, analysts and other investment professionals. Their support and camaraderie are greatly appreciated.

Xian Liang – China Region Fund (USCOX)

I would say I'm most grateful that China's leadership appears to be delivering on the promises it made last November at the Third Plenary Session, specifically the liberalization of the financial sector and reform of the role capital markets play in allocating resources. Just as there was in the 1990s, there's going to be some bullet-biting in the face of reforms, but short-term discomfort is often necessary for long-term growth. This leadership is determined and committed to putting China on the right path.

I also want to thank my fellow investment team members. We cross-pollinate our ideas and are always looking for ways to strengthen what we do.

Ralph Aldis – World Precious Minerals Fund (UNWPX) and Gold and Precious Metals Fund (USERX)

I'm going to have to go with Klondex Mines. It's the largest holding in both funds, and it's performed exactly how the management team said it would. In December of last year, Klondex raised the money to buy Midas Mine and Mill from Newmont Mining, and since then it's been a steady grower. It looks as if it'll conclude the year with $45 million in cash, which is even more remarkable when you recall that in the first quarter of 2014, it had just $6.8 million. Institutional investors tend to be reluctant about buying a new name in gold mining, but I think Klondex will prove to be too compelling to pass up much longer.

Brian Hicks – Global Resources Fund (PSPFX)

Even though commodity prices are in a slump right now, I'm grateful for quite a few things. I'm thankful for our five-factor model, which is designed to identify only the best-of-the-best stocks—I'm looking forward to using it when commodities recover. We've weathered this storm well, and I believe we're in a good position to catch the upswing. Two very recent events have boded well for the fund: the Baker Hughes takeout and China's rate cut, which will help stabilize commodity demand and improve market sentiment.

Commodities Update

Crude Oil

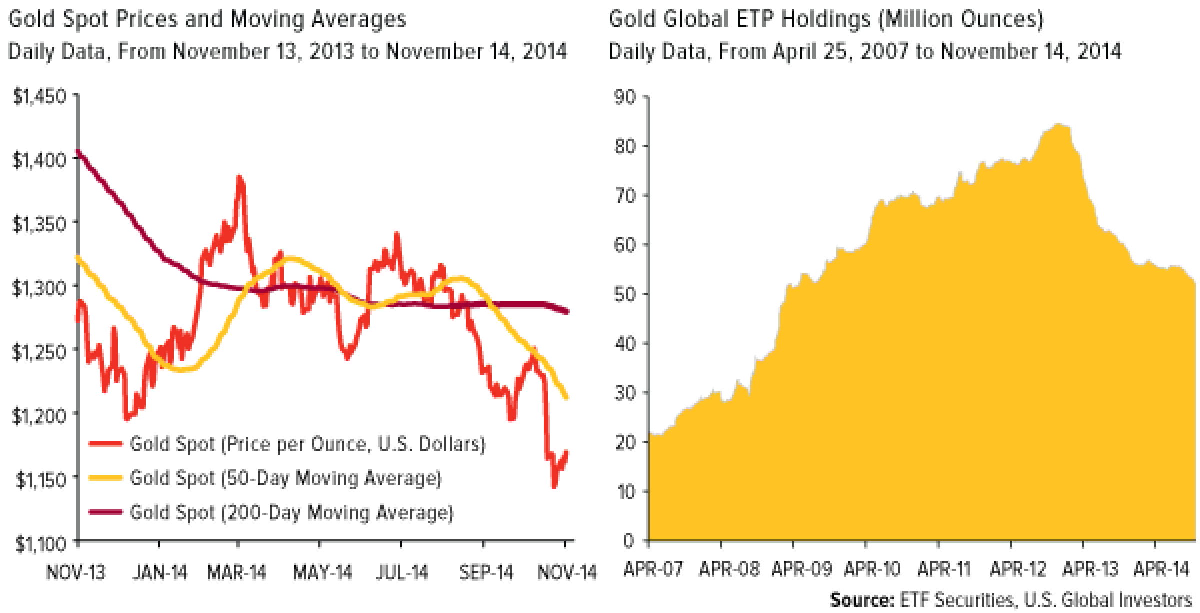
Yesterday the Organization of the Petroleum Exporting Countries (OPEC) unveiled its decision to keep oil production levels where they've been for the last three years, "in the interest of restoring market equilibrium." Soon after this announcement, Brent and West Texas Intermediate (WTI) crude prices dropped to $72 and $68 per barrel, their lowest levels since May 2010.

Another significant consequence is that the Russian ruble immediately fell to an all-time low of 49.90 versus the dollar. Since half of Russia's budget revenue comes from oil and gas exports, OPEC's decision to maintain current production levels is likely to hobble the country's already fragile economy even further. We've been out of Russia since August, and this economic activity justifies our decision.

Precious Metals

This Sunday, Switzerland will vote on whether its central bank should hold more gold reserves. In its own OPEC moment, the metal slid today to $1,181.90 an ounce, as the referendum appears unlikely to pass.
At the same time that spot prices are falling, more money is being pulled out of gold exchange-traded products (ETPs), suggesting that the market believes this decline to be long-term.

