



U.S. Global Investors

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Searching for Opportunities, Managing Risk

Global Infrastructure Gets a Domestic Boost

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09-032

Fund Recognition

Investment
leadership results
in performance



Winner of 26 Lipper Fund Awards and certificates since 2000



Cycles – Where are we on the...



Kuznets Cycle – 20-year Emerging Market Cycle
That Drives Commodity Demand



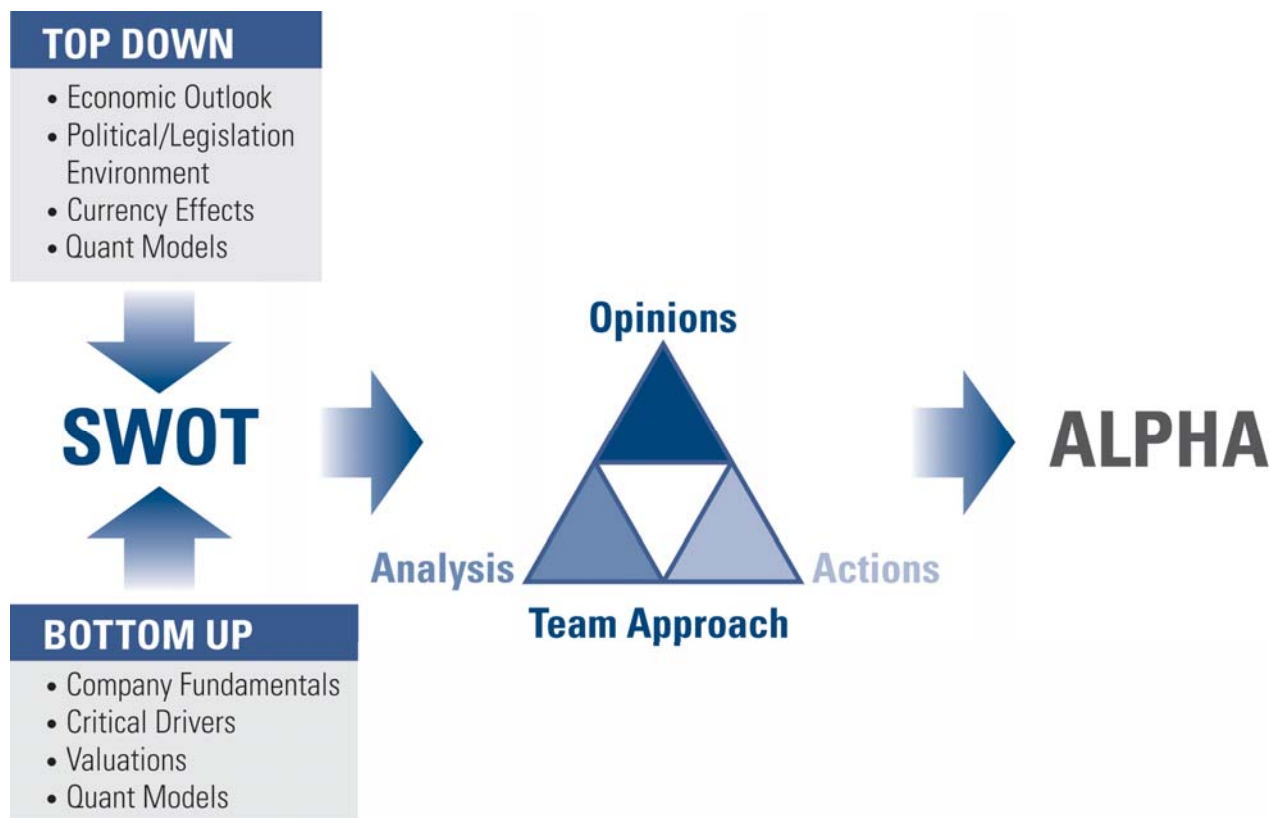
Presidential Election Cycle – 4-Year Cycle



Seasonal Cycle – Commodity and Stock Market
Patterns



Multidisciplinary Focus



*SWOT analysis (Strength, Weakness, Opportunity, Threat). Alpha is a measure of the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.



New Focus on Infrastructure



“We will build the roads and bridges, the electric grids and digital lines that feed our commerce and bind us together.”

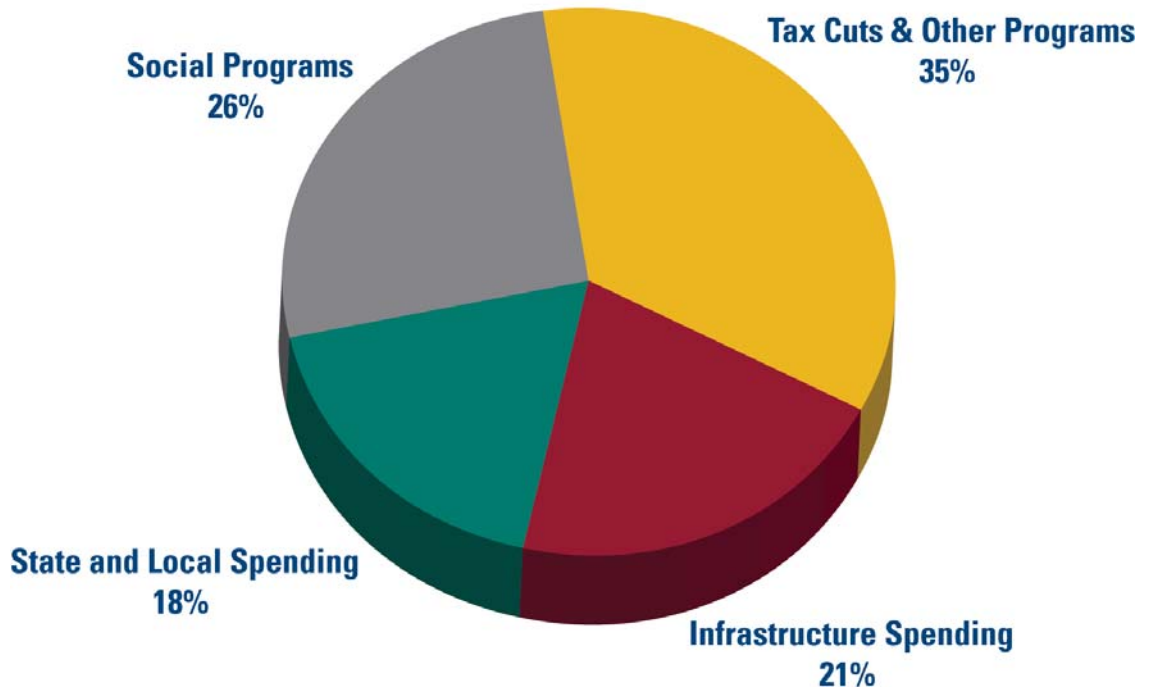
— *President Obama,
Inaugural Speech*



Obama Stimulus Plan

Obama Administration Begins: Fiscal Stimulus is Top Priority

\$825B Two-Year Package Expected

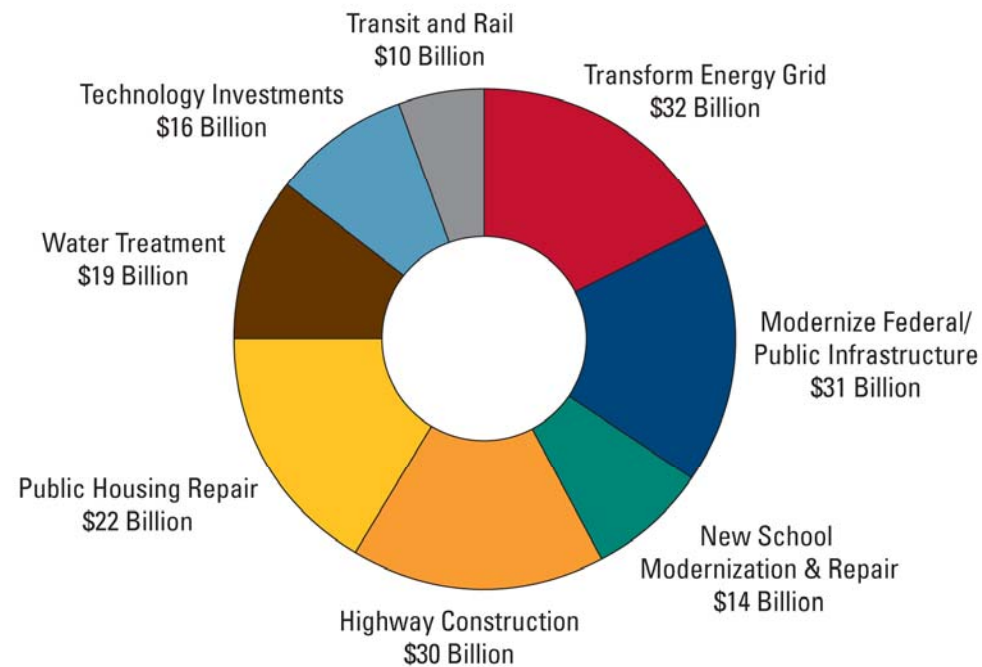


Source: American Recovery and Reinvestment Bill of 2009



Infrastructure Spending


Infrastructure within "American Recovery and Reinvestment Bill of 2009" — \$174 Billion