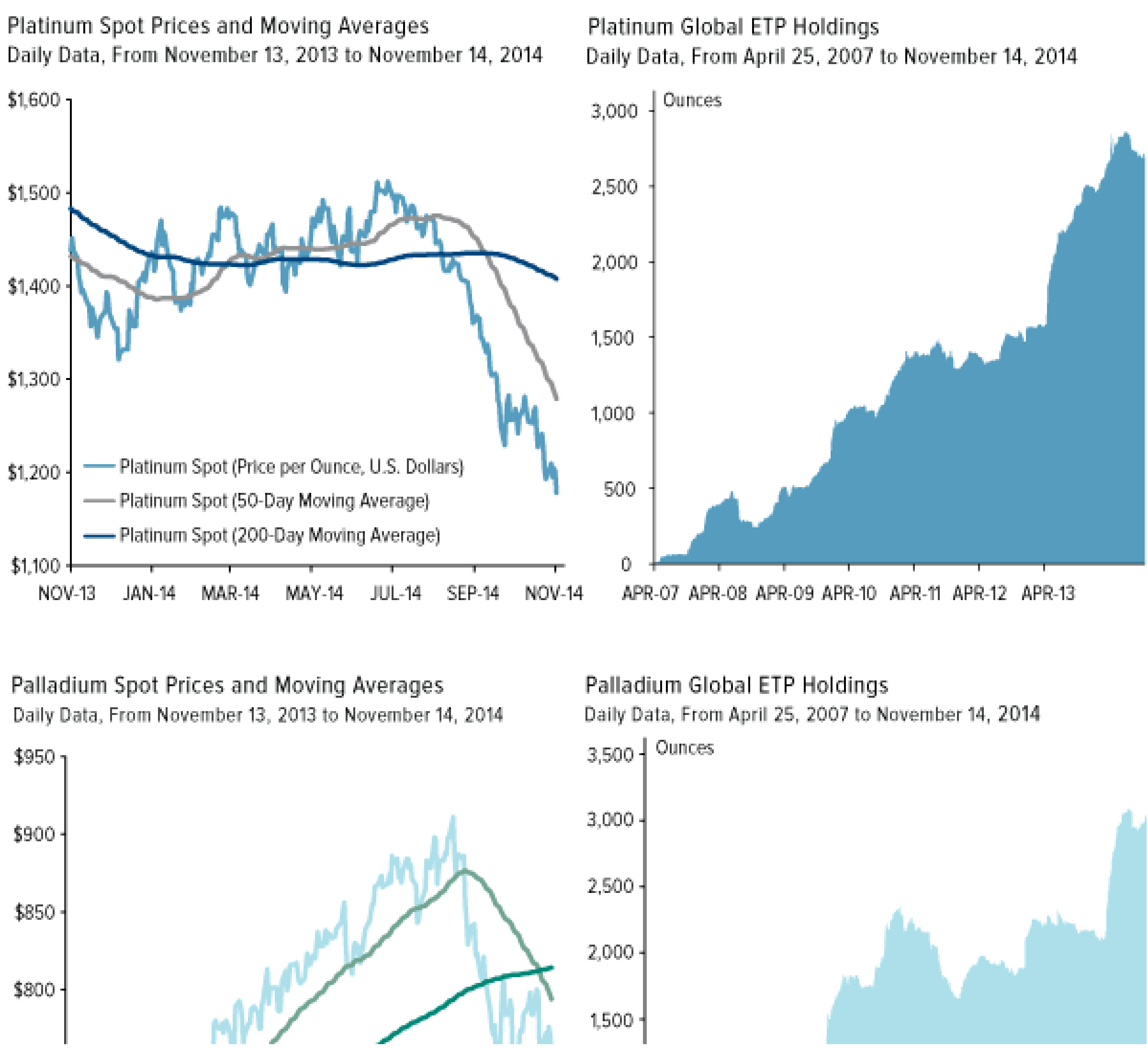
Gold ETP Holdings Fall in Tandem with Spot Prices

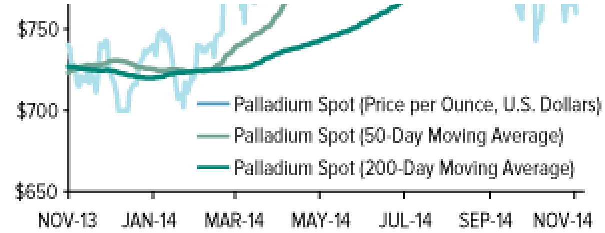


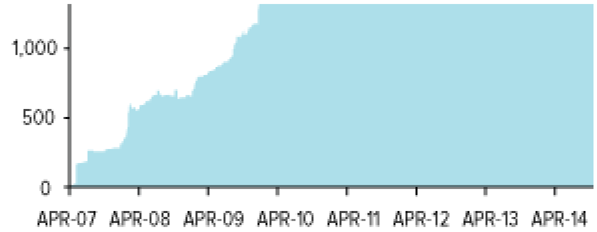
click to enlarge

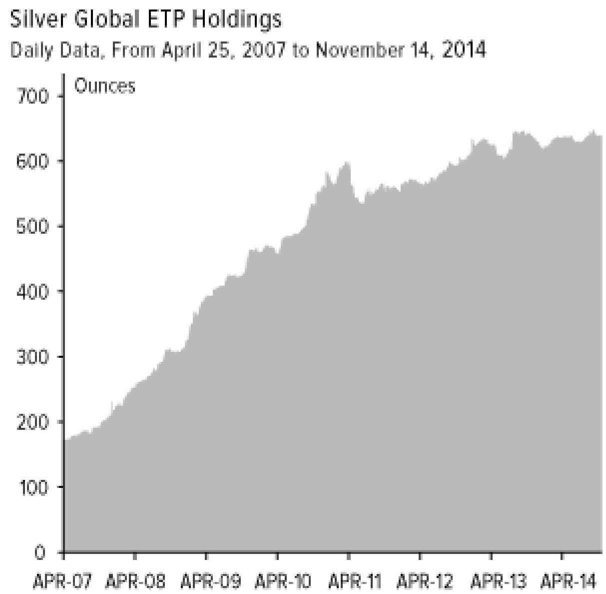
We're seeing the opposite behavior when it comes to platinum, palladium and silver. Even as prices dip, more money is being placed into ETPs.

As Commodity Prices Fall, ETP Holdings Rise









Source: ETF Securities, Bloomberg, U.S. Global Investors

click to enlarge

Although gold has many industrial applications, it's seen more as currency. With the dollar still very strong, investors might be choosing to keep their wealth in cash instead.

The other metals, on the other hand, have well-known industrial uses—platinum and palladium in automobile production and silver in film, surgical instruments and solar panels. Some investors might be willing to risk short-term losses for long-term gain.

I wish to conclude by giving thanks to our loyal Investor Alert readers as well as investors. Visit us on Facebook or Twitter and let us know what you're thankful for this season!