Source: American Recovery and Reinvestment Bill of 2009



Fiscal Stimulus Around the World

E-7					G-7				
		GDP (2007 est)	Fiscal Stimulus	Stimulus as a % of GDP		GDP (2007 est)	Fiscal Stimulus	Stimulus as a % of GDP	
	China	\$3.25 trillion	\$585.6 billion	18%		USA	\$13.78 trillion	\$1.52 trillion	11%
	India	\$2.97 trillion	\$4.1 billion	Less than 1%		Japan	\$4.38 trillion	\$687.7 billion	15.7%
	Indonesia	\$843.7 billion	\$6.5 billion	Around 1%		Germany	\$3.32 trillion	\$54-\$67 billion	1.6 to 2%
	Brazil	\$1.85 trillion	\$152 billion	12.1%		France	\$2.56 trillion	\$35.3 billion	1.3%
	Pakistan	\$411.9 billion*	N/A	N/A		UK	\$2.77 trillion	\$29.2 billion	1.1%
	Russia	\$2.10 trillion	\$200 Billion	9.50%		Italy	\$1.8 trillion	\$102 billion	5.6%
	Mexico	\$1.35 trillion	\$54 billion	4%		Canada	\$1.27 trillion	\$64 billion	5%

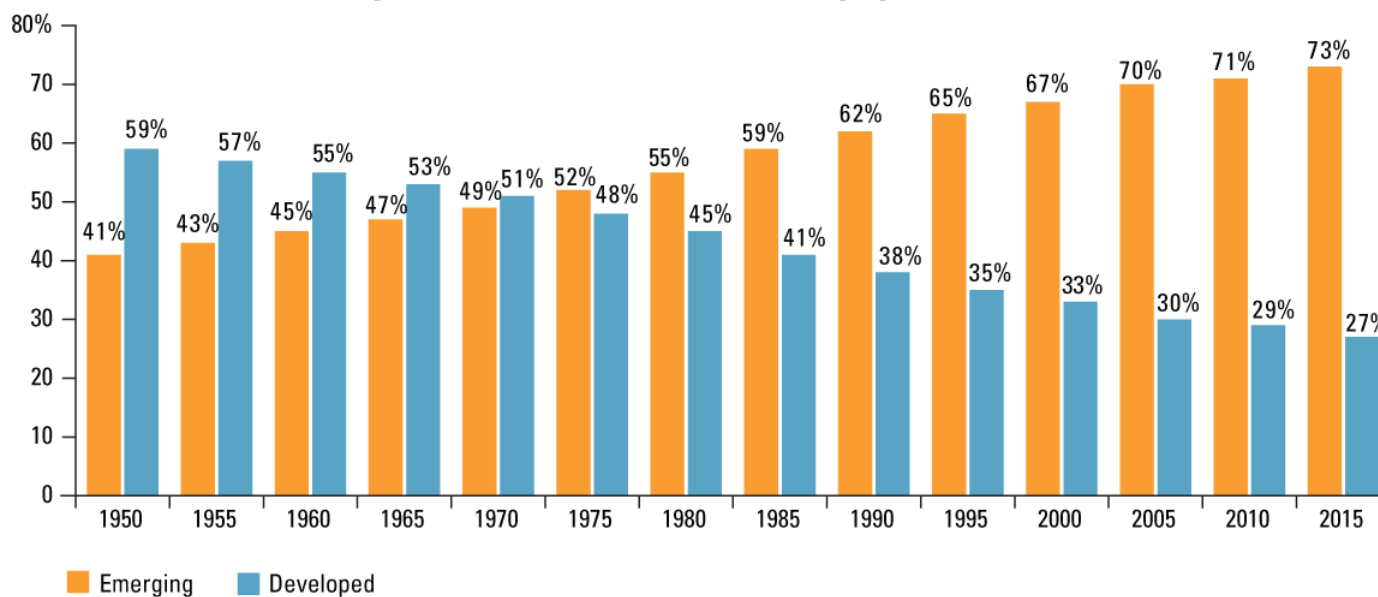
Source: U.S. Global Research

*\$11 Billion Funding from IMF



Demographics is the key

Emerging Markets will account for nearly three-quarters of the world's urban population by 2015

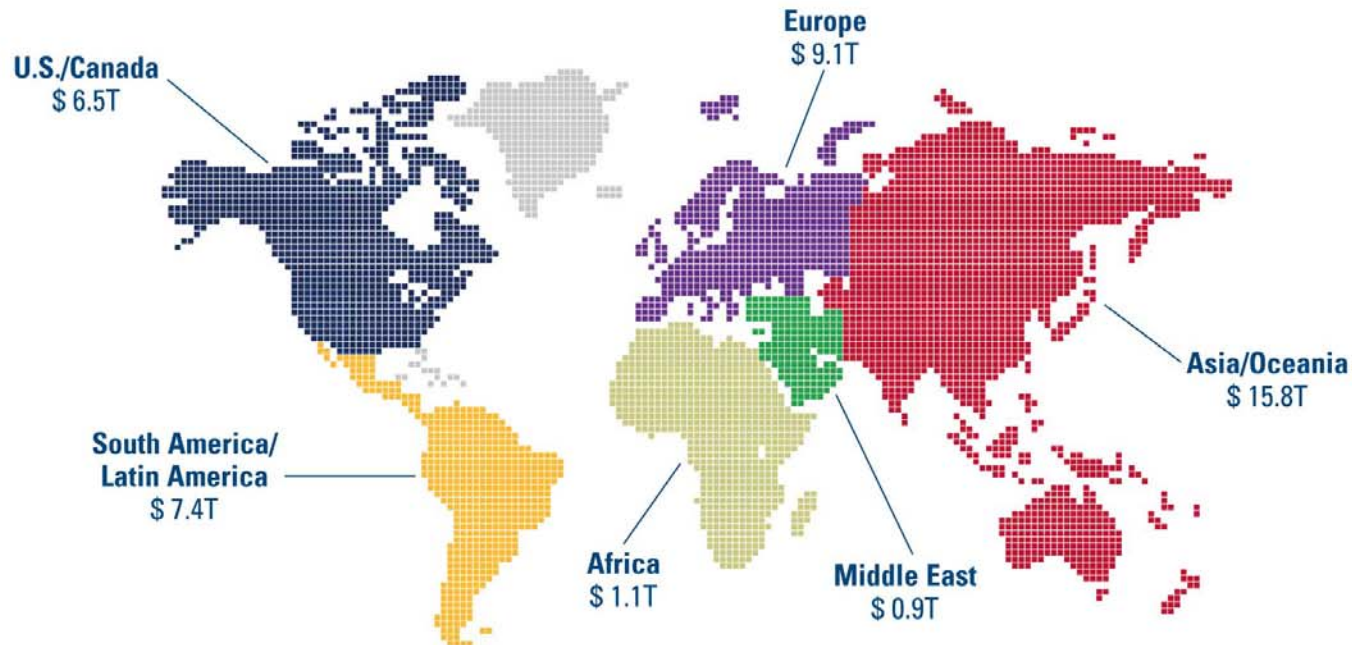


Source: United Nations World Population Prospects 2005 Revision, Morgan Stanley Research

- Half of the global population (>3 billion) is estimated to live in urban areas
- Projected urban population is larger than the entire world population in 1965



Total Projected Cumulative Infrastructure Spending 2005-2030: \$41 Trillion*



*Figures are estimated as of late 2007.



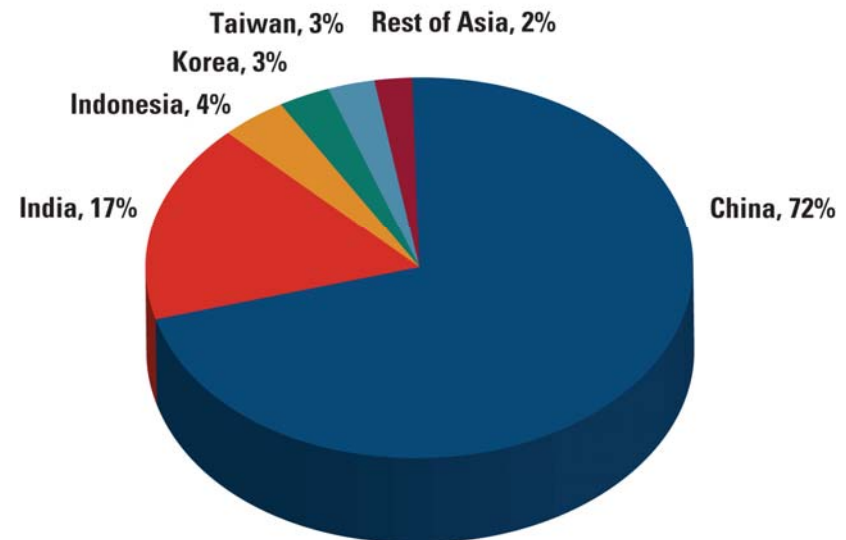
Source: Booz Allen Hamilton, Global Infrastructure Partners, World Energy Outlook, Organisation for Economic Co-operation and Development (OECD), Boeing, Drewry Shipping Consultants, U.S. Department of Transportation

China Dominates Asia ex-Japan's Infrastructure Spending

Morgan Stanley estimates infrastructure spending in Asia ex-Japan will reach US\$3.1 trillion over the next five years (2008-12E), about 6.2% of GDP. By comparison, annual spending in the US was just 1.7-2% of GDP over the past 10 years.

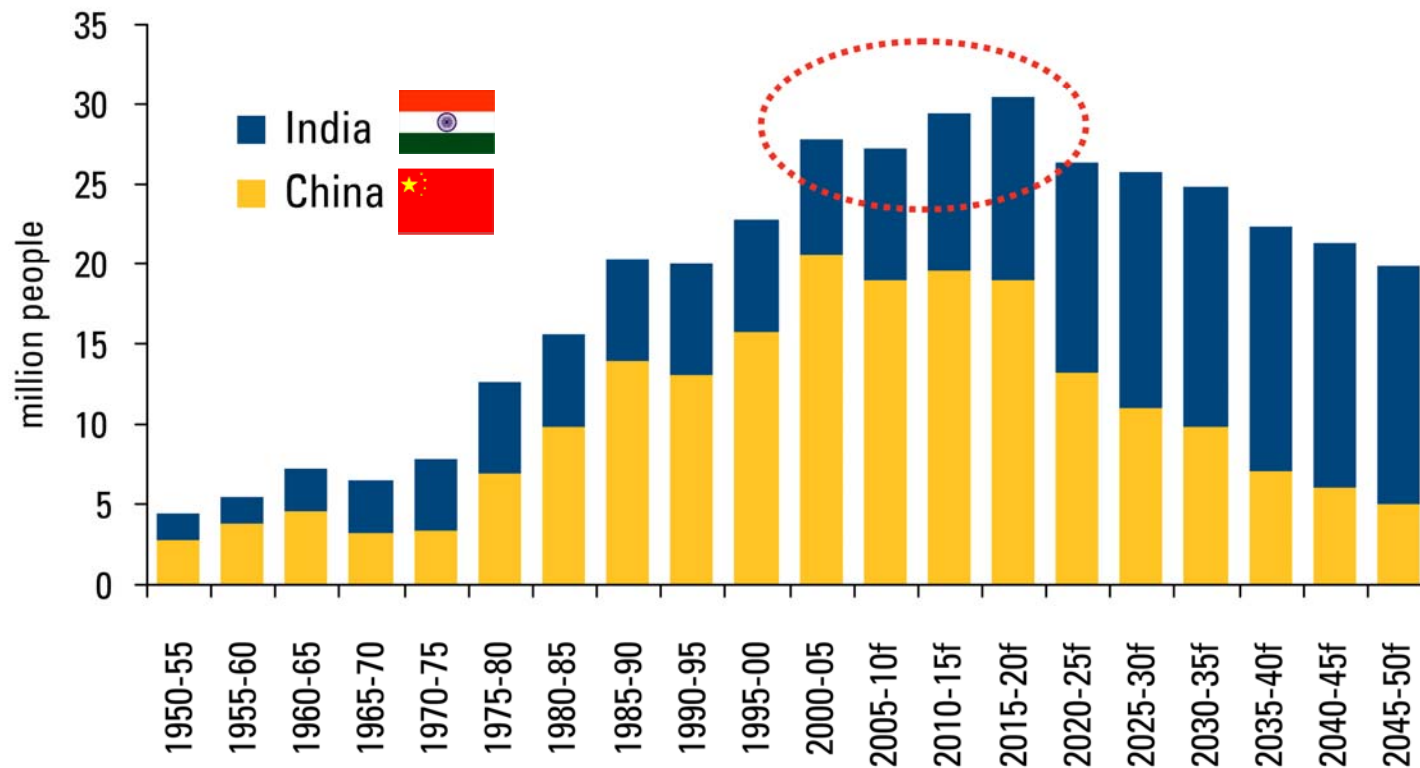


Asia Infrastructure Spending (2008-12E)



25-30m People a Year Urbanizing in India and China from 2000-20

Combined Chinese and Indian urbanisation rates per year



Source: United Nations, McKinsey, Macquarie Research, September 2008

China Is Redefining Urbanization Scale

From 2005-25, Chinese cities will add more than 350 million people...

... the population of the entire United States

There will be more than 200 Chinese cities with more than 1 million inhabitants...

... in Europe today there are only 35 cities of that size

There will be up to 50,000 new skyscrapers...

... the equivalent of building ten New Yorks

There could be up to 170 new mass transit systems...

... in Europe today there are about 70

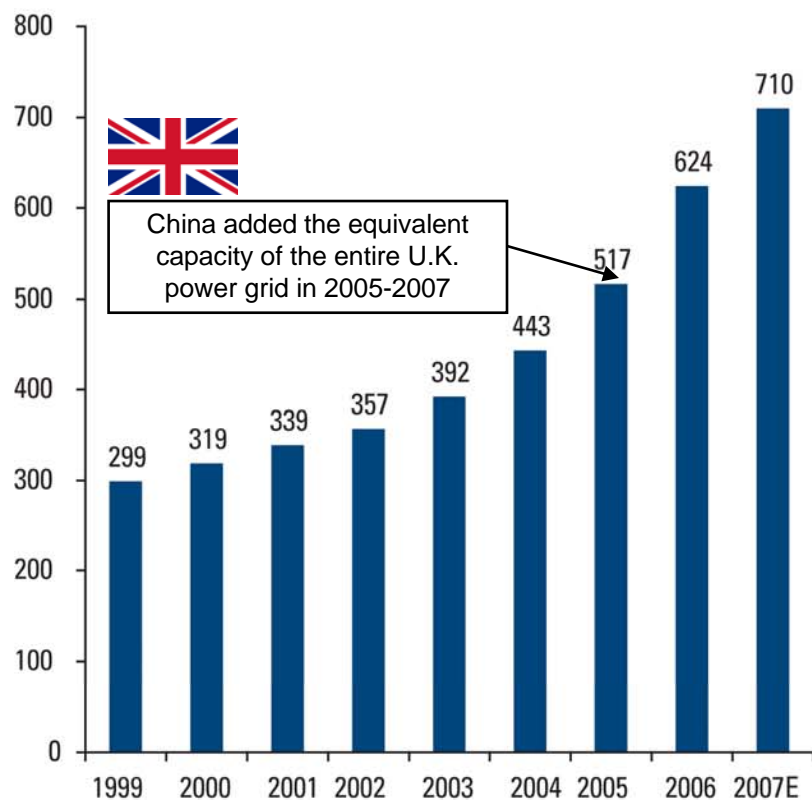
By 2025, two-thirds of China's citizens will live in cities...

... that's nearly 1 billion people



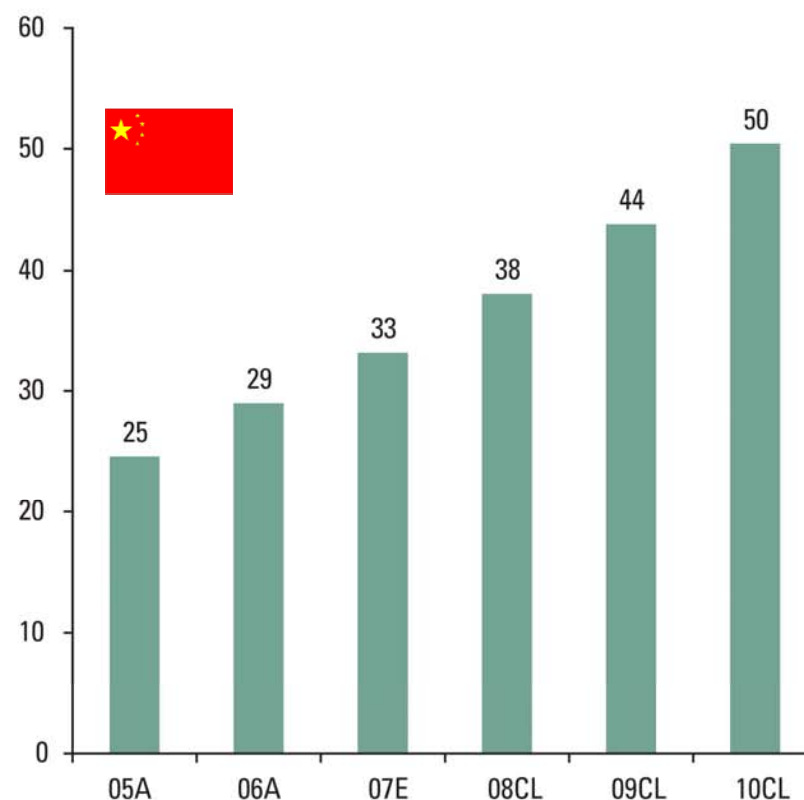
China's Electricity Growth

Generation capacity (GW)