Index Summary

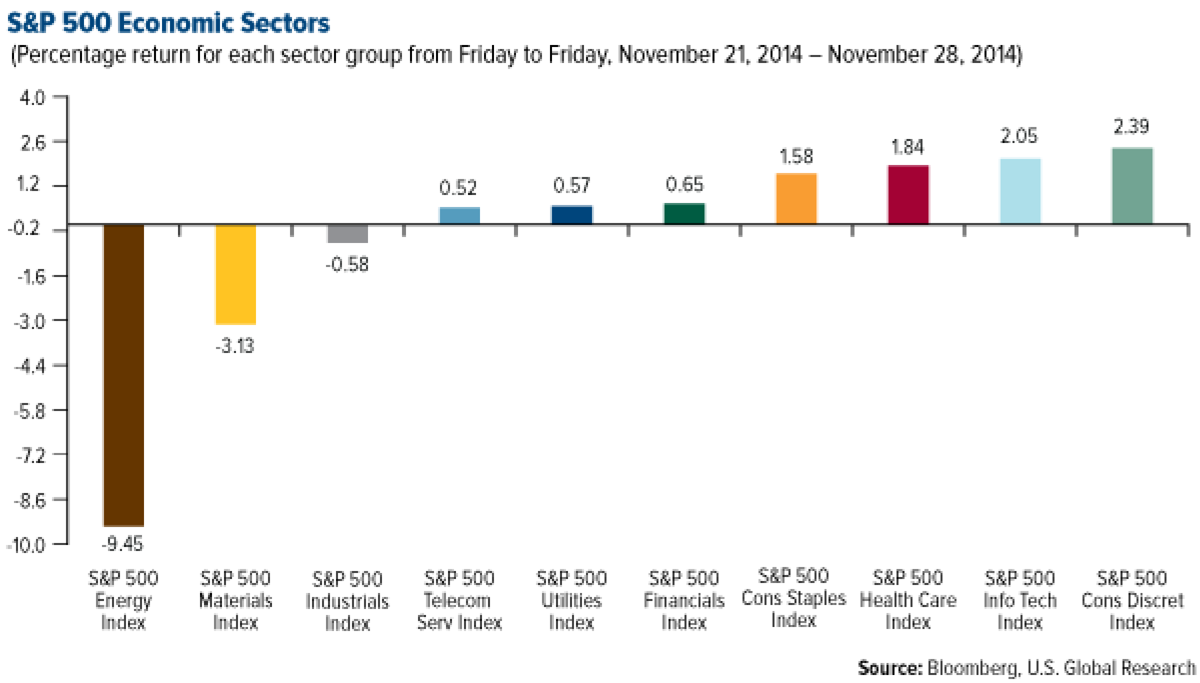
- Major market indices finished higher this week. The Dow Jones Industrial Average rose 0.10 percent. The S&P 500 Stock Index gained 0.20 percent, while the Nasdaq Composite advanced 1.67 percent. The Russell 2000 small capitalization index rose 0.07 percent this week.

- The Hang Seng Composite advanced 2.35 percent; Taiwan gained 1.05 percent and the KOSPI rose 0.81 percent.
- The 10-year Treasury bond yield fell fourteen two basis points to 2.17 percent.

All American Equity Fund - GBTFX • Holmes Macro Trends Fund - MEGAX

Domestic Equity Market

The S&P 500 Index was positive again this week, rising 0.20 percent and closing at an all-time high. The market has maintained a steady growth and recovery pace, spurred by global central bank actions and relatively positive sentiment.



click to enlarge

Strengths

- The consumer discretion sector was on top, up 2.39 percent. Time Warner led the group, up 6.33 percent, followed by Carnival, up 6.23 percent. Another top performer was TJX Companies, up over 4 percent. This sector was driven by the fall in energy prices, which will leave the average consumer with more disposable income.
- The information technology sector was the second-best performing sector, up 2.05 percent. This group was led by Analog Devices, up 5.79 percent, which released positive earnings that helped other blue chip stocks outperform.
- The best performing company this week was Southwest Airlines, up 9.99 percent. Airlines benefit massively with the decline in fuel costs and increase in discretionary spending.

Weaknesses

The energy sector was the worst performer this week, hindered by names such as Diamond Offshore Drilling, down 20.94 percent, and QEP Resources, down 19.31 percent. Both of these names—and, in fact, the whole sector—were affected by the Organization of the Petroleum Exporting Countries' (OPEC's) refusal to cut production, which sent oil prices below $70 a barrel for the first time since 2010.

- Another area of weakness was materials, which closed down 3.13 percent. It was dragged down by LyondellBasell, which fell 13.53 percent on the drop in oil prices. LyondellBasell uses cheap U.S. natural gas liquids to produce ethylene, which is at risk as wells become economically unviable.
- The worst performing company this week was Newfield Exploration, which fell 22.47 percent as the company missed expectations on both top and bottom lines.

Opportunities

- Global airlines have greatly benefited both from falling fuel costs and an increase in travel demands. There is a growing amount of disposable income to the consumer. This could stay strong for the next few months as oil historically hits a bottom in February.
- Next week a few important economic data points are released, such as construction spending, manufacturing, factory orders and unemployment.
- In light of OPEC's decision to maintain current production levels, we can see opportunity in the consumer discretionary sector, which was already expected to have one of the best holiday seasons of recent times.

Threats

- Following OPEC's meeting, U.S. energy producers with weak balance sheets or companies which are regionally exposed to higher production costs will be in danger of insolvency.
- Many industries have benefited from the increased economic activity from U.S. energy growth, such as railroads, sand, pipelines and construction. Also, new home and car sales in many regions have grown with the increase in wealth. This could be negatively impacted by a fall in oil, and therefore temporary loss of jobs as uneconomic wells close down.
- With conflict in Ukraine on the rise again, and Russia overstating its available cash reserves, the instability of their economy has the potential for a domino effect.

The Economy and Bond Market

U.S. Treasury bond yields were lower this week, primarily driven by lower oil prices, fears of slowing global growth and the threat of deflation. Economic data in the U.S. was mixed but inflation in Europe continues to slow. The lack of action from OPEC to reduce oil supply focused investors' concerns on the threat of deflation in Europe. Speculation began to build that further European Central Bank (ECB) easing steps could come as early as next week.

click to enlarge

Strengths

- Bonds rallied this week as global growth concerns mount and the 10-year Treasury yield hit the lowest level since the mini-crisis scare that occurred in mid-October.
- New home sales rose 0.7 percent in October and reached the highest level since June 2013.
- The German Ifo Institute Index increased for the first time in seven months. We are getting tentative signs of economic stabilization in Germany, which is a key barometer for the rest of Europe.

Weaknesses

- Durable goods orders excluding transportation unexpectedly fell 0.9 percent in October.
- The Consumer Confidence Index experienced a surprising drop in November, raising questions about the holiday selling season.
- WTI oil prices fell by more than 12 percent this week as OPEC declined to take action to reduce supply. This fall in oil prices is signaling a growth scare for the global economy as falling demand is the culprit behind the declines.

Opportunities

- Euro-area inflation has slowed to just 0.3 percent year-over-year and the ECB could act as soon as next week. An ECB official mentioned that full-blown sovereign debt quantitative easing (QE) could begin in the first quarter of 2015.
- With both the ISM Manufacturing Index and nonfarm payrolls out next week, any disappointment could be the next positive catalyst for the market.
- Municipal bonds continue to look like an attractive alternative in the broad, fixed-income universe.

Threats

- The post-Thanksgiving shopping season appears to be off to a strong start. With falling oil prices and more money in people's pockets this could be a robust holiday season.
- Stronger-than-expected economic data next week could slow down the recent bond rally.
- The geopolitical situation remains unusually fluid and could take a negative turn.

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

Gold Market

For the week, spot gold closed at $1,168.74 down $32.81 per ounce, or 2.73 percent. Gold stocks, as measured by the NYSE Arca Gold Miners Index, fell 6.70 percent. The U.S. Trade-Weighted Dollar Index slipped 0.05 percent for the week.

Date	Event	Survey	Actual	Prior
Nov 25	US GDP Annualized QoQ	3.3%	3.9%	3.5%
Nov 26	US Durable Goods Orders	-0.7%	-0.4%	-1.3%
Nov 26	US New Home Sales	471K	458K	467K
Nov 27	Germany CPI YoY	0.6%	0.6%	0.8%
Nov 28	Eurozone CPI Core YoY	0.7%	0.7%	0.7%
Nov 30	HSBC China Manufacturing PMI	50.0	-	50.0
Dec 01	US ISM Manufacturing	57.9	-	59.0
Dec 03	US ADP Employment Change	221K	-	230K
Dec 04	ECB Main Refinancing Rate	0.050%	-	0.050%
Dec 04	US Initial Jobless Claims	225K	-	214K

Strengths

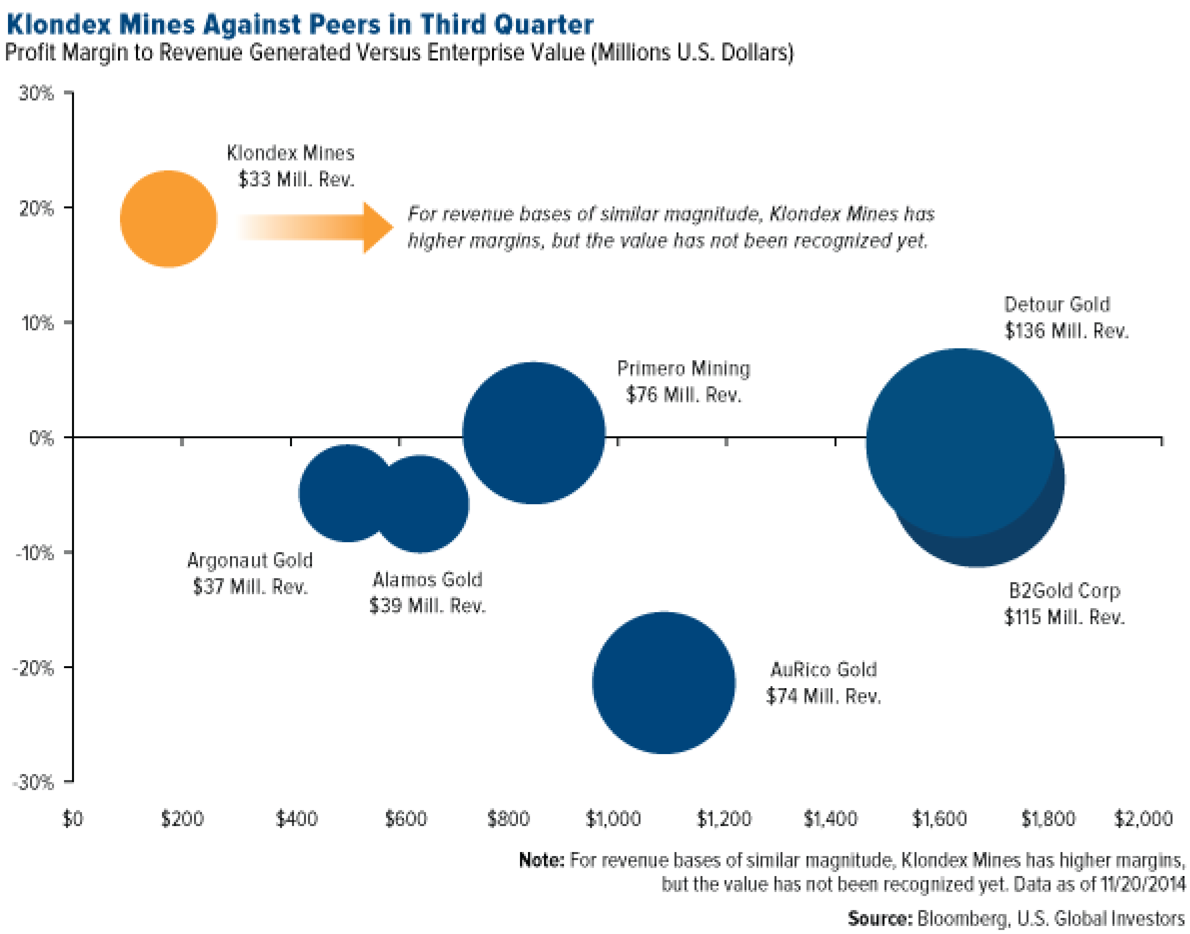
- India imported 102 tonnes of gold between November 1 and November 15, just 48 tonnes shy of its total imports for the entire month of October. This data reveals a robust physical demand for gold in the country. Furthermore, India is looking to remove its 80/20 rule this week in order to free up gold flows into the country while eliminating distortions in the flows.
- Central banks have been under pressure in Europe to account for gold held abroad. The latest news comes from France, where Governor of the Bank of France M. Christian Noyer has been asked to comprehensively audit the nation's gold reserves. Likewise, the Netherlands repatriated some of its gold in order to restore confidence in the central bank. The increase in proprietary holding of gold by central banks is positive for global gold demand.