Source: CLSA Asia-Pacific Markets

China's power-grid investment plan (US\$bn)

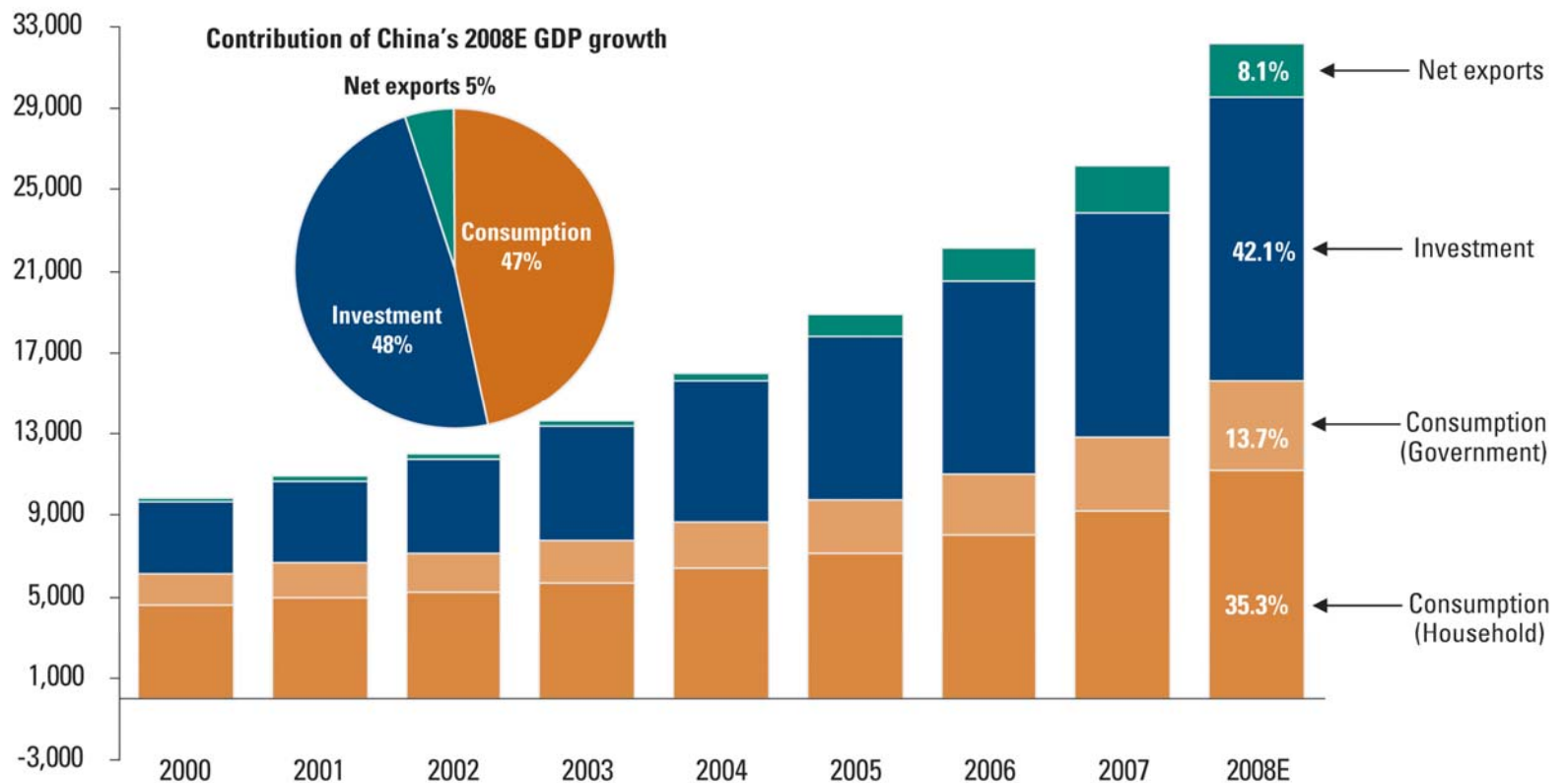


Source: State Grid, Southern Grid, CLSA Asia-Pacific Markets



The Three Pillars of Growth

China's GDP by Expenditure (RMB bn)



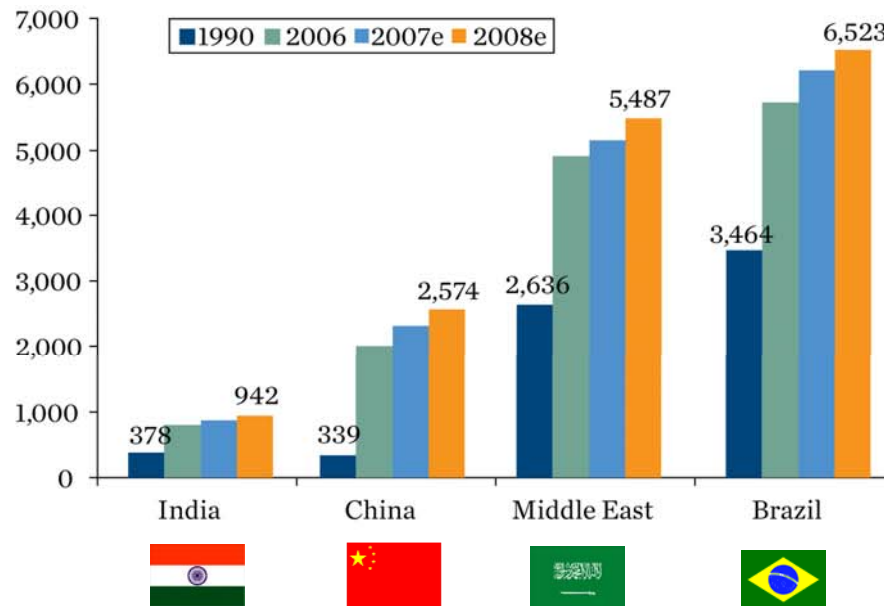
Source: CEIC, J.P. Morgan estimates



The Industrialization of the Developing World — Significant Room to Grow

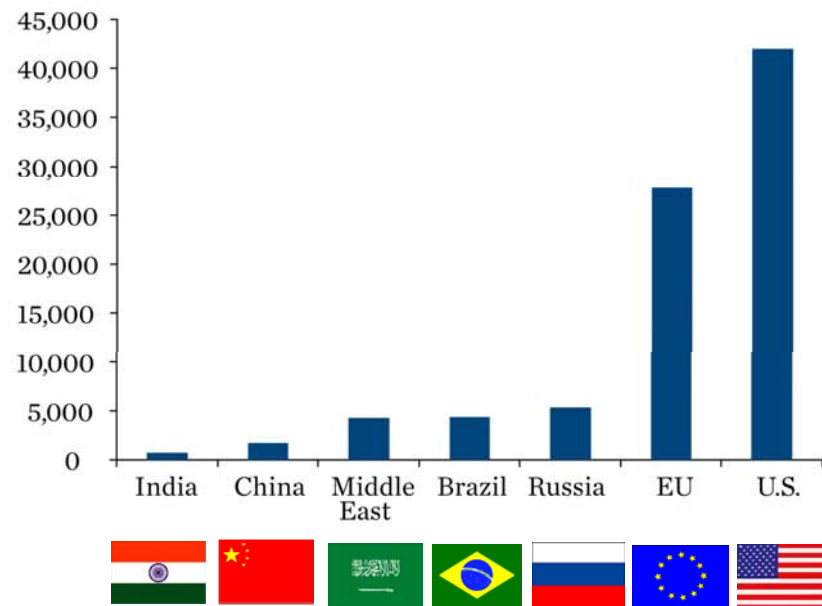
Surging Purchasing Power in the Developing World