- The Swiss will vote on the "Save Our Swiss Gold" referendum on November 30. While the central bank has opposed the measure, which would require the bank to hold at least 20 percent of its reserves in gold domestically, considerable support exists. The central bank argues against the referendum on the grounds that gold is a volatile asset. However, equities and bonds are as well, especially in recent years. When the country's currency was backed by a minimum of 40 percent gold, the central bank was still able to function properly, not like the hedge fund model that so many central banks employ today. If passed, the referendum should boost gold demand.

Weaknesses

- Four companies, including Goldman Sachs Group Inc. and HSBC Holdings PLC, are being sued over claims that they conspired for eight years to manipulate precious metals prices. The lawsuits join the club of numerous other attacks on financial companies.
- Around 500 protesters blocking a main highway in South Africa were fired upon with rubber bullets by the police this week. The protesters claimed to be demonstrating about the granting of mining rights to billionaire Robert Friedland's Ivanhoe Mines.
- Chow Tai Fook Jewellery Group, a major jewelry retailer in Hong Kong, reported a decline in profit of 23 percent for the six months ending September. Sales of gold products accounted for a significant part of the decline, falling 41 percent.

Opportunities



click to enlarge

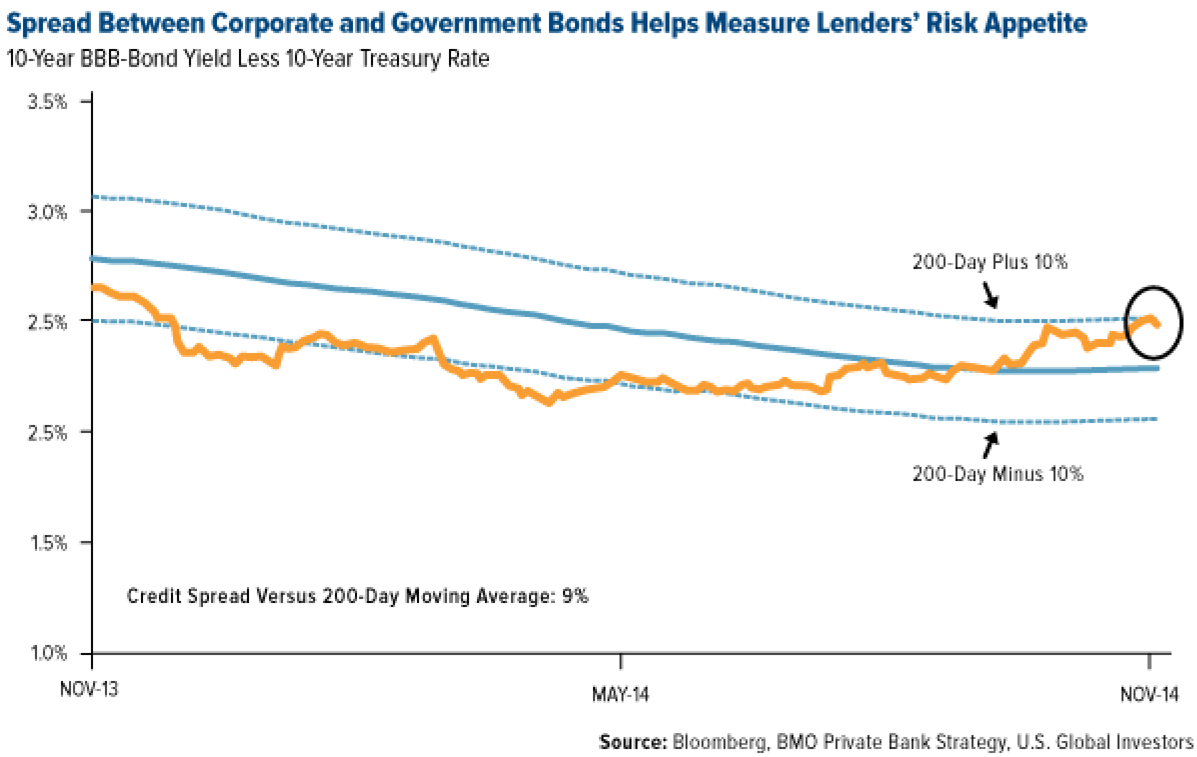
- The chart above shows the profit margin of Klondex Mines versus a peer group of other gold miners. On the vertical scale plotted against the valuation, enterprise value, is assigned by the market for a given revenue base. In the case of Klondex Mines, its revenue of $33 million for the third quarter was slightly less than Argonaut Gold and Alamos Gold with $37 million and $39 million, respectively, however Klondex's value is $175 million while Argonaut and Alamos sport enterprise values of $505 million and $638 million, respectively. Strikingly, however, is that Klondex is the only company to post significant profit margins in a tough gold environment. Klondex is set to end the year with roughly C$50 million in cash, up from C$7.6 million from the first quarter

2014. Klondex should be a considerable outperformer moving into and throughout 2015.

- Duketon Mining, an Australian nickel and gold mining company, saw its market price jump 207 percent after it announced the discovery of a 5.8 meter intersection of massive sulphides in a recently pulled drill core.
- Lucapa Diamond Company's stock jumped this week after signing a 35-year diamond mining license agreement in Angola. The term of the license is the longest offered by the government's new mining code. The agreement also allows Lucapa to recover all of its alluvial exploration and development expenditure from free cash flow and repatriate dividends and capital gains.

Threats

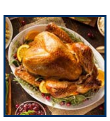
- SocGen is forecasting an average gold price of $1,100 per ounce in the first quarter of 2015. The bank believes robust growth in the United States will lead the Federal Reserve to raise rates faster than anticipated, leading to a continuation of the downtrend in gold.
- Net bullish-dollar positions have reached a record of $48 billion as investors see an extension of the sharp rally in the dollar. A further rise in the dollar would be bearish for gold. However, the last time there was a net-long position to this extent was in 2009, which was shortly followed by a 17-percent decline in the dollar.

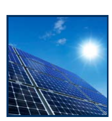


click to enlarge

- Credit spreads between corporate and government bonds have been on the rise, indicating investors are demanding a higher premium for parting with their money. The rise in spreads comes as a warning sign that liquidity, one of the largest drivers of the stock market rally in recent years, could be deteriorating. Jack Ablin, with BMO Private Bank, noted that further deterioration would move their big market liquidity indicator into bearish territory, leaving only two of their five indicators (the economy and momentum) in bull mode.

Frank Talk Insight for Investors


November 26, 2014
With Oil and Gold Prices Depressed, Halliburton and Osisko Play Defense


November 24, 2014

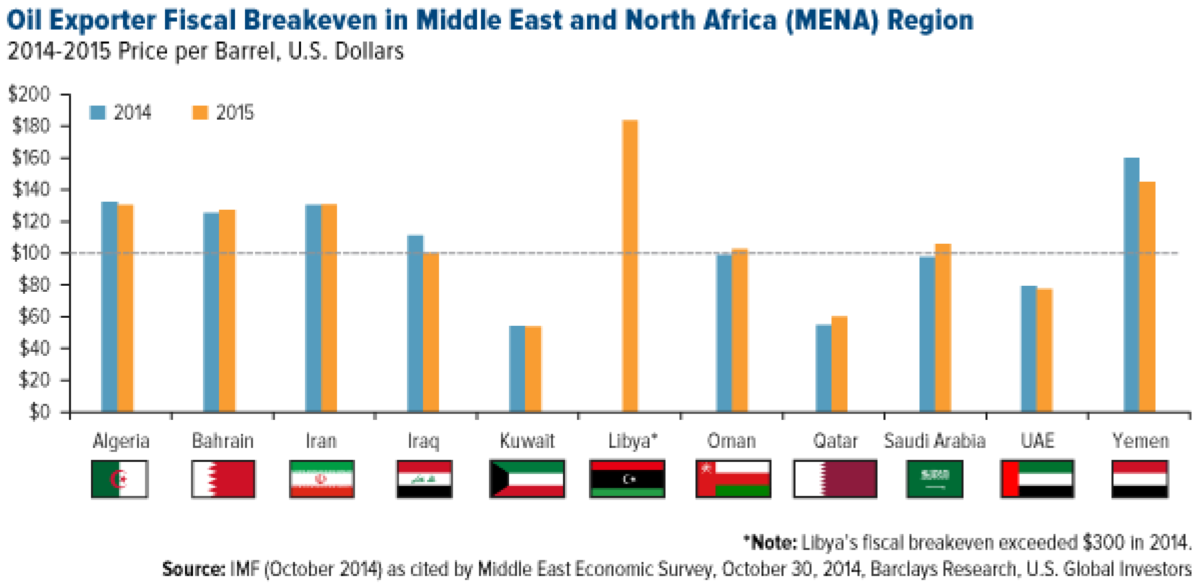

November 21, 2014
Can You Handle the Stress of Losing 40 Percent in the Market?

Solar Shines on
Silver Demand

A blog by Frank Holmes, CEO and Chief Investment Officer

Global Resources Fund - PSPFX

Energy and Natural Resources Market



click to enlarge

Strengths

- Packaged foods stocks outperformed the broader market this week on falling oil prices and a strong U.S. dollar environment. The S&P Supercomposite Packaged Foods Index rose 1.41 percent this week.
- Utilities stocks rallied at the end of the week in response to the risk-off environment caused by falling oil prices. The S&P 500 Utilities Index rose 0.57 percent this week.
- Paper and forest stocks outperformed as well, given the current energy-depressed environment. The S&P Supercomposite Paper & Forest Products Index rose 0.07 percent this week.

Weaknesses

- Oil sensitive stocks fell this week as Brent and WTI crude prices fell substantially. OPEC's decision not to cut production led to a global sell off in oil and energy stocks on Friday. The S&P 500 Energy Index fell 9.45 percent this week.
- Gold stocks suffered this week as lower-than-expected inflation in the eurozone and falling oil prices revitalized the deflationary scare. The NYSE Arca Gold Miners Index fell 6.70 percent this week.
- Tanker stocks underperformed this week as investors see reduced performance due to the declining oil sector. The Bloomberg News Tanker Index fell 8.31 percent this week.

Opportunities

- The U.S. economy continues to be a bright spot in the global economic landscape. The U.S. Commerce Department raised its estimate of U.S. GDP growth to 3.9 percent annually in the third quarter. Stronger growth from the United States should be positive for demand in the commodities space.
- A bill that could ban companies registered abroad from buying or exporting gold may be considered by Russia's lower house of parliament. Blocking exports could put upward pressure on gold prices.
- The continued decline in oil prices should maintain a tailwind for certain industrial sectors such as airlines. Lower input costs will boost margins and profitability moving forward.

Threats

- It is obvious that the single largest threat to the commodities space right now is falling oil prices. OPEC's decision not to cut production sent crude prices tumbling. However, although OPEC failed to surprise the markets and cut production this time around, it is only a matter of time before the large oil exporters will buckle under the pain of lower oil revenue.
- Eurozone consumer price index (CPI) data came in at 0.3 percent annually in November compared to 0.4 percent in October. Disinflation in the eurozone alongside declining oil prices serves as a headwind for inflation hedges such as gold and other precious metals.