GDP/capita, current USD

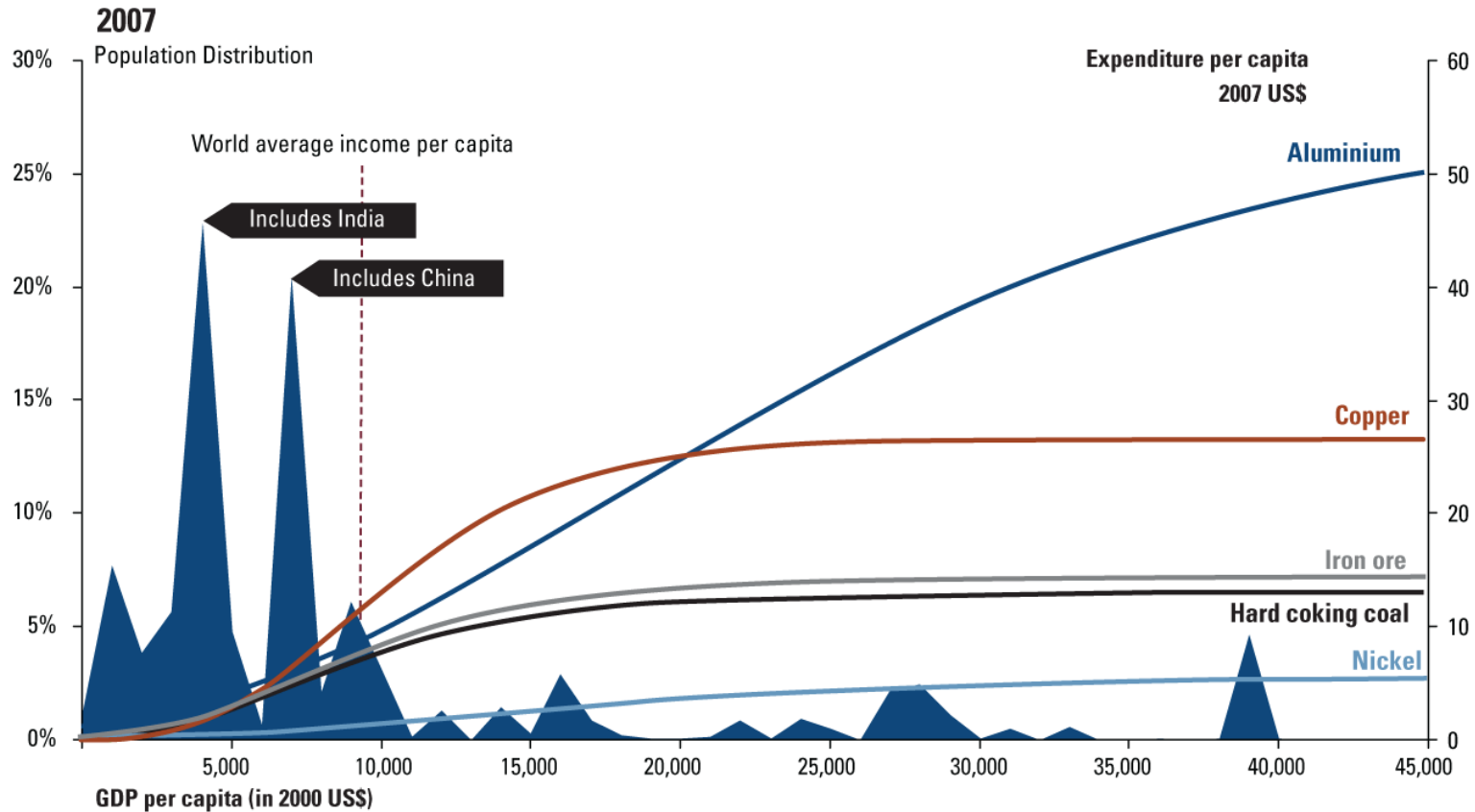


An Income Gap Still Exists

2005 GDP/capita, current USD



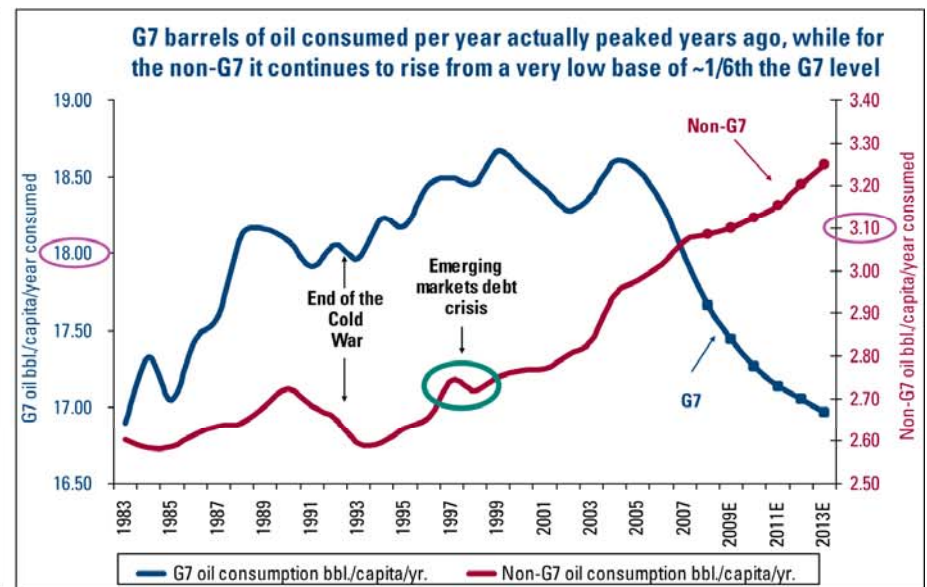
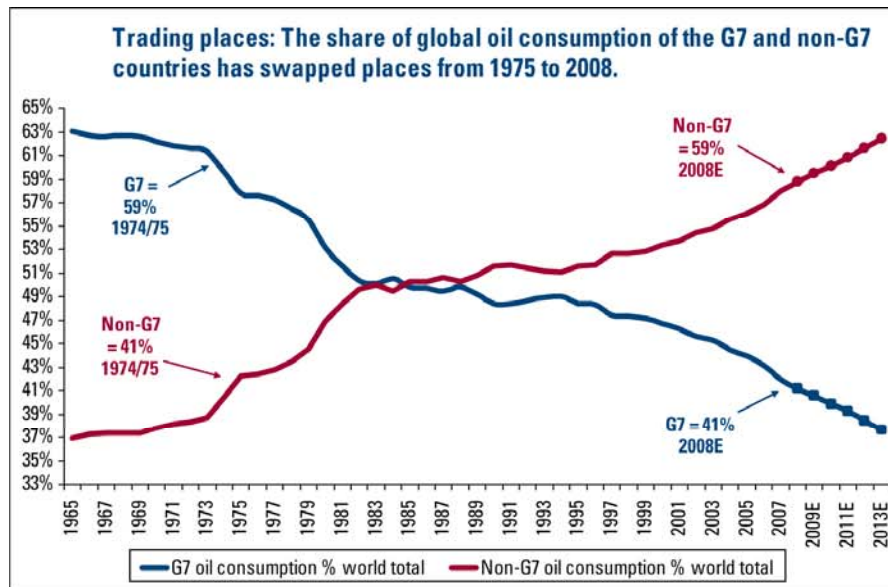
Which Implies Large Increases in Resource Intensity



Source: Global Insight for population distribution; Rio Tinto estimates for commodity expenditure profiles.
 Note: Expenditure profiles are based on Rio Tinto estimates of global income and consumption relationships and average real terms prices between 1990-2006. Iron ore and hard coking coal expenditure calculated based on crude steel demand projections, assuming all met by blast furnace production at historic average export prices.



Oil Consumption — Infrastructure Driver?



Source for all charts: BP Statistics, IMF World Economic Outlook, HPI projects, U.S. Census. The G7 is the U.S., U.K., Japan, Germany, France, Italy, and Canada. Stifel Nicolaus forecasts 2008 to 2013.

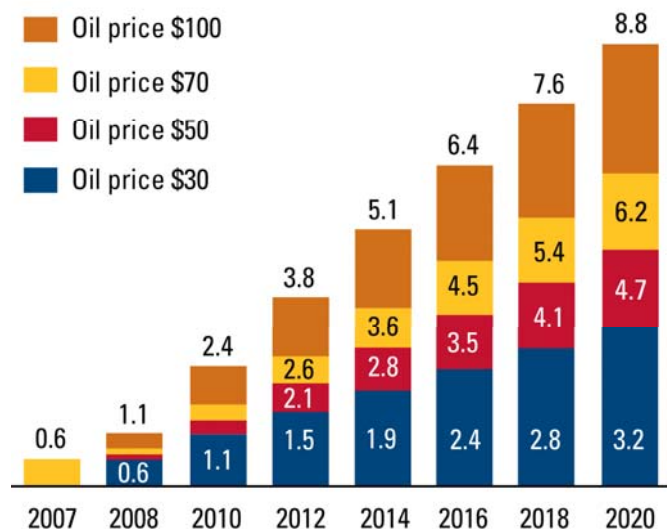


Gulf Countries' Oil Revenue

But the coming oil windfall will dwarf anything we have seen yet. At an oil price of \$70 per barrel, new research by the McKinsey Global Institute finds that Gulf oil export revenues will add up to \$6.2 trillion over the next 14 years—more than triple the amount they earned over the past 14 years. At \$100 oil, this will rise to almost \$9 trillion.

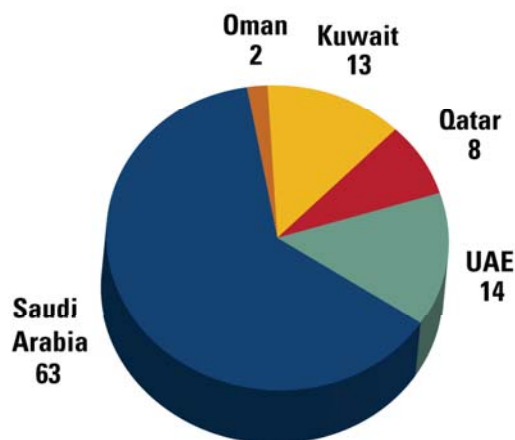
Cumulative GCC oil revenues*

\$ trillion (constant 2006 prices), 2007-2020



Country Share of Cumulative Oil Revenues**

%, 2007-2020



* Based on spot prices. Realized prices may vary by producer

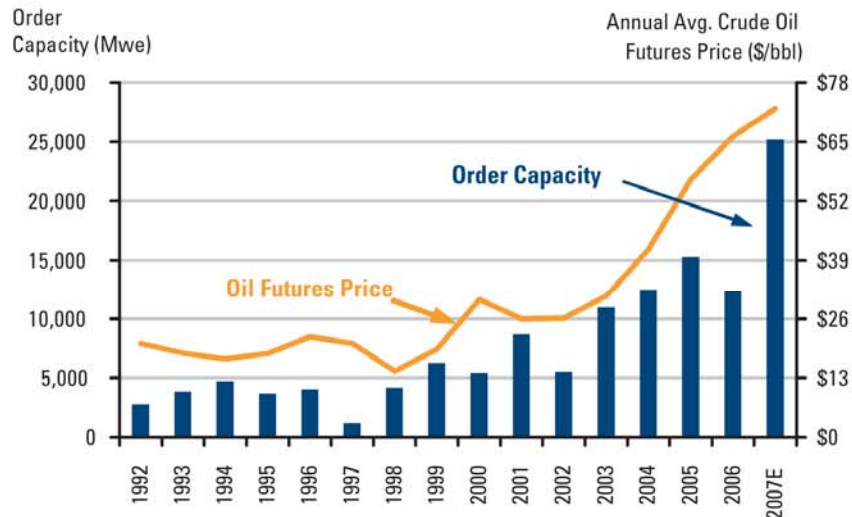
** Assumes \$50 barrel of oil; Bahrain has negligible net oil supply, but does get allocated reserves from Saudi Arabia's Abu Saafa offshore field and also purchases discounted oil from Saudi Arabia's Dammam field.



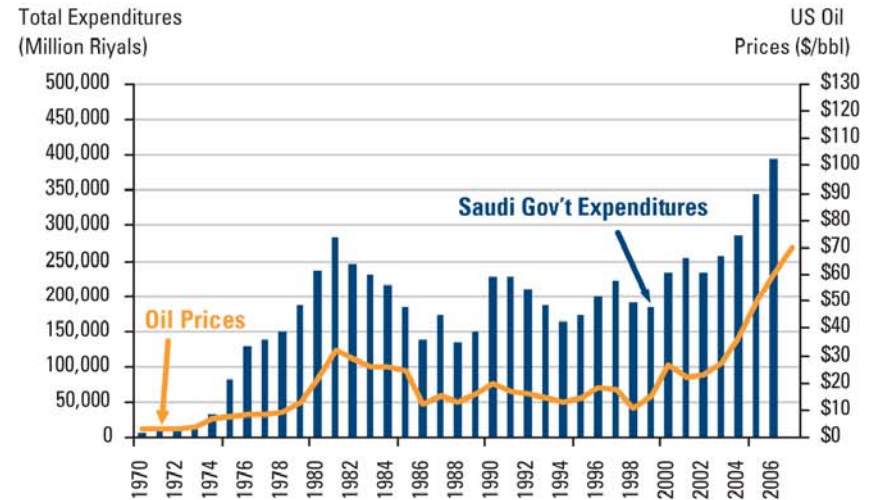
Source: Bp World Energy Report; Global Insight; Business Monitor International; McKinsey Global Institute Energy Demand Model; McKinsey Global Institute Capital Flows Database; McKinsey Global Institute Analysis

Petro Dollars

Gas Turbine Orders by OPEC Member Countries vs. Crude Oil Futures Prices



Oil Prices vs. Saudi Arabia Gov't Expenditures



Global Shift Due to Commodities

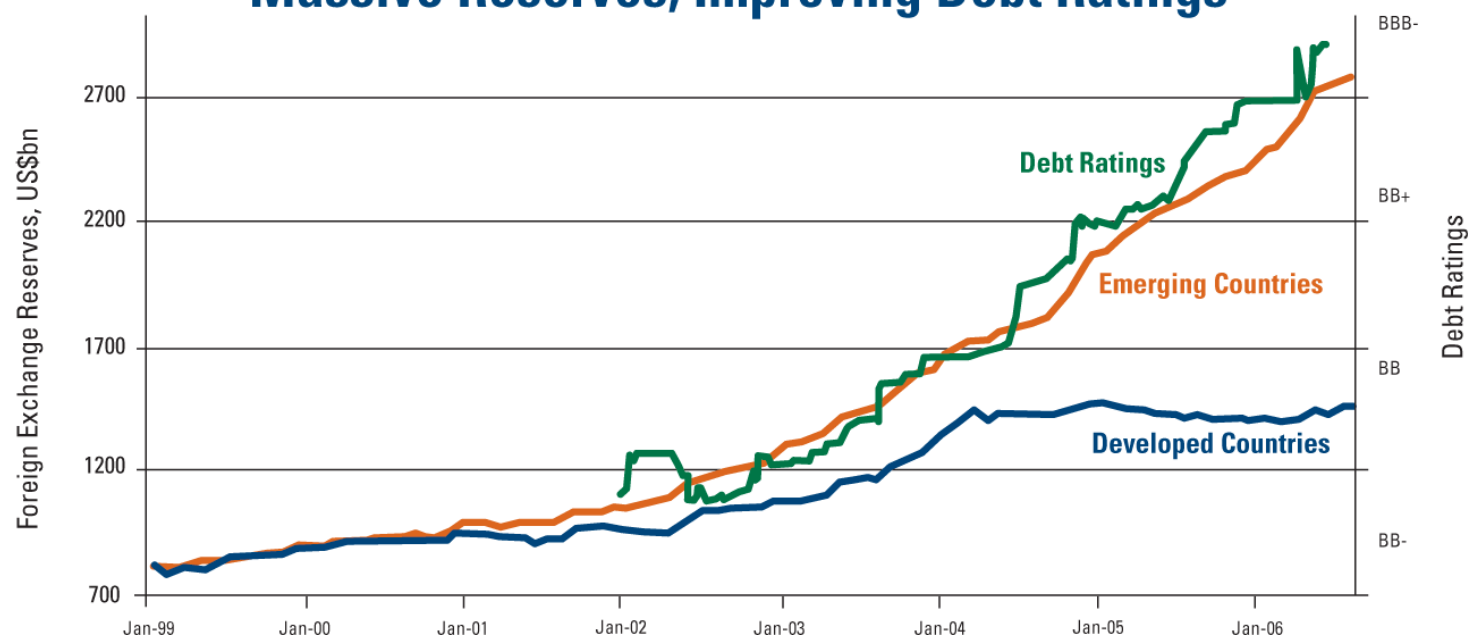
Government Wealth Accounts



Source: Peterson Institute, Alaska Permanent Fund, Australia Future Fund
2007 Figures

New Paradigm

Massive Reserves, Improving Debt Ratings



- EMEs hold 70% of global foreign-exchange reserves
- Less prone to contagious crises than before
- Unlike the U.S. and other developed nations, EMs are net creditors, with improving debt ratings and foreign currency reserves
- 40% of EM debt now rated investment grade vs 3% a decade ago



On the Road to Recovery



1st Quarter Update



U.S. Global Investors

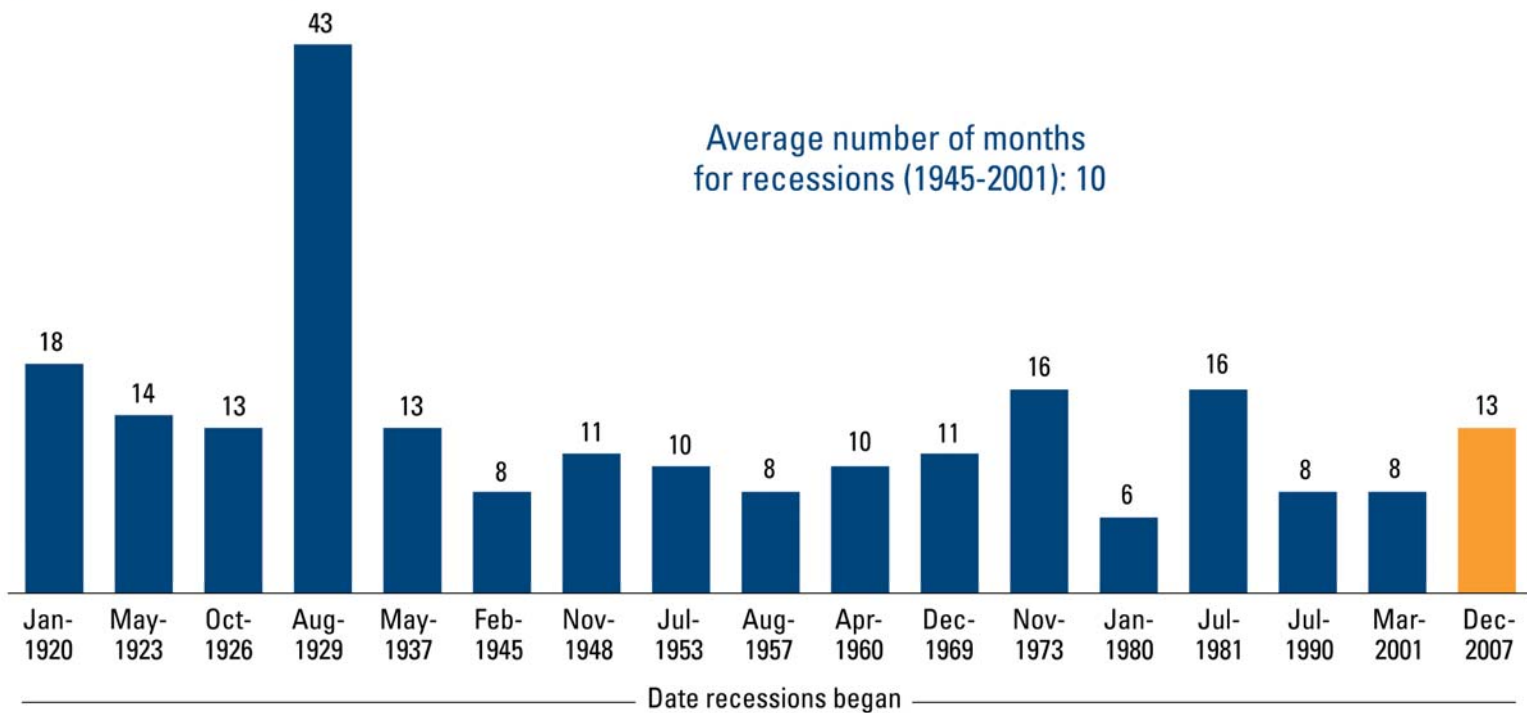
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U.S. Recessions

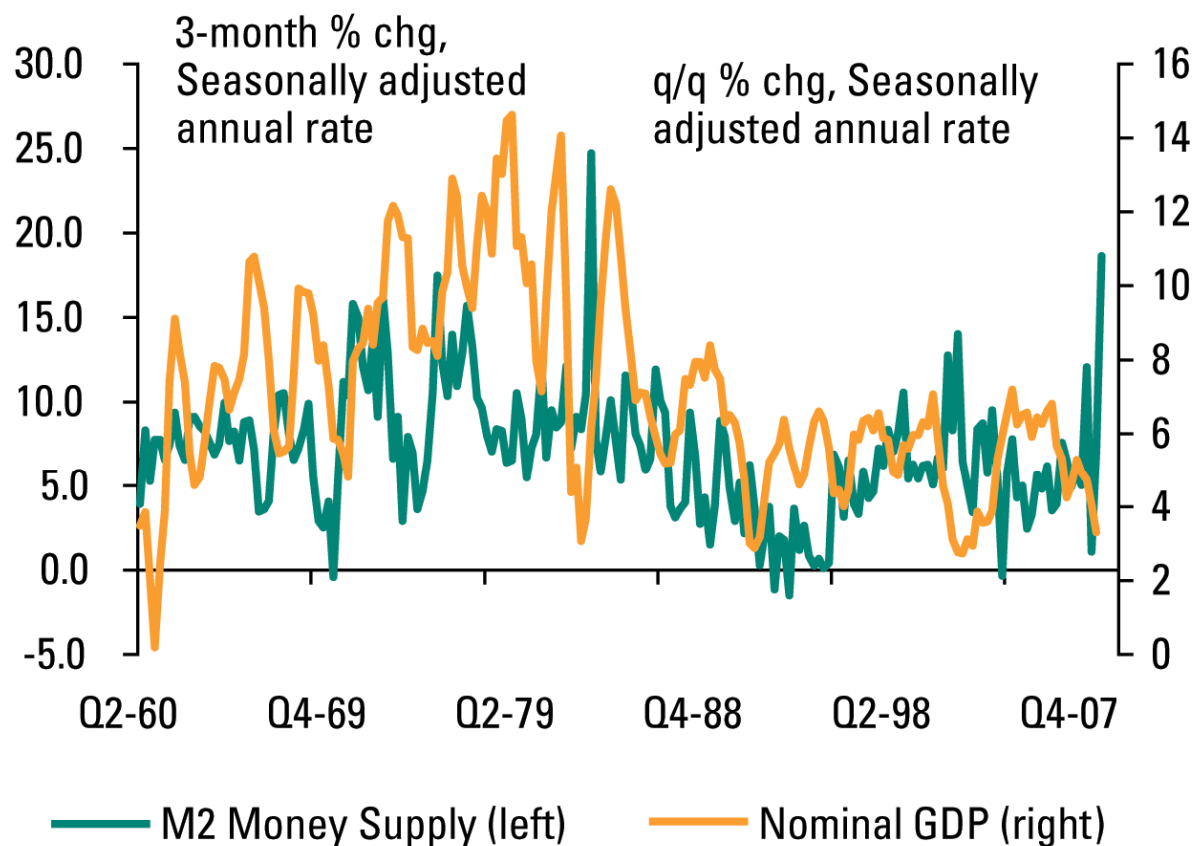
**Length of U.S Recessions
(number of months)**



Source: National Bureau of Economic Research



U.S. Money Supply and Nominal GDP

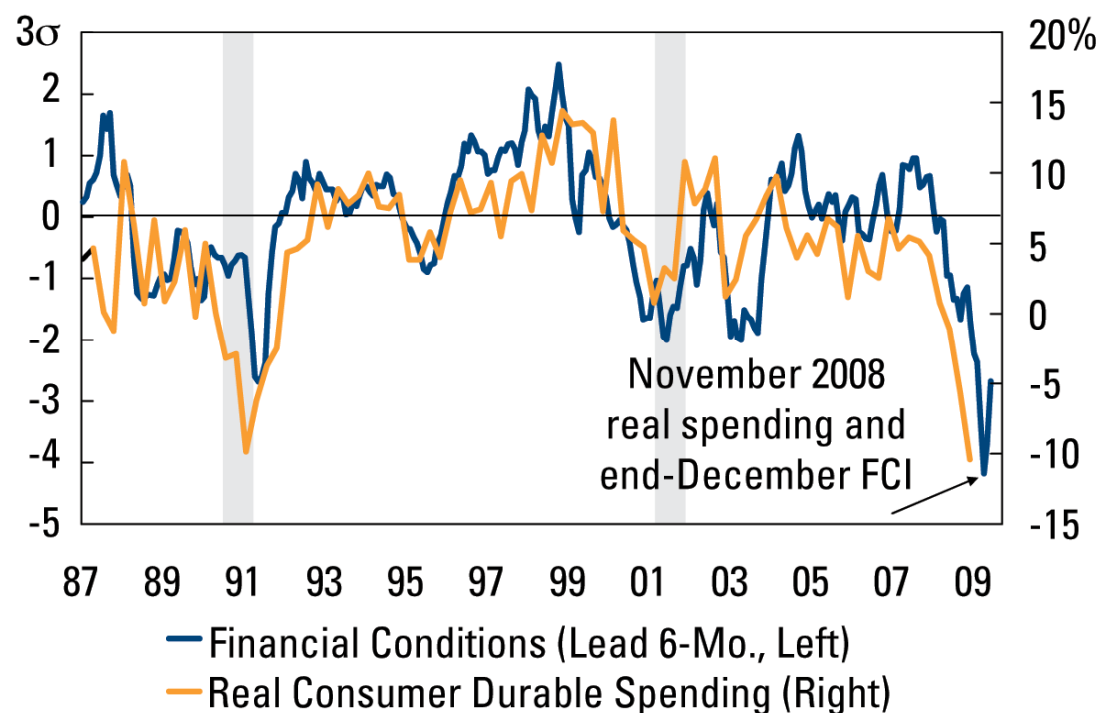


Source: CIBC World Markets Research



Improving Financial Conditions

Citi Financial Conditions Index (Leading 6-Months) and Real Consumer Durable Spending Y/Y %

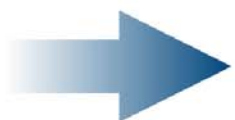


Source: BEA, Citi

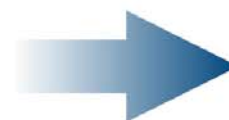


Infrastructure Boost

**Every \$1 billion
in infrastructure**



creates 34,779 jobs

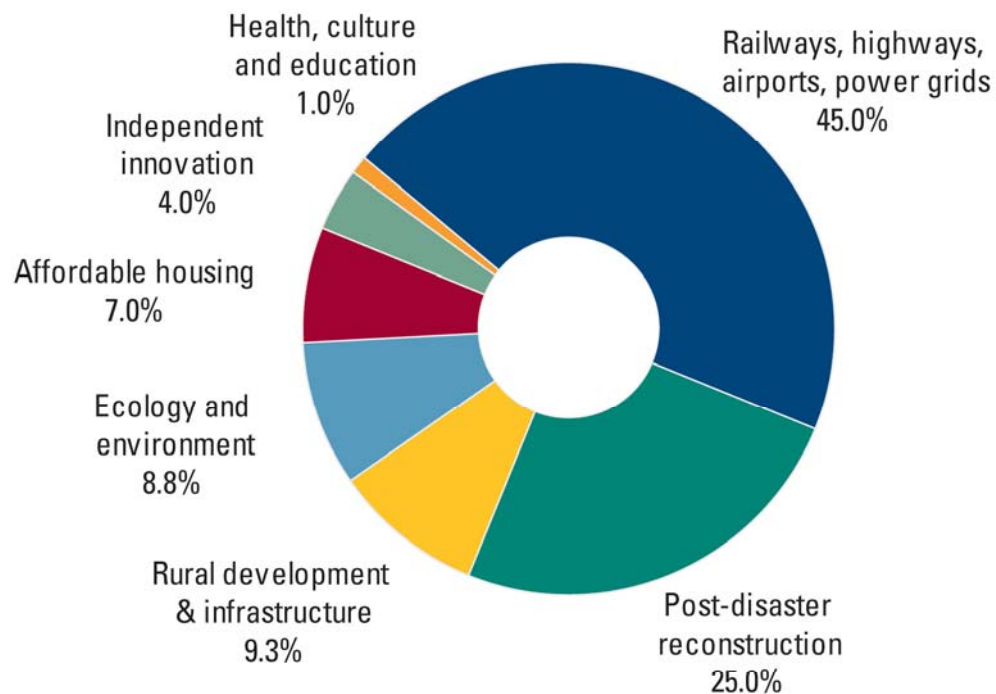


**and \$6.2 billion in
economic activity**



Composition of China's Fiscal Stimulus

Breakdown of China's RMB 4trn Fiscal Stimulus Package



Total = RMB4 trillion (\$585bn)

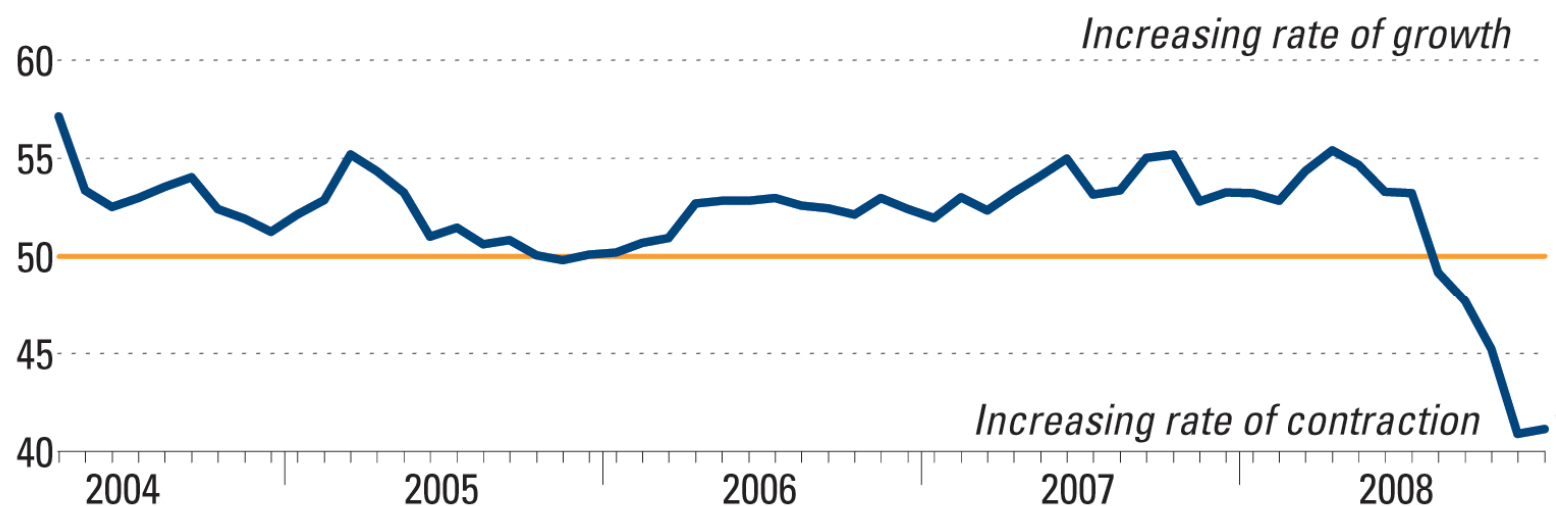
Proposed infrastructure spending by local governments approaching RMB 25trn (\$3.65trn)

Source: NDRC



Economic Improvement in December

CLSA China Manufacturing PMI™



50 = no change on previous month, S.Adj.

Source: CLSA



China Retail Sales

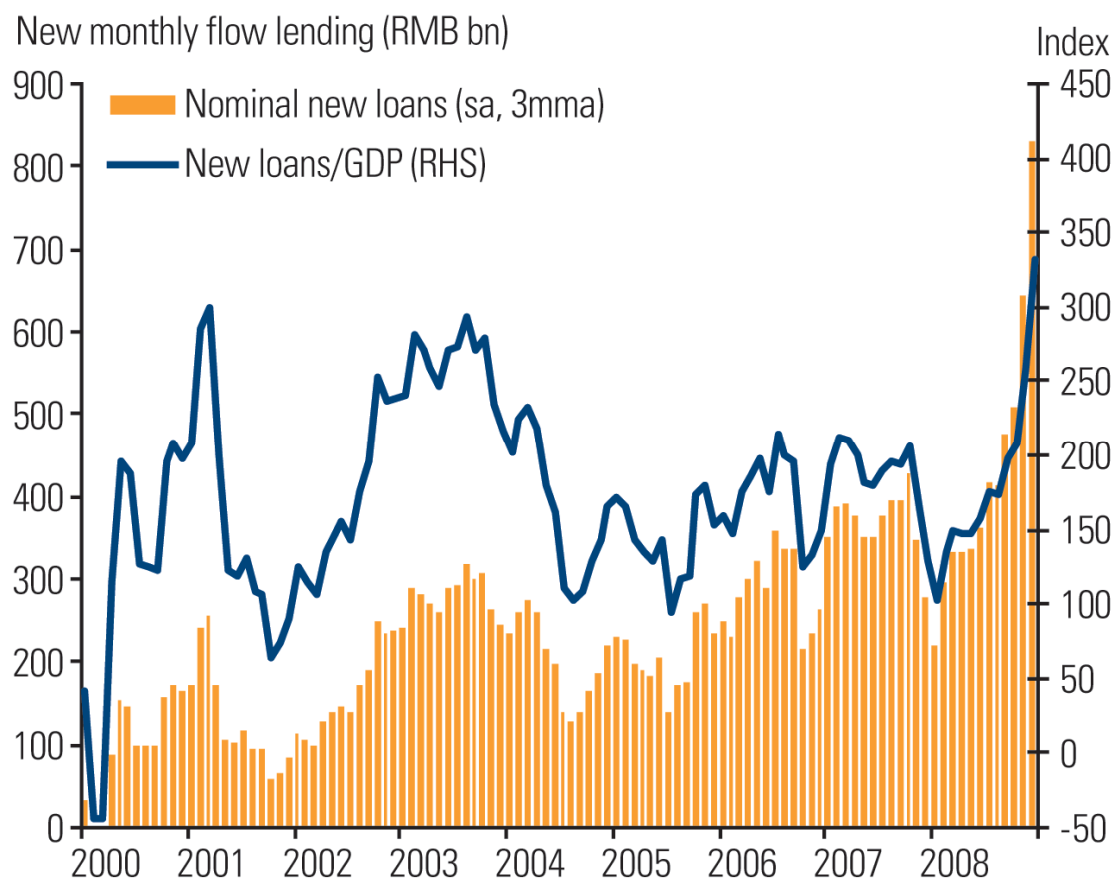


Source: CLSA



China Bank Lending

China New Bank Lending Broke Record in December



Source: CEIC, UBS estimates



Diversified Investment Approach



In light of market volatility and in order to manage risk, we have diversified our portfolio to include:

- Construction/engineering companies
- Steel/resources
- Electric/water utilities
- Alternative energy (solar and wind)
- Listed infrastructure assets – airports, toll roads
- Integrated/mobile telecom operators



Disclosures

Please consider carefully the 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. Diversification does not protect an investor from market risks and does not assure a profit. The Citi Financial Conditions Index is a weighted composite of corporate credit spreads, mortgage rates, equities, money growth, the U.S. dollar's exchange rate and retail energy costs expressed as standard deviations from trend values. The CLSA China Manufacturing PMI is a composite indicator designed to provide an overall view of activity in the manufacturing sector and acts as a leading indicator for the whole economy. The indicator is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery times and stocks of goods purchased. A reading of the PMI below 50.0 indicates that the manufacturing economy is generally declining; above 50.0, that it is generally expanding. A reading of 50.0 signals no change. The greater the divergence from 50.0, the greater the rate of change signalled by the index. Holdings in the Global MegaTrends Fund as of 12/31/08: Rio Tinto (0.00%). 09-032



Thank you for attending today's webcast.

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