China Region Fund - USCOX • Emerging Europe Fund - EUROX

Emerging Markets

Strengths

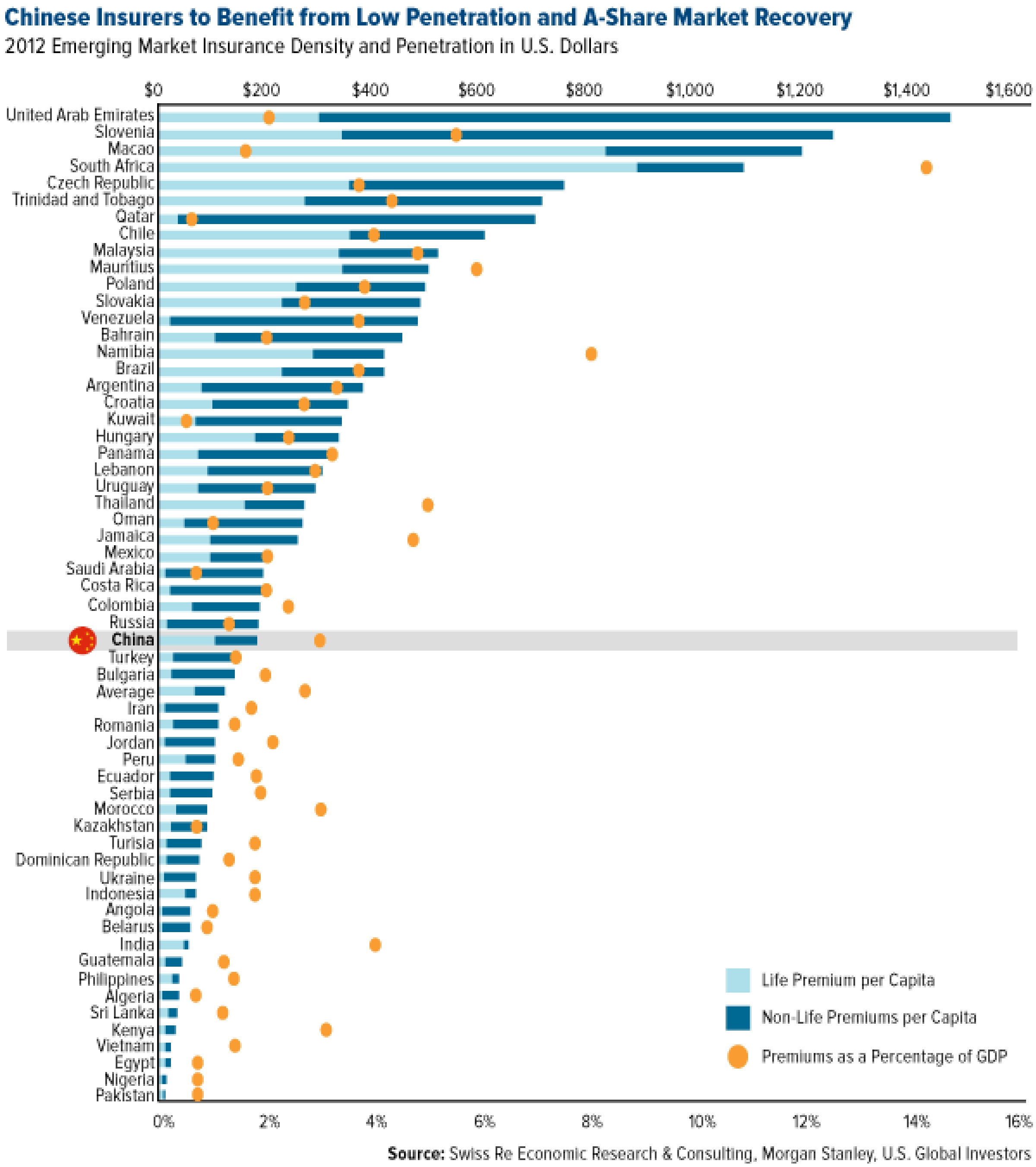
- Chinese stocks significantly outperformed among emerging markets this week, rallying on the back of interest rate cuts from the People's Bank of China (PBOC). The surprise rate cuts came in response to weaker economic data out of China. The Shanghai Stock Exchange Composite Index rose 7.88 percent this week.
- Turkish stocks have completely turned around over the last few weeks. This is due to lower oil prices that many believe will stem rising inflation and reduce the country's current account deficit. Turkey imports roughly 90 percent of its oil, according to the Energy Ministry. The Borsa Istanbul 100 Index closed up 3.47 percent this week.
- Indian stocks were among the best performers this week as falling oil prices help fuel economic growth. Declining prices also have many speculating that the central bank will follow China's lead in cutting interest rates. The S&P BSE Sensex Index rose roughly 1.27 percent this week.

Weaknesses

- Greek stocks underperformed this week as government officials continue their standoff with Troika. Greece runs the risk of severing its lifeline to the eurozone, while political protests have broken out in response to the current austerity measures. The Athens Stock Exchange General Index fell 3.20 percent this week.
- Brazil's weak economic outlook and political uncertainty caused the country to underperform this week. A central bank survey revealed that analysts predict the economy will expand at a mere 0.2 percent this year. Rousseff did please the market by selecting Joaquim Levy, the head of asset management at Banco Bradesco SA, as the new finance minister. The Ibovespa Brasil Sap Paulo Stock Exchange Index fell roughly 1.92 percent this week.
- Oil-leveraged emerging markets tumbled this week as OPEC decided not to cut production amid falling oil prices. Brent and WTI crude fell around 11.68 percent and 12.25 percent this week, respectively. Colombian stocks declined roughly 7.26 percent this week.

Opportunities

- Shanghai announced its municipal ambition to become an international insurance center, increasing its insurance penetration to 6 percent by 2020 from 3.8 percent in 2013, and its per capita premium to $1,189 from $554. In addition to support from government policy reform, Chinese insurers, still trading at historically attractive valuations, are set to benefit from asset appreciation on both fixed income and equity holdings thanks to lower interest rates and an A-share market rally.



click to enlarge

- OPEC's decision not to cut production, along with the subsequent decline in crude prices globally should help spur global growth, especially for countries like China, India and Turkey, which are large energy importers.
- Miroslav Singer, governor of the Czech central bank, stated that monetary easing by the European Central Bank (ECB) should boost an economic recovery. The country's consumer-confidence index rose to 1.3 in November from -2 the prior month, indicating that growth prospects are high for the Czech economy.

Threats

- A number of challenges could continue to weigh on investor sentiment toward South Korean equities. These include exports pressured by a stronger Korean won versus the Japanese yen, weaker corporate return on equity and negative earnings revision, as well as price-to-earnings valuation above the decade average.
- The OPEC decision not to cut rates could also have negative ramifications. Specifically, Russia faces further capital outflows and a declining ruble if oil continues to fall. Russia's Finance Minister Anton Siluanov said the country is losing as much as $100 billion a year due to the decline in oil prices.

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(%)
DJIA	17,828.24	+18.18	+0.10%
S&P 500	2,067.56	+4.06	+0.20%
S&P Energy	584.58	-61.02	-9.45%
S&P Basic Materials	308.03	-9.94	-3.13%
Nasdaq	4,791.63	+78.66	+1.67%
Russell 2000	1,173.23	+0.82	+0.07%
Hang Seng Composite Index	3,309.24	+85.00	+2.64%
Korean KOSPI Index	1,980.78	+15.94	+0.81%
S&P/TSX Canadian Gold Index	145.09	-8.32	-5.42%
XAU	68.40	-5.37	-7.28%
Gold Futures	1,167.80	-30.60	-2.55%
Oil Futures	67.16	-9.35	-12.22%
Natural Gas Futures	4.13	-0.14	-3.26%
10-Yr Treasury Bond	2.17	-0.14	-6.19%

Monthly Performance

Index	Close	Monthly Change($)	Monthly Change(%)
DJIA	17,828.24	+853.93	+5.03%
S&P 500	2,067.56	+85.26	+4.30%
S&P Energy	584.58	-45.87	-7.28%
S&P Basic Materials	308.03	+11.43	+3.85%
Nasdaq	4,791.63	+242.40	+5.33%
Russell 2000	1,173.23	+26.87	+2.34%
Hang Seng Composite Index	3,309.24	-332.01	-14.83%
Korean KOSPI Index	1,980.78	+19.61	+1.00%
S&P/TSX Canadian Gold Index	145.09	-6.75	-4.45%
XAU	68.40	-4.50	-6.17%
Gold Futures	1,167.80	-58.10	-4.74%

Oil Futures	67.16	-15.04	-18.30%
Natural Gas Futures	4.13	+0.40	+10.70%
10-Yr Treasury Bond	2.17	-0.15	-6.47%

Quarterly Performance

Index	Close	Quarterly Change($)	Quarterly Change(%)
DJIA	17,828.24	+729.79	+4.27%
S&P 500	2,067.56	+64.19	+3.20%
S&P Energy	584.58	-131.14	-18.32%
S&P Basic Materials	308.03	-10.06	-3.16%
Nasdaq	4,791.63	+211.36	+4.61%
Russell 2000	1,173.23	-1.12	-0.10%
Hang Seng Composite Index	3,309.24	-65.08	-1.93%
Korean KOSPI Index	1,980.78	-87.76	-4.24%
S&P/TSX Canadian Gold Index	145.09	-57.01	-28.21%
XAU	68.40	-33.87	-33.12%
Gold Futures	1,167.80	-120.40	-9.35%
Oil Futures	67.16	-28.80	-30.01%
Natural Gas Futures	4.13	+0.06	+1.53%
10-Yr Treasury Bond	2.17	-0.18	-7.51%

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.

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.

Bond funds are subject to interest-rate risk; their value declines as interest rates rise. 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. The Near-Term Tax Free Fund may invest up to 20% 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. The Near-Term Tax Free Fund 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.

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.

Past performance does not guarantee future results.

Some link(s) above may be directed to a third-party website(s). U.S. Global Investors does not endorse all information supplied by this/these website(s) and is not responsible for its/their content.

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

Fund portfolios are actively managed, and holdings may change daily. Holdings are reported as of the most recent quarter-end. Holdings as a percentage of net assets as of 9/30/14:

Facebook, Inc.: All American Equity Fund, 2.73%; Holmes Macro Trends Fund, 3.18%
Google, Inc.: All American Equity Fund, 3.30%; Holmes Macro Trends Fund, 3.55%
Calpian, Inc.: 0.0%
Klondex Mines Ltd: Gold and Precious Metals Fund, 7.76%; World Precious Minerals Fund, 7.51%; Global Resources Fund, 1.22%
Newmont Mining Corp.: Gold and Precious Metals Fund, 1.11%; World Precious Minerals Fund, 0.26%
Baker Hughes, Inc.: 0.0%
Time Warner: 0.0%
Carnival Corp.: 0.0%
The TJX Companies, Inc.: 0.0%
Analog Devices, Inc.: 0.0%
Southwest Airlines Co.: 0.0%
Diamond Offshore Drilling, Inc.: 0.0%
QEP Resources, Inc.: Global Resources Fund, 1.17%
LyondellBasell Industries NV: Global Resources Fund, 1.70%; All American Equity Fund, 1.03%
Newfield Exploration Co.: 0.0%
The Goldman Sachs Group, Inc.: 0.0%
HSBC Holdings plc: China Region Fund, 5.79%
Ivanhoe Mines Ltd: World Precious Minerals Fund, 0.08%; Global Resources Fund, 0.09%
Chow Tai Fook Jewellery Group Ltd: China Region Fund, 0.51%
Argonaut Gold, Inc.: 0.0%
Alamos Gold, Inc.: World Precious Minerals Fund, 0.04%
Primero Mining: Gold and Precious Metals Fund, 0.05%; World Precious Minerals Fund, 0.02%
AuRico Gold: Gold and Precious Metals Fund, 1.85%; World Precious Minerals Fund, 0.41%
B2Gold Corp.: 0.0%
Detour Gold: 0.0%
Duketon Mining Ltd: World Precious Minerals Fund, 0.30%
Lucapa Diamond Company Ltd: World Precious Minerals Fund, 0.31%

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

*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 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 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 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 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 Consumer Confidence Index (CCI) is an indicator which measures consumer confidence in the economy.
The S&P Supercomposite Packaged Foods Index is a capitalization-weighted index.
The S&P Supercomposite Paper & Forest Products Index is a capitalization-weighted index.
The Bloomberg Tanker Index is a capitalization weighted index of the leading oil tanker companies traded on the New York Stock Exchange.
Shanghai Stock Exchange Composite Index
The Borsa Istanbul 100 Index is a capitalization-weighted index composed of National Market companies except investment trusts.
The Bombay Stock Exchange Sensitive Index (Sensex) is a capitalization-weighted index.
The Athens Stock Exchange General Index is a capitalization-weighted index of Greek stocks listed on the Athens Stock Exchange.
The Ibovespa Index (IBOV) is a total return index weighted by traded volume and is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange.