
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **December 31, 2015**

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File Number **0-13928**

U.S. GLOBAL INVESTORS, INC.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

74-1598370
(IRS Employer Identification No.)

7900 Callaghan Road
San Antonio, Texas
(Address of principal executive offices)

78229-1234
(Zip Code)

(210) 308-1234
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company
(Do not check if a smaller reporting company)

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

YES NO

On February 1, 2016, there were 13,866,421 shares of Registrant's class A nonvoting common stock issued and outstanding, 13,215,468 shares of Registrant's class A nonvoting common stock issued and outstanding, no shares of Registrant's class B nonvoting common shares outstanding, and 2,069,127 shares of Registrant's class C voting common stock issued and outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

	December 31, 2015 (UNAUDITED)	June 30, 2015
Assets		
<i>(dollars in thousands)</i>		
Current Assets		
Cash and cash equivalents	\$ 3,563	\$ 3,507
Investment securities - trading, at fair value	13,571	15,640
Investment securities - held-to-maturity	750	-
Receivables	529	1,653
Prepaid expenses	399	410
Total assets held related to discontinued operations	72	184
Total Current Assets	<u>18,884</u>	<u>21,394</u>
Net Property and Equipment	<u>2,601</u>	<u>2,736</u>
Other Assets		
Investment securities - available-for-sale, at fair value	3,648	4,263
Other investments	2,045	2,303
Intangible assets, net	19	41
Other assets, long term	37	33
Total Other Assets	<u>5,749</u>	<u>6,640</u>
Total Assets	<u>\$ 27,234</u>	<u>\$ 30,770</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$ 120	\$ 114
Accrued compensation and related costs	797	456
Dividends payable	115	231
Other accrued expenses	595	692
Total liabilities held related to discontinued operations	39	134
Total Current Liabilities	<u>1,666</u>	<u>1,627</u>
Commitments and Contingencies (Note 11)		
Shareholders' Equity		
Common stock (class A) - \$0.025 par value; nonvoting; authorized, 28,000,000 shares; issued, 13,866,421 at December 31, 2015, and June 30, 2015	347	347
Common stock (class B) - \$0.025 par value; nonvoting; authorized, 4,500,000 shares; no shares issued	-	-
Convertible common stock (class C) - \$0.025 par value; voting; authorized, 3,500,000 shares; issued, 2,069,127 shares at December 31, 2015, and June 30, 2015	52	52
Additional paid-in-capital	15,655	15,694
Treasury stock, class A shares at cost; 648,286 and 555,786 shares at December 31, 2015, and June 30, 2015, respectively	(1,603)	(1,464)
Accumulated other comprehensive loss, net of tax	(511)	(483)
Retained earnings	11,113	14,423
Total U.S. Global Investors Inc. Shareholders' Equity	<u>25,053</u>	<u>28,569</u>
Non-Controlling Interest in Subsidiary	515	574
Total Shareholders' Equity	<u>25,568</u>	<u>29,143</u>
Total Liabilities and Shareholders' Equity	<u>\$ 27,234</u>	<u>\$ 30,770</u>

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

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Six Months Ended December 31,		Three Months Ended December 31,	
	2015	2014	2015	2014
<i>(dollars in thousands, except per share data)</i>				
Operating Revenues				
Advisory fees	\$ 2,336	\$ 4,110	\$ 1,197	\$ 1,691
Administrative services fees	203	375	92	167
	<u>2,539</u>	<u>4,485</u>	<u>1,289</u>	<u>1,858</u>
Operating Expenses				
Employee compensation and benefits	3,067	2,832	1,691	1,395
General and administrative	2,198	2,112	1,267	975
Platform fees	276	505	129	222
Advertising	149	38	38	22
Depreciation and amortization	160	164	80	81
	<u>5,850</u>	<u>5,651</u>	<u>3,205</u>	<u>2,695</u>
Operating Loss	<u>(3,311)</u>	<u>(1,166)</u>	<u>(1,916)</u>	<u>(837)</u>
Other Income				
Investment income (loss)	263	273	(271)	53
Total Other Income	<u>263</u>	<u>273</u>	<u>(271)</u>	<u>53</u>
Loss Before Income Taxes	<u>(3,048)</u>	<u>(893)</u>	<u>(2,187)</u>	<u>(784)</u>
Provision for Federal Income Taxes				
Tax expense (benefit)	11	(4)	-	3
Loss from Continuing Operations	<u>(3,059)</u>	<u>(889)</u>	<u>(2,187)</u>	<u>(787)</u>
Discontinued Operations				
Loss from discontinued operations of distributor	(18)	(42)	(25)	(54)
Tax benefit	-	-	-	-
Loss from Discontinued Operations	<u>(18)</u>	<u>(42)</u>	<u>(25)</u>	<u>(54)</u>
Net Loss	<u>(3,077)</u>	<u>(931)</u>	<u>(2,212)</u>	<u>(841)</u>
Less: Net Income Attributable to Non-Controlling Interest	3	39	-	1
Net Loss Attributable to U.S. Global Investors, Inc.	<u>\$ (3,080)</u>	<u>\$ (970)</u>	<u>\$ (2,212)</u>	<u>\$ (842)</u>
Basic Net Loss per Share:				
Loss from continuing operations	\$ (0.20)	\$ (0.06)	\$ (0.14)	\$ (0.05)
Loss from discontinued operations	-	-	-	-
Basic Net Loss per Share	<u>\$ (0.20)</u>	<u>\$ (0.06)</u>	<u>\$ (0.14)</u>	<u>\$ (0.05)</u>
Diluted Net Loss per Share:				
Loss from continuing operations	\$ (0.20)	\$ (0.06)	\$ (0.14)	\$ (0.05)
Loss from discontinued operations	-	-	-	-
Diluted Net Loss per Share	<u>\$ (0.20)</u>	<u>\$ (0.06)</u>	<u>\$ (0.14)</u>	<u>\$ (0.05)</u>
Basic weighted average number of common shares outstanding	15,321,304	15,419,309	15,300,421	15,409,292
Diluted weighted average number of common shares outstanding	15,321,304	15,419,309	15,300,421	15,409,292

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

<i>(dollars in thousands)</i>	Six Months Ended December 31,		Three Months Ended December 31,	
	2015	2014	2015	2014
Net Loss Attributable to U.S. Global Investors, Inc.	\$ (3,080)	\$ (970)	\$ (2,212)	\$ (842)
Other Comprehensive Income (Loss), Net of Tax:				
Unrealized gains (losses) on available-for-sale securities arising during period	357	(849)	470	(618)
Less: reclassification adjustment for gains/losses included in net income	(272)	(252)	199	(57)
Net change from available-for-sale investments, net of tax	85	(1,101)	669	(675)
Foreign currency translation adjustment	(174)	(149)	(49)	(70)
Other Comprehensive Income (Loss)	(89)	(1,250)	620	(745)
Comprehensive Loss	(3,169)	(2,220)	(1,592)	(1,587)
Less: Comprehensive Income Attributable to Non-Controlling Interest	(61)	(52)	(17)	(25)
Comprehensive Loss Attributable to U.S. Global Investors, Inc.	\$ (3,108)	\$ (2,168)	\$ (1,575)	\$ (1,562)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<i>(dollars in thousands)</i>	Six Months Ended December 31,	
	2015	2014
Cash Flows from Operating Activities:		
Net loss	\$ (3,077)	\$ (931)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	160	164
Net recognized loss on disposal of fixed assets	-	26
Net recognized (gain) loss on securities	19	(376)
Provision for deferred taxes	-	2
Stock bonuses	9	6
Changes in operating assets and liabilities:		
Accounts receivable	1,220	566
Prepaid and other assets	2	34
Trading securities	2,033	797
Accounts payable and accrued expenses	173	(500)
Total adjustments	3,616	719
Net cash provided by (used in) operating activities	539	(212)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(13)	(40)
Purchase of available-for-sale securities	-	(165)
Purchase of other investments	(750)	(1,000)
Proceeds on sale of available-for-sale securities	962	515
Return of capital on investment	13	12
Net cash provided by (used in) investing activities	212	(678)
Cash Flows from Financing Activities:		
Issuance of common stock	56	61
Repurchases of common stock	(243)	(206)
Distributions to non-controlling interests in subsidiary	-	(27)
Dividends paid	(345)	(462)
Net cash used in financing activities	(532)	(634)
Effect of exchange rate changes on cash and cash equivalents	(163)	(134)
Net increase (decrease) in cash and cash equivalents	56	(1,658)
Beginning cash and cash equivalents	3,507	5,910
Ending cash and cash equivalents	\$ 3,563	\$ 4,252
Supplemental Disclosures of Cash Flow Information		
Cash paid for income taxes	\$ -	\$ -

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

U.S. Global Investors, Inc. (the “Company” or “U.S. Global”) has prepared the consolidated financial statements pursuant to accounting principles generally accepted in the United States of America (“U.S. GAAP”) and the rules and regulations of the United States Securities and Exchange Commission (“SEC”) that permit reduced disclosure for interim periods. The financial information included herein reflects all adjustments (consisting solely of normal recurring adjustments), which are, in management’s opinion, necessary for a fair presentation of results for the interim periods presented. The Company has consistently followed the accounting policies set forth in the notes to the consolidated financial statements in the Company’s Form 10-K for the fiscal year ended June 30, 2015.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, United Shareholder Services, Inc. (“USSI”), U.S. Global Brokerage, Inc., U.S. Global Investors (Bermuda) Limited, U.S. Global Investors (Canada) Limited (“USCAN”), and U.S. Global Indices, LLC, and its 65 percent interest in Galileo Global Equity Advisor Inc. (“Galileo”). The Company’s wholly-owned subsidiary, USSI, which ceased operations in fiscal year 2014, was legally dissolved in December 2015. U.S. Global Brokerage, Inc. is in the process of winding down operations as discussed in Note 12.

Galileo is consolidated with the operations of the Company. The non-controlling interest in this subsidiary is included in “non-controlling interest in subsidiaries” in the equity section of the Consolidated Balance Sheets. Frank Holmes, CEO, and Susan McGee, President and General Counsel, serve as directors of Galileo.

The Company’s evaluation for consolidation includes whether entities in which it has an interest are variable interest entities (“VIEs”) and whether the Company is the primary beneficiary of any VIEs identified in its analysis. A VIE is an entity in which either (a) the equity investment at risk is not sufficient to permit the entity to finance its own activities without additional financial support or (b) the group of holders of the equity investment at risk lack certain characteristics of a controlling financial interest. The primary beneficiary is the entity that has the power to direct the activities that most significantly impact the VIE’s economic performance and the obligation to absorb losses of or right to receive benefits from the VIE that could potentially be significant to the VIE. If the VIE qualifies for the investment company deferral, the primary beneficiary is the entity that has the obligation to absorb a majority of the expected losses or the right to receive the majority of the residual returns.

The Company holds variable interests in, but is not deemed to be the primary beneficiary of, the funds it advises. The Company has determined that these entities qualify for the investment company deferral in Accounting Standards Codification (“ASC”) 810-10-65-2 (aa) and thus determines whether it is the primary beneficiary of these entities by virtue of its exposure to the expected losses and expected residual returns of the entity. The Company’s interests in these entities consist of the Company’s direct ownership therein, which in each case is insignificant to the total ownership of the fund, and any fees earned but uncollected. In the ordinary course of business, the Company may choose to waive certain fees or assume operating expenses of the funds it advises for competitive, regulatory or contractual reasons (see Note 4 for information regarding fee waivers). The Company has not provided financial support to any of these entities outside the ordinary course of business. The Company’s risk of loss with respect to these managed entities is limited to the carrying value of its investments in, and fees receivable from, the entities. The Company does not consolidate these VIEs because it is not the primary beneficiary of these VIEs.

All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts have been reclassified for comparative purposes. The results of operations for the six months ended December 31, 2015, are not necessarily indicative of the results to be expected for the entire year.

The unaudited interim financial information in these condensed financial statements should be read in conjunction with the consolidated financial statements contained in the Company’s annual report.

Recent Accounting Pronouncements

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements and Property, Plant, and Equipment - Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* ("ASU 2014-08"). ASU 2014-08 became effective for the Company on July 1, 2015. The adoption of ASU 2014-08 was not material to the consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). We are currently evaluating the impact of our pending adoption of ASU 2014-09 on our consolidated financial statements and have not yet determined the method by which we will adopt the standard in 2018.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"). This update requires an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). When conditions or events raise substantial doubts about an entity's ability to continue as a going concern, management shall disclose: i) the principal conditions or events that raise substantial doubt about the entity's ability to continue as a going concern; ii) management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations; and iii) management's plans that are intended to mitigate the conditions or events - and whether or not those plans alleviate the substantial doubt about the entity's ability to continue as a going concern. ASU 2014-15 is effective for the annual period ending after December 15, 2016, and early application is permitted. Management does not currently anticipate that this update will have any impact on the Company's financial statement disclosures.

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis* ("ASU 2015-02"), which amends the consolidation requirements in ASC 810, Consolidation. This standard modifies existing consolidation guidance for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. ASU 2015-02 is effective for fiscal years and interim periods within those years beginning after December 15, 2015, and requires either a retrospective or a modified retrospective approach to adoption. Early adoption is permitted. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements, as well as the available transition methods.

In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* ("ASU 2015-07"). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. The update is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015, and early adoption is permitted. The update requires the retrospective adoption approach. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"). ASU 2015-17 requires entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. It simplifies the current guidance, which requires entities to separately present deferred tax assets and liabilities as current or noncurrent in a classified balance sheet. Netting by tax jurisdiction is still required under the new guidance. The update is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods, and early adoption is permitted. Entities are permitted to apply the amendments either prospectively or retrospectively. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements.

NOTE 2. INVESTMENTS

As of December 31, 2015, the Company held investments with a fair value of approximately \$17.2 million and a cost basis of approximately \$18.5 million. The fair value of these investments is approximately 63.2 percent of the Company's total assets. In addition, the Company owned held-to-maturity and other investments of \$750,000 and \$2.0 million, respectively, accounted for at amortized cost and under the cost method of accounting, respectively. On December 31, 2015, the Company had \$14.6 million and \$348,000 at fair value invested in USGIF and an offshore fund the Company advises, respectively. These amounts were included in the Consolidated Balance Sheet as "trading securities" and "available-for-sale securities."

Investments in securities classified as trading are reflected as current assets on the Consolidated Balance Sheets at their fair value. Unrealized holding gains and losses on trading securities are included in earnings in the Consolidated Statements of Operations.

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

Investments in securities held-to-maturity consist of debt securities, maturing October 2016, that are purchased with the intent and ability to hold until maturity. These investments are accounted for at amortized cost.

Other investments consist of equity investments in entities over which the Company is unable to exercise significant influence and which do not have readily determinable fair values. These investments are accounted for under the cost method of accounting and evaluated periodically for impairment.

The Company considers many factors in determining impairment, including the severity and duration of the decline in value below cost, the Company's interest and ability to hold the security for a period of time sufficient for an anticipated recovery in value, and the financial condition and specific events related to the issuer. When an impairment of a security is determined to be other than temporary, the impairment is recognized as a loss in the Company's earnings.

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

The following details the components of the Company's investments recorded as fair value as of December 31, 2015, and June 30, 2015.

(dollars in thousands)	December 31, 2015			
	Cost	Gains	(Losses)	Fair Value
Trading securities¹				
Offshore fund	\$ 1,184	\$ -	\$ (836)	\$ 348
Mutual funds - Fixed income	12,790	79	(1)	12,868
Mutual funds - Domestic equity	535	-	(180)	355
Other	46	-	(46)	-
Total trading securities	<u>\$ 14,555</u>	<u>\$ 79</u>	<u>\$ (1,063)</u>	<u>\$ 13,571</u>
Available-for-sale securities²				
Common Stock - Domestic	\$ 109	\$ -	\$ (5)	\$ 104
Common Stock - International	615	70	(39)	646
Corporate debt	1,393	-	(250)	1,143
Mutual funds - Fixed income	1,229	14	(37)	1,206
Mutual funds - Domestic equity	394	-	-	394
Other	162	-	(7)	155
Total available-for-sale securities ³	<u>\$ 3,902</u>	<u>\$ 84</u>	<u>\$ (338)</u>	<u>\$ 3,648</u>
Held-to-maturity securities				
Corporate debt	\$ 750	\$ -	\$ -	\$ 750
Total held-to-maturity securities	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750</u>

(dollars in thousands)	June 30, 2015			
	Cost	Gains	(Losses)	Fair Value
Trading securities¹				
Offshore fund	\$ 1,184	\$ -	\$ (703)	\$ 481
Mutual funds - Fixed income	14,691	68	(5)	14,754
Mutual funds - Domestic equity	535	-	(130)	405
Other	81	-	(81)	-
Total trading securities	<u>\$ 16,491</u>	<u>\$ 68</u>	<u>\$ (919)</u>	<u>\$ 15,640</u>
Available-for-sale securities²				
Common Stock - Domestic	\$ 535	\$ 316	\$ (9)	\$ 842
Common Stock - International	695	309	(39)	965
Corporate debt	1,433	-	(817)	616
Mutual funds - Fixed income	1,227	9	(22)	1,214
Mutual funds - Domestic equity	543	-	(80)	463
Other	169	1	(7)	163
Total available-for-sale securities ³	<u>\$ 4,602</u>	<u>\$ 635</u>	<u>\$ (974)</u>	<u>\$ 4,263</u>

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

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

3 Net unrealized gains (losses) on available-for-sale securities gross and net of tax as of December 31, 2015, are \$(254) and \$(254), respectively, and as of June 30, 2015, are \$(339) and \$(339), respectively.

The following tables show the gross unrealized losses and fair values of available-for-sale investment securities with unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

<i>(dollars in thousands)</i>	December 31, 2015					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale securities						
Common stock - Domestic	\$ 104	\$ (5)	\$ -	\$ -	\$ 104	\$ (5)
Common stock - International	157	(21)	28	(18)	185	(39)
Corporate debt	-	-	931	(250)	931	(250)
Mutual funds - Fixed income	2	-	190	(37)	192	(37)
Mutual funds - Domestic equity	-	-	-	-	-	-
Other	102	(7)	-	-	102	(7)
Total available-for-sale securities	\$ 365	\$ (33)	\$ 1,149	\$ (305)	\$ 1,514	\$ (338)

<i>(dollars in thousands)</i>	June 30, 2015					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale securities						
Common stock - Domestic	\$ 77	\$ (7)	\$ 107	\$ (2)	\$ 184	\$ (9)
Common stock - International	114	(23)	39	(16)	153	(39)
Corporate debt	386	(817)	-	-	386	(817)
Mutual funds - Fixed income	67	(7)	139	(15)	206	(22)
Mutual funds - Domestic equity	463	(80)	-	-	463	(80)
Other	112	(7)	-	-	112	(7)
Total available-for-sale securities	\$ 1,219	\$ (941)	\$ 285	\$ (33)	\$ 1,504	\$ (974)

Investment income can be volatile and varies depending on market fluctuations, the Company's ability to participate in investment opportunities, and timing of transactions. The Company expects that gains and losses will continue to fluctuate in the future.

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

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

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

<i>(dollars in thousands)</i>	Six Months Ended December 31,		Three Months Ended December 31,	
	2015	2014	2015	2014
Investment Income				
Realized gains on sales of available-for-sale securities	\$ 531	\$ 382	\$ -	\$ 86
Realized losses on sales of trading securities	(35)	(6)	-	(6)
Unrealized losses on trading securities	(133)	(526)	(69)	(295)
Realized foreign currency gains	52	23	17	4
Other-than-temporary declines in available-for-sale securities	(259)	-	(199)	-
Other-than-temporary declines in securities held at cost	(258)	-	(258)	-
Dividend and interest income	365	400	238	264
Total Investment Income (Loss)	\$ 263	\$ 273	\$ (271)	\$ 53

Included in investment income were other-than temporary declines in value on available-for-sale securities of approximately \$199,000 and \$259,000 for the three and six months ended December 31, 2015, respectively. The impairment loss resulted from fair values of securities being lower than book value and from proposed changes to debt securities. For the three and six months ending December 31, 2015, there were five and eight securities, respectively, with a combined cost basis of \$653,000 and \$702,000, respectively, that were written down to a combined fair value of \$454,000 and \$466,000, respectively. For the six months ended December 31, 2015, another security was written down to the net present value of estimated cash flows. This security had a cost basis of \$970,000 and was written down to \$947,000. In making these determinations, the Company considered the length of time and extent to which the fair value has been less than the cost basis, financial condition and prospects of the issuers, and the Company's ability to hold the investment until recovery. Also included in investment income were other-than-temporary declines in value on securities held at cost of approximately \$258,000 for the three and six months ended December 31, 2015. The impairment loss resulted from the estimated values of certain securities being lower than cost. Three securities held at cost with a combined cost basis of \$1.1 million were written down to a combined adjusted cost basis of \$867,000.

NOTE 3. FAIR VALUE DISCLOSURES

ASC 820, *Fair Value Measurement and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value and requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy (i.e., Levels 1, 2, and 3 inputs, as defined below). The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

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

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities at the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, value of these products does not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in markets for which not all significant inputs are observable, directly or indirectly. Corporate debt securities valued in accordance with the evaluated price supplied by an independent service are categorized as Level 2 in the hierarchy. Other securities categorized as Level 2 include securities valued at the mean between the last reported bid and ask quotation.
- Level 3 – Valuations based on inputs that are unobservable and significant to the fair value measurement.

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with the investing in those securities. Because of the inherent uncertainties of valuation, the values reflected may materially differ from the values received upon actual sale of those investments.

For actively traded securities, the Company values investments using the closing price of the securities on the exchange or market on which the securities principally trade. If the security is not traded on the last business day of the quarter, it is generally valued at the mean between the last bid and ask quotation. Mutual funds, which include open-end and closed-end funds, exchange-traded funds, and offshore funds, are valued at net asset value or closing price, as applicable. Certain corporate debt securities are valued by an independent pricing service using an evaluated quote based on such factors as institutional-size trading in similar groups of securities, yield, quality maturity, coupon rate, type of issuance and individual trading characteristics and other market data. As part of its independent price verification process, the Company reviews the fair value provided by the pricing service using information such as transactions in these investments, broker quotes, market transactions in comparable investments, general market conditions and the issuer's financial condition. Debt securities that are not valued by an independent pricing service are valued based on review of similarly structured issuances in similar jurisdictions, when possible, or based on other traded debt securities issued by the issuer. The Company also takes into consideration numerous other factors that could affect valuation such as overall market conditions, liquidity of the security and bond structure. Securities for which market quotations are not readily available are valued at their fair value as determined by the portfolio management team. The portfolio management team includes representatives from the investment, accounting and legal/compliance departments. The portfolio management team meets periodically to consider a number of factors in determining a security's fair value, including the security's trading volume, market values of similar class issuances, investment personnel's judgment regarding the market experience of the issuer, financial status of the issuer, the issuer's management, and back testing, as appropriate. The fair values may differ from what may have been used had a broader market for these securities existed. The portfolio management team reviews inputs and assumptions and reports material items to the board of directors.

The following presents fair value measurements, as of December 31, 2015, and June 30, 2015, for the major categories of U.S. Global's investments measured at fair value on a recurring basis:

	December 31, 2015			Total
	Quoted Prices (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>(dollars in thousands)</i>				
Trading securities				
Offshore fund	\$ -	\$ 348	\$ -	\$ 348
Mutual funds - Fixed income	12,868	-	-	12,868
Mutual funds - Domestic equity	355	-	-	355
Other	-	-	-	-
Total trading securities	13,223	348	-	13,571
Available-for-sale securities				
Common stock - Domestic	\$ 104	\$ -	\$ -	\$ 104
Common stock - International	646	-	-	646
Corporate debt	-	231	912	1,143
Mutual funds - Fixed income	1,206	-	-	1,206
Mutual funds - Domestic equity	394	-	-	394
Other	155	-	-	155
Total available-for-sale securities	2,505	231	912	3,648
Total	\$ 15,728	\$ 579	\$ 912	\$ 17,219

	June 30, 2015			Total
	Quoted Prices (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>(dollars in thousands)</i>				
Trading securities				
Offshore Fund	\$ -	\$ 481	\$ -	\$ 481
Mutual funds - Fixed income	14,754	-	-	14,754
Mutual funds - Domestic equity	405	-	-	405
Other	-	-	-	-
Total trading securities	15,159	481	-	15,640
Available-for-sale securities				
Common stock - Domestic	\$ 842	\$ -	\$ -	\$ 842
Common stock - International	965	-	-	965
Corporate debt	-	77	539	616
Mutual funds - Fixed income	1,214	-	-	1,214
Mutual funds - Domestic equity	463	-	-	463
Other	163	-	-	163
Total available-for-sale securities	3,647	77	539	4,263
Total	\$ 18,806	\$ 558	\$ 539	\$ 19,903

As of December 31, 2015, approximately 92 percent of the Company's financial assets measured at fair value are derived from Level 1 inputs, three percent of the Company's financial assets measured at fair value are derived from Level 2 inputs, and the remaining five percent are Level 3 inputs. As of June 30, 2015, approximately 94 percent of the Company's financial assets measured at fair value are derived from Level 1 inputs, three percent of the Company's financial assets measured at fair value are derived from Level 2 inputs, and the remaining three percent are Level 3 inputs. The Company recognizes transfers between levels at the end of each quarter.

In Level 2, the Company has an investment in an affiliated offshore fund, classified as trading, with a fair value of \$348,000 as of December 31, 2015, based on the net asset value per share, which invests in companies in the energy and natural resources sectors. The Company may redeem this investment on the first business day of each month after providing a redemption notice at least forty-five days prior to the proposed redemption date.

In addition, the Company has investments in corporate debt securities, maturing in 2018, of \$231,000 as of December 31, 2015, categorized as Level 2, which the Company valued using the mean between the last reported bid/ask quotation.

At December 31, 2015, the Level 3 corporate debt, which matures in 2017 – 2020, is valued at cost, which approximates fair value as a result of the Company's review of similar structured issuances in similar jurisdictions, or valued based on other traded debt issuances from the issuer.

The following table is a reconciliation of investments for which unobservable inputs (Level 3) were used in determining fair value during the six months ended December 31, 2015, and December 31, 2014:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis		
<i>(dollars in thousands)</i>	December 31, 2015	December 31, 2014
	Corporate Debt	Corporate Debt
Beginning Balance	\$ 539	\$ 250
Return of capital	(13)	(12)
Total gains or losses (realized/unrealized)		
Included in earnings (investment income)	(23)	-
Included in other comprehensive income (loss)	409	-
Purchases	-	-
Sales	-	-
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Ending Balance	<u>\$ 912</u>	<u>\$ 238</u>

NOTE 4. INVESTMENT MANAGEMENT AND OTHER FEES

The Company serves as investment adviser to U.S. Global Investors Funds ("USGIF" or the "Funds") and receives a fee based on a specified percentage of net assets under management. The Company recorded base advisory fees from USGIF totaling \$879,000 and \$1.8 million for the three and six months ended December 31, 2015, respectively, compared with \$1.4 million and \$3.3 million, respectively, for the corresponding periods in the prior fiscal year.

The advisory agreement for the equity funds within USGIF provides for a base advisory fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months. For the three and six months ended December 31, 2015, the Company realized a decrease in its base advisory fee of \$70,000 and \$238,000, respectively. For the corresponding periods in fiscal year 2015, base advisory fees were adjusted downward by \$247,000 and \$430,000, respectively.

The Company has agreed to contractually limit the expenses of the Near-Term Tax Free Fund through April 2016. The Company has voluntarily waived or reduced its fees and/or agreed to pay expenses on the remaining funds. These caps will continue on a voluntary basis at the Company's discretion. The aggregate fees waived and expenses borne by the Company for USGIF for the three and six months ended December 31, 2015, were \$373,000 and \$751,000, respectively, compared with \$337,000 and \$614,000, respectively, for the corresponding periods in the prior fiscal year.

Prior to the U.S. Government Securities Ultra-Short Bond Fund ("Government Fund") conversion in December 2013 to a non-money market fund, the Company voluntarily agreed to waive fees and/or reimburse the Government Fund to the extent necessary to maintain the respective fund's yield at a certain level as determined by the Company ("Minimum Yield"). The Company may recapture any fees waived and/or expenses reimbursed to maintain the Minimum Yield within three years after the end of the fund's fiscal year of such waiver and/or reimbursement. Thus, \$498,000 of the waiver for the Government Fund is recoverable by the Company through December 31, 2016.

The Company receives administrative service fees from USGIF based on the average daily assets. However, effective December 10, 2015, administrative service fees paid to the Company by USGIF changed from an annual rate of 0.10 percent, plus a base fee of \$7,000 per fund, to 0.05 percent per investor class and from 0.08 percent to 0.04 percent per institutional class of each fund, based on average daily net assets. The Company no longer receives a flat base fee per fund.

As of December 31, 2015, the Company had \$345,000 of receivables from USGIF.

The Company also serves as investment adviser to an exchange traded fund ("ETF") client, U. S. Global Jets ETF, that commenced operations in April 2015. The Company receives a unitary management fee of 0.60 percent of average net assets and has agreed to bear all expenses of the ETF. The Company recorded ETF advisory fees totaling \$73,000 and \$143,000 for the three and six months ended December 31, 2015, respectively.

The Company provides advisory services for two offshore clients and received advisory fees based on the net asset values of the clients and performance fees, if any, based on the overall increase in net asset values. The Company recorded advisory and performance fees from these clients totaling \$22,000 and \$44,000 for the three and six months ended December 31, 2015, and \$32,000 and \$79,000, respectively, for the corresponding periods in the prior fiscal year. Frank Holmes, CEO, serves as a director of the offshore clients.

Galileo provides advisory services for clients in Canada and receives advisory fees based on the net asset values of the clients. Galileo recorded advisory fees from these clients totaling \$293,000 and \$623,000 for the three and six months ended December 31, 2015, respectively, and \$519,000 and \$1.2 million, respectively, for the corresponding period in the prior fiscal year.

NOTE 5. BORROWINGS

As of December 31, 2015, the Company has no borrowings or long-term liabilities.

The Company has access to a \$1 million credit facility, which can be utilized for working capital purposes and is available through May 31, 2016. The credit agreement requires the Company to maintain certain quarterly financial covenants to access the line of credit. The Company has been in compliance with all financial covenants during the fiscal year. As of December 31, 2015, this credit facility remained unutilized by the Company.

NOTE 6. STOCKHOLDERS' EQUITY

Payment of cash dividends is within the discretion of the Company's board of directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions. A monthly dividend of \$0.0025 per share is authorized through March 31, 2016, and will be reviewed by the board quarterly.

The Board of Directors approved a share repurchase program on December 7, 2012, authorizing the Company to purchase up to \$2.75 million of its outstanding common shares, as market and business conditions warrant, on the open market in compliance with Rule 10b-18 of the Securities Exchange Act of 1934 through December 31, 2013. On December 12, 2013, December 10, 2014, and December 9, 2015, the Board of Directors renewed the repurchase program for calendar years 2014, 2015 and 2016, respectively. The total amount of shares that may be repurchased in 2016 under the renewed program is \$2.75 million. The acquired shares may be used for corporate purposes, including shares issued to employees in the Company's stock-based compensation programs. For the three and six months ended December 31, 2015, the Company repurchased 60,207 and 133,228 class A shares using cash of \$81,000 and \$243,000, respectively. For the three and six months ended December 31, 2014, the Company repurchased 50,212 and 67,005 class A shares using cash of \$147,000 and \$206,000, respectively.

Stock compensation plans

The Company's stock option plans provide for the granting of class A shares as either incentive or nonqualified stock options to employees and non-employee directors. Options are subject to terms and conditions determined by the Compensation Committee of the Board of Directors. Options outstanding and exercisable at December 31, 2015, were 22,000 at a weighted average exercise price of \$18.72. There were no options granted, exercised or forfeited for the six months ended December 31, 2015.

The Company accounts for stock-based compensation in accordance with ASC 718 *Compensation – Stock Compensation*. Stock-based compensation expense is recorded for the cost of stock options. There was no stock-based compensation expense for the three and six months ended December 31, 2015, and 2014. As of December 31, 2015, and 2014, there was no unrecognized share-based compensation cost related to share-based compensation granted under the plans to be recognized over the remainder of their respective vesting periods.

NOTE 7. EARNINGS PER SHARE

The basic earnings per share ("EPS") calculation excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of EPS that could occur if options to issue common stock were exercised.

The following table sets forth the computation for basic and diluted EPS:

<i>(dollars in thousands, except per share data)</i>	Six Months Ended December 31,		Three Months Ended December 31,	
	2015	2014	2015	2014
Net Loss				
Loss from continuing operations	\$ (3,059)	\$ (889)	\$ (2,187)	\$ (787)
Less: Income attributable to non-controlling interest in subsidiary	3	39	-	1
Loss from continuing operations attributable to U.S. Global Investors, Inc.	(3,062)	(928)	(2,187)	(788)
Loss from discontinued operations attributable to U.S. Global Investors, Inc.	(18)	(42)	(25)	(54)
Net loss attributable to U.S. Global Investors, Inc.	\$ (3,080)	\$ (970)	\$ (2,212)	\$ (842)
Weighted average number of outstanding shares				
Basic	15,321,304	15,419,309	15,300,421	15,409,292
Effect of dilutive securities				
Employee stock options	-	-	-	-
Diluted	<u>15,321,304</u>	<u>15,419,309</u>	<u>15,300,421</u>	<u>15,409,292</u>
Net loss per share attributable to U.S. Global Investors, Inc.				
Basic				
Loss from continuing operations	\$ (0.20)	\$ (0.06)	\$ (0.14)	\$ (0.05)
Loss from discontinued operations	-	-	-	-
Net loss attributable to U.S. Global Investors, Inc.	<u>(0.20)</u>	<u>(0.06)</u>	<u>(0.14)</u>	<u>(0.05)</u>
Diluted				
Loss from continuing operations	\$ (0.20)	\$ (0.06)	\$ (0.14)	\$ (0.05)
Loss from discontinued operations	-	-	-	-
Net loss attributable to U.S. Global Investors, Inc.	<u>(0.20)</u>	<u>(0.06)</u>	<u>(0.14)</u>	<u>(0.05)</u>

The diluted EPS calculation excludes the effect of stock options when their exercise prices exceed the average market price for the period. For the three and six months ended December 31, 2015, and the three and six months ended December 31, 2014, 22,000 options were excluded from diluted EPS.

During the three and six months ended December 31, 2015, and the three and six months ended December 31, 2014, the Company repurchased class A shares on the open market. Upon repurchase, these shares are classified as treasury shares and are deducted from outstanding shares in the earnings per share calculation.

NOTE 8. INCOME TAXES

The Company and its non-Canadian subsidiaries file a consolidated U.S. federal income tax return. USCAN and Galileo file separate tax returns in Canada. Provisions for income taxes include deferred taxes for temporary differences in the bases of assets and liabilities for financial and tax purposes, resulting from the use of the liability method of accounting for income taxes. The current deferred tax asset primarily consists of unrealized losses on trading securities. The long-term deferred tax asset is composed primarily of unrealized losses and other-than-temporary impairments on available-for-sale securities, differences in tax and book accumulated depreciation and the difference in tax treatment of stock options. The Company has not recognized deferred income taxes on undistributed earnings of USCAN and Galileo since such earnings are considered to be reinvested indefinitely. At December 31, 2015, the Company had a full valuation allowance recorded against the short-term and long-term deferred tax assets.

For federal income tax purposes at December 31, 2015, the Company has charitable contribution carryovers totaling approximately \$124,000, with \$68,000 expiring in fiscal year 2018, \$34,000 expiring in fiscal year 2019, \$19,000 expiring in fiscal year 2020 and \$3,000 expiring in 2021. The Company has federal net operating loss carryovers of \$5.5 million with \$3.0 million expiring in fiscal year 2035 and \$2.5 million expiring in fiscal year 2036. For Canadian income tax purposes, Galileo has cumulative eligible capital carryovers of \$255,000 with no expiration and net operating loss carryovers of \$61,000, \$113,000, \$42,000, and \$52,000 expiring in fiscal 2025, 2027, 2030 and 2031, respectively. If certain changes in the Company's ownership should occur, there could be an annual limitation on the amount of net operating loss carryovers that could be utilized.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax amount will not be realized. At December 31, 2015, and June 30, 2015, a valuation allowance of \$3.0 million and \$2.1 million, respectively, was included related to net operating loss carryovers, other carryovers and book/tax differences in the balance sheet.

NOTE 9. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents change in accumulated other comprehensive income (loss) ("AOCI") by component:

<i>(dollars in thousands)</i>	Unrealized gains (losses) on available-for-sale investments ¹	Foreign currency adjustment	Total
Six Months Ended December 31, 2015			
Balance at June 30, 2015	\$ (339)	\$ (144)	\$ (483)
Other comprehensive loss before reclassifications	357	(113)	244
Tax effect	-	-	-
Amount reclassified from AOCI	(272)	-	(272)
Tax effect	-	-	-
Net other comprehensive loss for the six months ended December 31, 2015	85	(113)	(28)
Balance at December 31, 2015	<u>\$ (254)</u>	<u>\$ (257)</u>	<u>\$ (511)</u>
Three Months Ended December 31, 2015			
Balance at September 30, 2015	\$ (923)	\$ (225)	\$ (1,148)
Other comprehensive loss before reclassifications	470	(32)	438
Tax effect	-	-	-
Amount reclassified from AOCI	199	-	199
Tax effect	-	-	-
Net other comprehensive loss for quarter	669	(32)	637
Balance at December 31, 2015	<u>\$ (254)</u>	<u>\$ (257)</u>	<u>\$ (511)</u>
Six Months Ended December 31, 2014			
Balance at June 30, 2014	\$ 888	\$ 18	\$ 906
Other comprehensive loss before reclassifications	(1,287)	(96)	(1,383)
Tax effect	438	-	438
Amount reclassified from AOCI	(382)	-	(382)
Tax effect	130	-	130
Net other comprehensive loss for the six months ended December 31, 2014	(1,101)	(96)	(1,197)
Balance at December 31, 2014	<u>\$ (213)</u>	<u>\$ (78)</u>	<u>\$ (291)</u>
Three Months Ended December 31, 2014			
Balance at September 30, 2014	\$ 462	\$ (32)	\$ 430
Other comprehensive loss before reclassifications	(937)	(46)	(983)
Tax effect	319	-	319
Amount reclassified from AOCI	(86)	-	(86)
Tax effect	29	-	29
Net other comprehensive loss for quarter	(675)	(46)	(721)
Balance at December 31, 2014	<u>\$ (213)</u>	<u>\$ (78)</u>	<u>\$ (291)</u>

¹ Amounts reclassified from unrealized gains (losses) on available-for-sale investments, net of tax, were recorded in investment income (loss) on the Consolidated Statements of Operations.

NOTE 10. FINANCIAL INFORMATION BY BUSINESS SEGMENT

The Company operates principally in three business segments: providing investment management services to USGIF, offshore clients and an ETF client, investment management services in Canada, and investing for its own account in an effort to add growth and value to its cash position. The following schedule details total revenues and income by business segment:

<i>(dollars in thousands)</i>	Investment Management Services	Investment Management Services - Canada	Corporate Investments	Consolidated
Six months ended December 31, 2015				
Net operating revenues	\$ 1,916 ¹	\$ 623 ²	\$ -	\$ 2,539
Net other income	\$ -	\$ -	\$ 263	\$ 263
Income (loss) from continuing operations before income taxes	\$ (3,216)	\$ (89)	\$ 257	\$ (3,048)
Loss from discontinued operations	\$ (18)	\$ -	\$ -	\$ (18)
Depreciation and amortization	\$ 128	\$ 32	\$ -	\$ 160
Capital expenditures	\$ 13	\$ -	\$ -	\$ 13
Gross identifiable assets at December 31, 2015	\$ 5,224	\$ 1,607	\$ 20,403	\$ 27,234
Deferred tax asset				\$ -
Consolidated total assets at December 31, 2015				\$ 27,234
Six months ended December 31, 2014				
Net operating revenues	\$ 3,304 ¹	\$ 1,181 ²	\$ -	\$ 4,485
Net other income	\$ -	\$ -	\$ 273	\$ 273
Income (loss) from continuing operations before income taxes	\$ (1,206)	\$ 43	\$ 270	\$ (893)
Loss from discontinued operations	\$ (42)	\$ -	\$ -	\$ (42)
Depreciation	\$ 126	\$ 38	\$ -	\$ 164
Capital expenditures	\$ 40	\$ -	\$ -	\$ 40
Three months ended December 31, 2015				
Net operating revenues	\$ 996 ³	\$ 293 ⁴	\$ -	\$ 1,289
Net other loss	\$ -	\$ -	\$ (271)	\$ (271)
Income (loss) from continuing operations before income taxes	\$ (1,873)	\$ (44)	\$ (270)	\$ (2,187)
Loss from discontinued operations	\$ (25)	\$ -	\$ -	\$ (25)
Depreciation and amortization	\$ 64	\$ 16	\$ -	\$ 80
Capital expenditures	\$ 8	\$ -	\$ -	\$ 8
Three months ended December 31, 2014				
Net operating revenues	\$ 1,339 ³	\$ 519 ⁴	\$ -	\$ 1,858
Net other income	\$ -	\$ -	\$ 53	\$ 53
Income (loss) from continuing operations before income taxes	\$ (810)	\$ (25)	\$ 51	\$ (784)
Loss from discontinued operations	\$ (54)	\$ -	\$ -	\$ (54)
Depreciation	\$ 63	\$ 18	\$ -	\$ 81
Capital expenditures	\$ 5	\$ -	\$ -	\$ 5

¹ Includes operating revenues from USGIF of \$1,730 and \$3,226 for the six months ended December 31, 2015, and December 31, 2014, respectively.

² Includes operating revenues from Galileo mutual funds of \$496 and \$975 for the six months ended December 31, 2015, and December 31, 2014, respectively.

³ Includes operating revenues from USGIF of \$902 and \$1,308 for the three months ended December 31, 2015, and December 31, 2014, respectively.

⁴ Includes operating revenues from Galileo mutual funds of \$229 and \$430 for the three months ended December 31, 2015, and December 31, 2014, respectively.

NOTE 11. CONTINGENCIES AND COMMITMENTS

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

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

The Board has authorized a monthly dividend of \$0.0025 per share through March 31, 2016, at which time it will be considered for continuation by the Board. Payment of cash dividends is within the discretion of the Company's Board of Directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions. The total amount of cash dividends expected to be paid to class A and class C shareholders from January to March 2016 is approximately \$115,000.

NOTE 12. DISCONTINUED OPERATIONS

In December 2015, USGIF elected a new slate of trustees to the Board of Trustees of the Funds. The Company proposed the election of new trustees with the intention of streamlining the Company's responsibilities, so it can better focus on strategic activities. The new Board of Trustees of USGIF adopted several new agreements. As anticipated, effective December 10, 2015, the Company, through its wholly-owned subsidiary, U.S. Global Brokerage, Inc., ceased to be the distributor for USGIF and no longer receives distribution fees and shareholder services fees from USGIF. Due to this transition, the Company is no longer responsible for paying the platform fees for the USGIF equity funds and anticipates it will be reimbursed for certain distribution expenses from the new distributor for USGIF. As a result of this change, the Company filed Form BDW, the Uniform Request Withdrawal From Broker-Dealer Registration, with FINRA. Approval is expected in the first quarter of 2016. This constitutes a strategic shift that has started to have, and will continue to have, a major effect on the Company's operating revenues and expenses.

The distribution and shareholder services revenues and the expenses associated with certain distribution operations for USGIF are reflected as discontinued operations in the statement of operations and are, therefore, excluded from continuing operations results. Comparative periods shown in the Statement of Operations have been adjusted to conform with this presentation. These revenues and expenses were included in the investment management services segment in previous reporting periods.

The discontinued operations did not have depreciation, amortization, capital expenditures or significant non-cash operating and investing items.

The assets and liabilities related to distribution discontinued operations are as follows at December 31, 2015, and June 30, 2015:

<i>(dollars in thousands)</i>	December 31, 2015	June 30, 2015
Assets		
Receivables	\$ 72	\$ 184
Total assets held related to discontinued operations	\$ 72	\$ 184
Liabilities		
Accounts payable	\$ -	\$ 5
Other accrued expenses	39	129
Total liabilities held related to discontinued operations	\$ 39	\$ 134

The components of income from discontinued operations were as follows for the three and six months ended December 31, 2015, and 2014:

<i>(dollars in thousands)</i>	Six Months Ended December 31,		Three Months Ended December 31,	
	2015	2014	2015	2014
Revenues				
Distribution fees	\$ 425	\$ 819	\$ 181	\$ 355
Shareholder services fees	183	364	80	158
	<u>608</u>	<u>1,183</u>	<u>261</u>	<u>513</u>
Expenses				
Employee compensation and benefits	188	291	99	150
General and administrative	77	88	28	46
Platform fees	347	694	152	297
Advertising	14	152	7	74
	<u>626</u>	<u>1,225</u>	<u>286</u>	<u>567</u>
Loss from Discontinued Operations Before Income Taxes	(18)	(42)	(25)	(54)
Tax expense (benefit)	-	-	-	-
Loss from Discontinued Operations	<u>\$ (18)</u>	<u>\$ (42)</u>	<u>\$ (25)</u>	<u>\$ (54)</u>

Through December 9, 2015, USGIF paid the Company a distribution fee at an annual rate of 0.25 percent of the average daily net assets of the investor class of each of the equity funds. Effective December 10, 2015, the Company, through U.S. Global Brokerage, Inc., ceased to be the distributor for USGIF and no longer receives distribution fees directly from the Funds.

In addition, through December 9, 2015, the Company received shareholder servicing fees from USGIF based on the value of Fund assets held through broker-dealer platforms. Effective December 10, 2015, the Company ceased to be the distributor for USGIF and no longer receives shareholder services fees from the Funds.

Due to this transition, the Company is no longer responsible for paying the platform fees for the USGIF equity funds and will be reimbursed for certain distribution expenses from the new distributor for USGIF.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

U.S. Global Investors, Inc. (the "Company" or "U.S. Global") has made forward-looking statements concerning the Company's performance, financial condition, and operations in this report. The Company from time to time may also make forward-looking statements in its public filings and press releases. Such forward-looking statements are subject to various known and unknown risks and uncertainties and do not guarantee future performance. Actual results could differ materially from those anticipated in such forward-looking statements due to a number of factors, some of which are beyond the Company's control, including: (i) the volatile and competitive nature of the investment management industry, (ii) changes in domestic and foreign economic conditions, (iii) the effect of government regulation on the Company's business, and (iv) market, credit, and liquidity risks associated with the Company's investment management activities. Due to such risks, uncertainties, and other factors, the Company cautions each person receiving such forward-looking information not to place undue reliance on such statements. All such forward-looking statements are current only as of the date on which such statements were made.

BUSINESS SEGMENTS

The Company, with principal operations located in San Antonio, Texas, manages three business segments: (1) the Company offers a broad range of investment management products and services to meet the needs of individual and institutional investors; (2) the Company, through its Canadian subsidiary, owns a 65 percent controlling interest in Galileo Global Equity Advisors Inc. ("Galileo"), which offers investment management products and services in Canada; and (3) the Company invests for its own account in an effort to add growth and value to its cash position. Although the Company generates the majority of its revenues from its investment advisory segments, the Company holds a significant amount of its total assets in investments. The following is a brief discussion of the Company's three business segments.

Investment Management Services

The Company generates operating revenues from managing and servicing U.S. Global Investors Funds ("USGIF" or the "Funds") and other advisory clients. These revenues are largely dependent on the total value and composition of assets under its management. Fluctuations in the markets and investor sentiment directly impact the funds' asset levels, thereby affecting income and results of operations. As discussed further in Results of Operations, distribution services to USGIF ceased in December 2015. Detailed information regarding the funds managed by the Company within USGIF can be found on the Company's website, www.usfunds.com, including performance information for each fund within USGIF for various time periods, assets under management as of the most recent quarter end and inception date of each fund.

The mutual fund shareholders in USGIF are not required to give advance notice prior to redemption of shares in the funds; however, the equity funds charge a redemption fee if the fund shares have been held for less than the applicable periods of time set forth in the funds' prospectuses. The fixed income funds do not charge a redemption fee. Detailed information about redemption fees can be found in the funds' prospectuses, which are available on the Company's website, www.usfunds.com.

Beginning in April 2015, the Company provides advisory services for an exchange traded fund ("ETF") client and receives monthly advisory fees, based on the net asset values of the fund. Information on the ETF can be found at www.usglobletfs.com, including the prospectus, performance and holdings.

The Company provides advisory services for two offshore clients and received advisory fees based on the net asset values of the clients and performance fees, if any, based on the overall increase in net asset values. Frank Holmes, CEO, serves as a director of the offshore clients.

At December 31, 2015, total assets under management, including USGIF, offshore clients and the ETF client, were \$589.4 million versus \$670.9 million at December 31, 2014, a decrease of 12.1 percent. During the six months ended December 31, 2015, average assets under management were \$594.5 million versus \$827.5 million during the six months ended December 31, 2014. Total assets under management as of period-end at December 31, 2015, including USGIF, offshore clients and the ETF client, were \$589.4 million versus \$641.6 million at June 30, 2015, the Company's prior fiscal year end.

The following tables summarize the changes in assets under management for USGIF for the three and six months ended December 31, 2015, and 2014:

<i>(dollars in thousands)</i>	Changes in Assets Under Management Six Months Ended December 31,					
	2015			2014		
	Equity	Fixed Income	Total	Equity	Fixed Income	Total
Beginning Balance	\$ 442,243	\$ 148,583	\$ 590,826	\$ 815,368	\$ 130,560	\$ 945,928
Market appreciation/ (depreciation)	(47,599)	1,153	(46,446)	(226,037)	492	(225,545)
Dividends and distributions	(14,067)	(734)	(14,801)	(10,590)	(833)	(11,423)
Net shareholder purchases/(redemptions)	(22,944)	20,329	(2,615)	(72,733)	23,432	(49,301)
Ending Balance	\$ 357,633	\$ 169,331	\$ 526,964	\$ 506,008	\$ 153,651	\$ 659,659
Average investment management fee	0.91%	0.00%	0.65%	0.97%	0.00%	0.80%
Average net assets	\$ 383,227	\$ 153,804	\$ 537,031	\$ 673,792	\$ 138,245	\$ 812,037

<i>(dollars in thousands)</i>	Changes in Assets Under Management Three Months Ended December 31,					
	2015			2014		
	Equity	Fixed Income	Total	Equity	Fixed Income	Total
Beginning Balance	\$ 364,972	\$ 147,647	\$ 512,619	\$ 670,893	\$ 135,174	\$ 806,067
Market appreciation/ (depreciation)	7,669	236	7,905	(114,202)	269	(113,933)
Dividends and distributions	(14,067)	(344)	(14,411)	(10,590)	(406)	(10,996)
Net shareholder purchases/(redemptions)	(941)	21,792	20,851	(40,093)	18,614	(21,479)
Ending Balance	\$ 357,633	\$ 169,331	\$ 526,964	\$ 506,008	\$ 153,651	\$ 659,659
Average investment management fee	0.93%	0.00%	0.65%	0.95%	0.00%	0.76%
Average net assets	\$ 373,290	\$ 159,645	\$ 532,935	\$ 582,044	\$ 144,488	\$ 726,532

As shown above, period-end assets under management were lower at December 31, 2015, compared to December 31, 2014. Also, average net assets for the three- and six-month period in the current fiscal year were lower than the same period in the previous fiscal year. Net shareholder redemptions and market depreciation resulted in an overall decrease in net assets.

The average annualized investment management fee rate (total mutual fund advisory fees, excluding performance fees, as a percentage of average assets under management) was 65 basis points for the six months ending December 31, 2015, and 80 basis points in the same period in fiscal 2015. The average investment management fee for the equity funds for the six months ending December 31, 2015, was 91 basis points and 97 basis points in the same period in fiscal 2015. The Company has agreed to contractually or voluntarily limit the expenses of the Funds. Therefore, the Company waived or reduced its fees and/or agreed to pay expenses of the Funds. Due to fee waivers, the average investment management fee for the fixed income funds was nil for the periods.

Investment Management Services - Canada

The Company owns a 65 percent controlling interest in the Canadian asset management firm Galileo. These revenues are largely dependent on the total value and composition of assets under its management. Fluctuations in the markets and investor sentiment directly impact the funds' asset levels, thereby affecting income and results of operations.

At December 31, 2015, total Galileo assets under management were \$108.2 million versus \$168.5 million at December 31, 2014, a decrease of 35.8 percent. During the six months ended December 31, 2015, average assets under management were \$121.2 million versus \$214.9 million during the six months ended December 31, 2014. Total assets under management at December 31, 2015, were \$108.2 million versus \$150.7 million at June 30, 2015, the Company's prior fiscal year end.

Investment Activities

Management believes it can more effectively manage the Company's cash position by broadening the types of investments used in cash management and continues to believe that such activities are in the best interest of the Company. The Company's investment activities are reviewed and monitored by Company compliance personnel, and various reports are provided to certain investment advisory clients. Written procedures are in place to manage compliance with the code of ethics and other policies affecting the Company's investment practices. This source of revenue does not remain consistent and is dependent on market fluctuations, the Company's ability to participate in investment opportunities, and timing of transactions.

As of December 31, 2015, the Company held investments with a fair value of approximately \$17.2 million and a cost basis of approximately \$18.5 million. The fair value of these investments is approximately 63.2 percent of the Company's total assets. In addition, the Company held held-to-maturity investments and other investments of \$750,000 and \$2.0 million, respectively. See Note 2 (Investments) and Note 3 (Fair Value Disclosures) for additional detail regarding investment activities.

RESULTS OF OPERATIONS – Three months ended December 31, 2015, and 2014

The Company posted a net loss attributable to U.S. Global Investors, Inc. of \$2.2 million (\$0.14 per share loss) for the three months ended December 31, 2015, compared with a net loss attributable to U.S. Global Investors, Inc. of \$842,000 (\$0.05 per share loss) for the three months ended December 31, 2014, an increase in net loss of \$1.4 million. The increase in net loss is mainly due to a decrease in revenues resulting from decreased assets under management ("AUM"), the transition of certain services previously provided to USGIF by the Company to other service providers, an increase in expenses due to the transition, and workforce reduction costs resulting from the outsourcing of certain functions. Revenues are primarily based on AUM, which is dependent on market values of the securities held by the funds and shareholder purchases and redemptions in the funds. Over the last few years, the Company's AUM has decreased due to market depreciation and net redemptions. The continuation of this trend is dependent on several factors, including the markets in which the funds invest and competition from alternative products. To address the declining AUM trend, the Company continues to streamline processes, as appropriate, and reduce expenses accordingly.

Operating Revenues

Total consolidated operating revenues for the three months ended December 31, 2015, decreased \$569,000, or 30.6 percent, compared with the three months ended December 31, 2014. This decrease was primarily attributable to the following:

- Advisory fees decreased by \$494,000, or 29.2 percent, as a result of decreased fees from lower assets under management, somewhat offset by the addition of ETF advisory fees and lower performance fee payouts. USGIF advisory fees are comprised of two components: a base management fee and a performance fee.
 - Base management fees decreased \$670,000. Base fees decreased primarily as a result of lower assets under management in the USGIF funds and Galileo funds due to market depreciation and shareholder redemptions. This decrease was somewhat offset by the addition of ETF advisory fees.
 - Performance fee adjustments paid out in the current period decreased \$176,000 versus the corresponding period in the prior year. The performance fee, which applies to the USGIF equity funds only, is a fulcrum fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months.
- Administrative services fee revenue decreased by \$75,000, or 44.9 percent as a result of lower average net assets under management upon which these fees are based and the transition of a portion of these services previously provided to USGIF to other service providers. Effective December 10, 2015, due to the Company's reduced administrative responsibilities, the administrative fee paid to the Company by USGIF was reduced. It is anticipated that the Company will reduce expenses in the future due to reduced responsibilities.

Operating Expenses

Total consolidated operating expenses for the three months ended December 31, 2015, increased \$510,000, or 18.9 percent, compared with the three months ended December 31, 2014. This was largely attributable to the following:

- Employee compensation and benefits increased by \$296,000, or 21.2 percent, primarily as a result of severance costs paid due to a reduction of workforce.
- General and administrative expenses increased \$292,000, or 29.9 percent, primarily due to costs related to the USGIF transition. The costs of the transition, which included a proxy of USGIF shareholders, were split equally between the Company and USGIF, and the Company's portion was approximately \$290,000.
- Platform fees decreased by \$93,000, or 41.9 percent, due to lower assets held through broker-dealer platforms.
- Advertising expense increased \$16,000, or 72.7 percent, due to marketing costs related to the ETF launched in April 2015.

Other Income

Total consolidated other income for the three months ended December 31, 2015, decreased \$324,000, or 611.3 percent, compared with the three months ended December 31, 2014. This was largely attributable to other-than-temporary impairment losses realized on available-for-sale securities and securities held-at-cost, somewhat offset by lower unrealized losses on trading securities in the current year.

Discontinued Operations

Effective December 10, 2015, the Company ceased to be the distributor for USGIF and no longer receives distribution fees and shareholder services fees from USGIF. Due to this transition, the Company is no longer responsible for paying the platform fees for the USGIF equity funds and anticipates it will be reimbursed for certain distribution expenses from the new distributor for USGIF. The operations associated with providing these services are considered discontinued operations.

Total loss, net of tax, on discontinued operations for the quarter ended December 31, 2015, decreased by \$29,000, or 53.7 percent, from \$54,000 in quarter ended December 31, 2014, to \$25,000 in quarter ended December 31, 2015. Discontinued revenues decreased \$252,000, or 49.1 percent, as a result of lower average net assets under management upon which these fees are based and the transition of these services previously provided to USGIF to other service providers as of December 10, 2015. Discontinued expenses decreased \$281,000, or 49.6 percent. The decrease was mainly due to decrease in platform fees of \$145,000, or 48.8 percent, due to lower assets held through broker-dealer platforms in the quarter ending December 31, 2015, compared to the same quarter the previous year. Advertising decreased \$67,000, or 90.5 percent, year over year, as a result of reduced marketing and sales costs.

RESULTS OF OPERATIONS – Six months ended December 31, 2015, and 2014

The Company posted a net loss attributable to U.S. Global Investors, Inc. of \$3.1 million (\$0.20 per share loss) for the six months ended December 31, 2015, compared with a net loss attributable to U.S. Global Investors, Inc. of \$970,000 (\$0.06 per share loss) for the six months ended December 31, 2014, an increase in net loss of \$2.1 million. The increase in net loss is mainly due to the decrease in revenues resulting from decreased AUM, the transition of certain services previously provided to USGIF by the Company to other service providers, an increase in expenses due to the transition, and workforce reduction costs resulting from the outsourcing of certain functions. Revenues are primarily based on AUM, which is dependent on market values of the securities held by the funds and shareholder purchases and redemptions in the funds. Over the last few years, the Company's AUM has decreased due to market depreciation and net redemptions. The continuation of this trend is dependent on several factors, including the markets in which the funds invest and competition from alternative products. To address the declining AUM trend, the Company continues to streamline processes, as appropriate, and reduce expenses accordingly.

Operating Revenues

Total consolidated operating revenues for the six months ended December 31, 2015, decreased \$1.9 million, or 43.4 percent, compared with the six months ended December 31, 2014. This decrease was primarily attributable to the following:

- Advisory fees decreased by \$1.8 million, or 43.2 percent, as a result of decreased fees from lower assets under management, somewhat offset by the addition of ETF advisory fees and lower performance fee payouts. USGIF advisory fees are comprised of two components: a base management fee and a performance fee.
 - Base management fees decreased \$2.0 million. Base fees decreased primarily as a result of lower assets under management in the USGIF funds and Galileo funds due to market depreciation and shareholder redemptions. This decrease was somewhat offset by the addition of ETF advisory fees.
 - Performance fee adjustments paid out in the current period decreased \$192,000 versus the corresponding period in the prior year. The performance fee, which applies to the USGIF equity funds only, is a fulcrum fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months.
- Administrative services fee revenue decreased by \$172,000 or 45.9 percent as a result of lower average net assets under management upon which these fees are based and the transition of a portion of these services previously provided to USGIF to other service providers. Effective December 10, 2015, due to the Company's reduced administrative responsibilities, the administrative fee paid to the Company by USGIF was reduced. It is anticipated that the Company will reduce expenses in the future due to reduced responsibilities.

Operating Expenses

Total consolidated operating expenses for the six months ended December 31, 2015, increased \$199,000, or 3.5 percent, compared with the six months ended December 31, 2014. This was largely attributable to the following:

- Employee compensation and benefits increased by \$235,000, or 8.3 percent, primarily as a result of severance costs paid due to a reduction of workforce, somewhat offset by fewer employees.
- General and administrative expenses increased \$86,000, or 4.1 percent, primarily due to costs related to the USGIF transition, somewhat offset by strategic cost cutting measures. The costs of the transition, which included a proxy to USGIF shareholders, were split equally between the Company and USGIF, and the Company's portion of the proposal costs was approximately \$290,000.
- Platform fees decreased by \$229,000, or 45.3 percent, due to lower assets held through broker-dealer platforms.
- Advertising expense increased \$111,000, or 292.1 percent, due to marketing cost related to the ETF launched in April 2015.

Discontinued Operations

Effective December 10, 2015, the Company ceased to be the distributor for USGIF and no longer receives distribution fees and shareholder services fees from USGIF. Due to this transition, the Company is no longer responsible for paying the platform fees for the USGIF equity funds and anticipates it will be reimbursed for certain distribution expenses from the new distributor for USGIF. The operations associated with providing these services are considered discontinued operations.

Total loss, net of tax, on discontinued operations for the six months ended December 31, 2015, decreased by \$24,000, or 57.1 percent, from \$42,000 in quarter ended December 31, 2014 to \$18,000 in quarter ended December 31, 2015. Discontinued revenues decreased \$575,000, or 48.6 percent, as a result of lower average net assets under management upon which these fees are based and the transition of these services previously provided to USGIF to other service providers, as of December 10, 2015. Discontinued expenses decreased \$599,000 or 48.9 percent. The decrease was mainly due to decrease in platform fees of \$347,000, or 50.0 percent, due to lower assets held through broker-dealer platforms in the six months ending December 31, 2015, compared to the same period the previous year. Advertising decreased \$138,000 or 90.8 percent year over year, as a result of reduced marketing and sales costs. Employee compensation and benefits decreased \$103,000, or 35.4 percent, due to fewer employees.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2015, the Company had net working capital (current assets minus current liabilities) of approximately \$17.2 million and a current ratio (current assets divided by current liabilities) of 11.3 to 1. With approximately \$3.6 million in cash and cash equivalents and approximately \$17.2 million in marketable securities, the Company has adequate liquidity to meet its current obligations. Total U.S. Global Investors, Inc. shareholders' equity is approximately \$25.1 million, with cash, cash equivalents, and marketable securities comprising 76.3 percent of total assets. Approximately \$1.7 million in cash in USCAN and Galileo are included in the amounts above. USGI would be required to accrue and pay taxes to repatriate (i.e., bring back into the U.S.) these funds, and there is no current intention to repatriate.

As of December 31, 2015, the Company has no long-term debt; thus, the Company's only material commitment going forward is for operating expenses. The Company also has access to a \$1 million credit facility, which can be utilized for working capital purposes and is available through May 31, 2016. The credit agreement requires the Company to maintain certain quarterly financial covenants to access the line of credit. The Company has been in compliance with all financial covenants during the current fiscal year. As of December 31, 2015, this credit facility remained unutilized by the Company.

The investment advisory and administrative services contracts between the Company and USGIF have been renewed through September 2016. The investment advisory contract between the Company and the ETF client is in its initial two-year term and will not expire until 2017. With respect to the Company's two offshore advisory clients, the contracts between the Company and these offshore clients expire periodically, and management anticipates that its offshore clients will renew the contracts. Galileo's investment management agreement with Canadian registered mutual funds may be terminated each September 30 with a 180-day prior notice of unitholders' resolution. Galileo's advisory agreements with other advisory clients can be terminated upon 30-day written notice.

The primary cash requirements are for operating activities. The Company also uses cash to purchase investments, pay dividends and repurchase Company stock. The cash outlays for investments and dividend payments are discretionary and management or the Board may discontinue as deemed necessary. The stock repurchase plan is approved through December 31, 2016. Although the Company had net loss of \$3.0 million for the six months ended December 31, 2015, cash and marketable securities of approximately \$20.8 million are available to fund current activities. The Company anticipates a reduction in certain revenues and expenses due to the transition of certain services previously provided to USGIF to other service providers. The transition was proposed by the Company with the intention of streamlining its responsibilities so it can better focus on strategic activities. The Company's portion of the one-time transition expenses, recorded in quarter ending December 31, 2015, was approximately \$290,000. Management believes current cash reserves, investments, and financing available will be sufficient to meet foreseeable cash needs for operating activities.

CRITICAL ACCOUNTING ESTIMATES

For a discussion of other critical accounting policies that the Company follows, please refer to the notes to the consolidated financial statements included in the Annual Report on Form 10-K for the year ended June 30, 2015. As discussed in Note 1 of the Notes to Consolidated Financial Statements, the Company has adopted certain recently issued financial accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's Consolidated Balance Sheets includes assets whose fair value is subject to market risks. Due to the Company's investments in securities recorded at fair value, price fluctuations represent a market risk factor affecting the Company's consolidated financial position. The carrying values of investments subject to price risks are based on quoted market prices or, if not actively traded, management's estimate of fair value as of the balance sheet date. Market prices fluctuate, and the amount realized in the subsequent sale of an investment may differ significantly from the reported market value.

The Company's investment activities are reviewed and monitored by Company compliance personnel, and various reports are provided to certain investment advisory clients. Written procedures are in place to manage compliance with the code of ethics and other policies affecting the Company's investment practices.

The table below summarizes the Company's price risks as of December 31, 2015, and shows the effects of a hypothetical 25 percent increase and a 25 percent decrease in market prices.

<i>(dollars in thousands)</i>	Fair Value at December 31, 2015	Hypothetical Percentage Change	Estimated Fair Value After Hypothetical Price Change	Increase (Decrease) in Shareholders' Equity, Net of Tax
Trading securities ¹	\$ 13,571	25% increase	\$ 16,964	\$ 3,393
		25% decrease	\$ 10,178	\$ (3,393)
Available-for-sale ²	\$ 3,648	25% increase	\$ 4,560	\$ 912
		25% decrease	\$ 2,736	\$ (912)

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

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

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

ITEM 4. CONTROLS AND PROCEDURES

An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2015, was conducted under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of December 31, 2015.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended December 31, 2015, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

For a discussion of risk factors which could affect the Company, please refer to Item 1A, "Risk Factors" in the Annual Report on Form 10-K for the year ended June 30, 2015. There have been no material changes since fiscal year end to the risk factors listed therein.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

(dollars in thousands, except price data)

Period	Total Number of Shares Purchased ¹	Total Amount Purchased	Average Price Paid Per Share ²	Total Number of Shares Purchased as Part of Publicly Announced Plan ³	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
10-01-15 to 10-31-15	23,300	\$ 36	\$ 1.52	23,300	\$ 2,466
11-01-15 to 11-30-15	22,000	28	1.26	22,000	2,438
12-01-15 to 12-31-15	14,907	17	1.18	14,907	See Note 3
Total	60,207	\$ 81	\$ 1.34	60,207	

¹ The Board of Directors of the company approved on December 7, 2012, and renewed on December 12, 2013, December 10, 2014, and December 9, 2015, a repurchase of up to \$2.75 million in each of calendar years 2013, 2014, 2015, and 2016, respectively, of its outstanding class A common stock from time to time on the open market in accordance with all applicable rules and regulations.

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

³ The repurchase plan was approved on December 7, 2012, and renewed on December 12, 2013, December 10, 2014, and December 9, 2015, and will continue through calendar year 2016. The total amount of shares that may be repurchased in 2016 under the renewed program is \$2.75 million.

ITEM 5. OTHER INFORMATION

Investors and others should note that the Company announces material financial information to its investors using the website (www.usfunds.com), SEC filings, press releases, public conference calls and webcasts. The Company also uses social media to communicate with its customers and the public about the Company. It is possible that the information it posts on social media could be deemed to be material information. Therefore, the Company encourages investors, the media, and others interested in the Company to review the information it posts on social media channels listed below. This list may be updated from time to time.

<https://www.facebook.com/USFunds>

<https://twitter.com/USFunds>

<https://twitter.com/USGlobalETFs>

Information contained on the Company's website or on social media channels is not deemed part of this report.

ITEM 6. EXHIBITS

1. Exhibits –

10.19	<u>Distribution Agreement dated December 10, 2015, by and between U.S. Global Investors Funds and Foreside Fund Services, LLC, included herein.</u>
10.20	<u>Distribution Services Agreement dated December 10, 2015, by and between U.S. Global Investors, Inc. and Foreside Fund Services, LLC, included herein.</u>
10.21	<u>Amended and Restated Administrative Services Agreement dated December 9, 2015, by and between U.S. Global Investors Funds and U.S. Global Investors, Inc., included herein.</u>
10.22	<u>Distribution Plan Pursuant to Rule 12b-1 adopted December 9, 2015 by the Board of Trustees of U.S. Global Investors Funds, included herein.</u>
10.23	Post-Effective Amendment to the Form S-8 Registration Statement for the U.S. Global Investors, Inc. Employee Stock Purchase Plan, incorporated by reference, filed January 20, 2016 (EDGAR Accession No. 0001193125-16-433407; EDGAR Accession No. 0001193125-16-433403; EDGAR Accession No. 0001193125-16-433401).
10.24	Post-Effective Amendment to the Form S-8 Registration Statement for the U.S. Global Investors, Inc. 401(k) Plan, incorporated by reference, filed January 25, 2016 (EDGAR Accession No. 0001193125-16-436892; EDGAR Accession No. 0001193125-16-436902)
31	<u>Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002.</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

U.S. GLOBAL INVESTORS, INC.

DATED: February 12, 2016

BY: /s/ Frank E. Holmes

Frank E. Holmes
Chief Executive Officer

DATED: February 12, 2016

BY: /s/ Lisa C. Callicotte

Lisa C. Callicotte
Chief Financial Officer

DISTRIBUTION AGREEMENT

THIS AGREEMENT is made and entered into as of this 10 day of December, 2015 by and between U.S. Global Investors Funds, a Delaware statutory trust (the "Client") and Foreside Fund Services, LLC, a Delaware limited liability company (the "Distributor").

WHEREAS, the Client is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company, and is authorized to issue shares of beneficial interest ("Shares") in separate series, with each such series representing interests in a separate portfolio of securities and other assets;

WHEREAS, the Client desires to retain the Distributor as principal underwriter in connection with the offering of the Shares of each series listed on Exhibit A hereto (as amended from time to time) (each a "Fund" and collectively the "Funds");

WHEREAS, the Distributor is registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and is a member of the Financial Industry Regulatory Authority ("FINRA");

WHEREAS, this Agreement has been approved by a vote of the Client's board of trustees (the "Board") and its disinterested directors in conformity with Section 15(c) of the 1940 Act; and

WHEREAS, the Distributor is willing to act as principal underwriter for the Client on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Appointment of Distributor. The Client hereby appoints the Distributor as its exclusive agent for the sale and distribution of Shares of the Funds, on the terms and conditions set forth in this Agreement, and the Distributor hereby accepts such exclusive appointment and agrees to perform the services and duties set forth in this Agreement.

2. Services and Duties of the Distributor.

A. The Distributor agrees to act as agent of the Client for distribution of the Shares of the Funds, upon the terms and at the current offering price (plus sales charge, if any) described in the Prospectus. As used in this Agreement, the term "Prospectus" shall mean each current prospectus, including the statement of additional information, as amended or supplemented, relating to any of the Funds and included in the currently effective registration statement(s) or post-effective amendment(s) thereto (the "Registration Statement") of the Client under the Securities Act of 1933 (the "1933 Act") and the 1940 Act.

B. During the continuous public offering of Shares of the Funds, the Distributor shall use commercially reasonable efforts to distribute the Shares. All orders for Shares shall be made through financial intermediaries or directly to the applicable Fund or its designated agent. Such purchase orders shall be deemed effective at the time and in the manner set forth in the Prospectus. The Client or its designated agent will confirm orders and subscriptions upon receipt, will make appropriate book entries and, upon receipt of payment therefor, will issue the appropriate number of Shares in uncertificated form.

C. The Distributor shall maintain membership with the NSCC and any other similar successor organization to sponsor a participant number for the Funds so as to enable the Shares to be traded through FundSERV. The Distributor shall not be responsible for any operational matters associated with FundSERV or Networking transactions.

D. The Distributor acknowledges and agrees that it is not authorized to provide any information or make any representations regarding the Funds other than as contained in the Prospectus and any sales literature and advertising materials specifically approved by the Client.

E. The Distributor agrees to review all proposed advertising materials and sales literature for compliance with applicable laws and regulations, and shall file with appropriate regulators those advertising materials and sales literature it believes are in compliance with such laws and regulations. The Distributor agrees to furnish to the Client any comments provided by regulators with respect to such materials.

F. The Client agrees to redeem or repurchase Shares tendered by shareholders of the Funds in accordance with the Client's obligations in the Prospectus and the Registration Statement. The Client reserves the right to suspend such repurchase right upon written notice to the Distributor.

G. The Distributor may, in its discretion, and shall, at the request of the Client, enter into agreements with such qualified broker-dealers and other financial intermediaries as Distributor may select, in order that such broker-dealers and other intermediaries also may sell Shares of the Funds. The form of any dealer agreement shall be approved by the Client. The Distributor shall not be obligated to make any payments to any broker-dealers, other financial intermediaries or other third parties, unless (i) The Distributor has received a corresponding payment from the applicable Fund's plan of distribution adopted pursuant to Rule 12b-1 under the 1940 Act ("Plan") and (ii) such corresponding payment has been approved by the Client's Board. The Distributor shall include in the forms of agreement with selling broker-dealers a provision for the forfeiture by them of any sales charge or discount with respect to Shares sold by them and redeemed, repurchased or tendered for redemption within seven business days after the date of confirmation of such purchases.

H. The Distributor shall devote its best efforts to effect sales of Shares of the Funds but shall not be obligated to sell any certain number of Shares.

I. The Distributor shall prepare reports for the Board regarding its activities under this Agreement as from time to time shall be reasonably requested by the Board, including reports regarding the use of 12b-1 payments received by the Distributor, if any.

J. The Distributor may enter into agreements ("Subcontracts") with qualified third parties to carry out some or all of the Distributor's obligations under this Agreement, with the prior written consent of the Client, such consent not to be unreasonably withheld; provided that execution of a Subcontract shall not relieve the Distributor of any of its responsibilities hereunder.

K. The services furnished by the Distributor hereunder are not to be deemed exclusive and the Distributor shall be free to furnish similar services to others so long as its services under this Agreement are not impaired thereby.

L. The Distributor shall not be required to register as a broker or dealer in any specific jurisdiction or to maintain its registration in any jurisdiction in which it is now registered, except for those jurisdictions required to fulfill Distributor's obligations under this Agreement.

3. Representations, Warranties and Covenants of the Client.

A. The Client hereby represents and warrants to the Distributor, which representations and warranties shall be deemed to be continuing throughout the term of this Agreement, that:

- (i) it is duly organized and in good standing under the laws of its jurisdiction of incorporation/organization and is registered as an open-end management investment company under the 1940 Act;
 - (ii) this Agreement has been duly authorized, executed and delivered by the Client and, when executed and delivered, will constitute a valid and legally binding obligation of the Client, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and secured parties;
 - (iii) it is conducting its business in compliance in all material respects with all applicable laws and regulations, both state and federal, and has obtained all regulatory approvals necessary to carry on its business as now conducted; there is no statute, rule, regulation, order or judgment binding on it and no provision of its charter, bylaws/operating agreement or any contract binding it or affecting its property which would prohibit its execution or performance of this Agreement;
 - (iv) the Shares are validly authorized and, when issued in accordance with the description in the Prospectus, will be fully paid and nonassessable;
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- (v) the Registration Statement and Prospectus included therein have been prepared in conformity with the requirements of the 1933 Act and the 1940 Act and the rules and regulations thereunder;
- (vi) the Registration Statement and Prospectus and any advertising materials and sales literature prepared by the Client or its agent do not and shall not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that all statements or information furnished to the Distributor pursuant to this Agreement shall be true and correct in all material respects; and
- (vii) the Client owns, possesses, licenses or has other rights to use all patents, patent applications, trademarks and service marks, trademark and service mark registrations, trade names, copyrights, licenses, inventions, trade secrets, technology, know-how and other intellectual property (collectively, "Intellectual Property") necessary for or used in the conduct of the Client's business and for the offer, issuance, distribution and sale of the Fund Shares in accordance with the terms of the Prospectus and this Agreement, and such Intellectual Property does not and will not breach or infringe the terms of any Intellectual Property owned, held or licensed by any third party.

B. The Client shall take, or cause to be taken, all necessary action to register the Shares under the federal and all applicable state securities laws and to maintain an effective Registration Statement for such Shares in order to permit the sale of Shares as herein contemplated. The Client authorizes the Distributor to use the Prospectus, in the form furnished to the Distributor from time to time, in connection with the sale of Shares.

C. The Client agrees to advise the Distributor promptly in writing:

- (i) of any material correspondence or other communication by the Securities and Exchange Commission ("SEC") or its staff relating to the Funds, including requests by the SEC for amendments to the Registration Statement or Prospectus;
 - (ii) in the event of the issuance by the SEC of any stop-order suspending the effectiveness of the Registration Statement then in effect or the initiation of any proceeding for that purpose;
 - (iii) of the happening of any event which makes untrue any statement of a material fact made in the Prospectus or which requires the making of a change in such Prospectus in order to make the statements therein not misleading;
 - (iv) of all actions taken by the SEC with respect to any amendments to any Registration Statement or Prospectus which may from time to time be filed with the SEC;
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(v) in the event that it determines to suspend the sale of Shares at any time in response to conditions in the securities markets or otherwise or to suspend the redemption of Shares of any Fund at any time as permitted by the 1940 Act or the rules of the SEC; and

(vi) of the commencement of any litigation or proceedings against the Client or any of its officers or directors in connection with the issue and sale of any of the Shares.

D. The Client shall file such reports and other documents as may be required under applicable federal and state laws and regulations, including state blue sky laws, and shall notify the Distributor in writing of the states in which the Shares may be sold and of any changes to such information.

E. The Client agrees to file from time to time such amendments to its Registration Statement and Prospectus as may be necessary in order that its Registration Statement and Prospectus will not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

F. The Client shall fully cooperate in the efforts of the Distributor to sell and arrange for the sale of Shares. In addition, the Client shall keep the Distributor fully informed of its affairs and shall provide to the Distributor from time to time copies of all information, financial statements, and other papers that the Distributor may reasonably request for use in connection with the distribution of Shares, including, without limitation, certified copies of any financial statements prepared for the Client by its independent public accountants and such reasonable number of copies of the most current Prospectus, statement of additional information and annual and interim reports to shareholders as the Distributor may request. The Client shall forward a copy of any SEC filings, including the Registration Statement, to the Distributor within one business day of any such filings. The Client represents that it will not use or authorize the use of any advertising or sales material unless and until such materials have been approved and authorized for use by the Distributor.

G. The Client shall provide, and cause each other agent or service provider to the Client, including the Client's transfer agent and investment adviser, to provide, to Distributor in a timely and accurate manner all such information (and in such reasonable medium) that the Distributor may reasonably request that may be necessary for the Distributor to perform its duties under this Agreement.

H. The Client shall not file any amendment to the Registration Statement or Prospectus that amends any provision therein which pertains to Distributor, the distribution of the Shares or the applicable sales loads or public offering price without giving Distributor reasonable advance notice thereof; provided, however, that nothing contained in this Agreement shall in any way limit the Client's right to file at any time such amendments to the Registration Statement or Prospectus, of whatever character, as the Client may deem advisable, such right being in all respects absolute and unconditional.

I. The Client has adopted policies and procedures pursuant to Title V of the Gramm- Leach-Bliley Act, as may be modified from time to time. In this regard, the Client (and relevant agents) shall have in place and maintain physical, electronic and procedural safeguards reasonably designed to protect the security, confidentiality and integrity of, and to prevent the unauthorized access to or use of, records and information relating to the Client and the owners of the Shares.

4. Representations, Warranties and Covenants of the Distributor.

A. The Distributor hereby represents and warrants to the Client, which representations and warranties shall be deemed to be continuing throughout the term of this Agreement, that:

- (i) it is duly organized and existing under the laws of the jurisdiction of its organization, with full power to carry on its business as now conducted, to enter into this Agreement and to perform its obligations hereunder;
- (ii) this Agreement has been duly authorized, executed and delivered by the Distributor and, when executed and delivered, will constitute a valid and legally binding obligation of the Distributor, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and secured parties;
- (iii) it is conducting its business in compliance in all material respects with all applicable laws and regulations, both state and federal, and has obtained all regulatory approvals necessary to carry on its business as now conducted; there is no statute, rule, regulation, order or judgment binding on it and no provision of its charter, operating agreement or any contract binding it or affecting its property which would prohibit its execution or performance of this Agreement; and
- (iv) it is registered as a broker-dealer under the 1934 Act and is a member in good standing of FINRA.

B. In connection with all matters relating to this Agreement, the Distributor will comply with the applicable requirements of the 1933 Act, the 1934 Act, the 1940 Act, the regulations of FINRA and all other applicable federal or state laws and regulations.

C. The Distributor shall promptly notify the Client of the commencement of any litigation or proceedings against the Distributor or any of its managers, officers or directors in connection with the issue and sale of any of the Shares.

D. The Distributor agrees to provide any information regarding the Distributor as may be necessary in order that the Client may update its Registration Statement and Prospectus so that the Registration Statement/Prospectus will not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

5. Compensation.

A. In consideration of The Distributor's services in connection with the distribution of Shares of each Fund and Class thereof, The Distributor shall receive the compensation set forth in Exhibit B.

B. Except as specified in Section 5A, The Distributor shall be entitled to no compensation or reimbursement of expenses for services provided by The Distributor pursuant to this Agreement. The Distributor may receive compensation from U.S. Global Investors, Inc. ("Adviser") related to its services here under or for additional services all as may be agreed to between the Adviser and the Distributor.

6. Expenses.

A. The Client shall bear all costs and expenses in connection with registration of the Shares with the SEC and the applicable states, as well as all costs and expenses in connection with the offering of the Shares and communications with shareholders of its Funds, including but not limited to (i) fees and disbursements of its counsel and independent public accountants; (ii) costs and expenses of the preparation, filing, printing and mailing of Registration Statements and Prospectuses and amendments thereto, as well as related advertising and sales literature, (iii) costs and expenses of the preparation, printing and mailing of annual and interim reports, proxy materials and other communications to shareholders of the Funds; and (iv) fees required in connection with the offer and sale of Shares in such jurisdictions as shall be selected by the Client pursuant to Section 3(D) hereof.

B. The Distributor shall bear the expenses of registration or qualification of the Distributor as a dealer or broker under federal or state laws and the expenses of continuing such registration or qualification. The Distributor does not assume responsibility for any expenses not expressly assumed hereunder.

7. Indemnification.

A. The Client shall indemnify, defend and hold the Distributor, its affiliates and each of their respective members, managers, directors, officers, employees, representatives and any person who controls or previously controlled the Distributor within the meaning of Section 15 of the 1933 Act (collectively, the "Distributor Indemnitees"), free and harmless from and against any and all losses, claims, demands, liabilities, damages and expenses (including the costs of investigating or defending any alleged losses, claims, demands, liabilities, damages or expenses and any reasonable counsel fees incurred in connection therewith) (collectively, "Losses") that any Distributor Indemnitee may incur under the 1933 Act, the 1934 Act, the 1940 Act any other statute (including Blue Sky laws) or any rule or regulation thereunder, or under common law or otherwise, arising out of or relating to (i) the Distributor serving as distributor of the Funds pursuant to this Agreement; (ii) the Client's breach of any of its obligations, representations, warranties or covenants contained in this Agreement; (iii) the Client's failure to comply with any applicable securities laws or regulations; or (iv) any claim that the Registration Statement,

Prospectus, shareholder reports, sales literature and advertising materials or other information filed or made public by the Client (as from time to time amended) include or included an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading under the 1933 Act, or any other statute or the common law any violation of any rule of FINRA or of the SEC or any other jurisdiction wherein Shares of the Funds are sold, provided, however, that the Client's obligation to indemnify any of the Distributor Indemnitees shall not be deemed to cover any Losses arising out of any untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, Prospectus, annual or interim report, or any such advertising materials or sales literature in reliance upon and in conformity with information relating to the Distributor and furnished to the Client or its counsel by the Distributor in writing and acknowledging the purpose of its use. In no event shall anything contained herein be so construed as to protect the Distributor against any liability to the Client or its shareholders to which the Distributor would otherwise be subject by reason of Distributor's willful misfeasance, bad faith, or gross negligence in the performance of its duties under this Agreement or by reason of its reckless disregard of its obligations under this Agreement.

The Client's agreement to indemnify the Distributor Indemnitees with respect to any action is expressly conditioned upon the Client being notified of such action or claim of loss brought against any Distributor Indemnitee, within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Distributor Indemnitee, unless the failure to give notice does not prejudice the Client. Such notification shall be given by letter or by telegram addressed to the Client's President, but the failure so to notify the Client of any such action shall not relieve the Client from any liability which the Client may have to the person against whom such action is brought by reason of any such untrue, or alleged untrue, statement or omission, or alleged omission, otherwise than on account of the Client's indemnity agreement contained in this Section 7(A).

B. The Client shall be entitled to participate at its own expense in the defense or, if it so elects, to assume the defense of any suit brought to enforce any such Losses, but if the Client elects to assume the defense, such defense shall be conducted by counsel chosen by the Client and approved by the Distributor, which approval shall not be unreasonably withheld. In the event the Client elects to assume the defense of any such suit and retain such counsel, the Distributor Indemnitee(s) in such suit shall bear the fees and expenses of any additional counsel retained by them. If the Client does not elect to assume the defense of any such suit, or in case the Distributor does not, in the exercise of reasonable judgment, approve of counsel chosen by the Client or, if under prevailing law or legal codes of ethics, the same counsel cannot effectively represent the interests of both the Client and the Distributor Indemnitee(s), the Client will reimburse the Distributor Indemnitee(s) in such suit, for the fees and expenses of any counsel retained by Distributor and them. The Client's indemnification agreement contained in Sections 7(A) and 7(B) shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Distributor Indemnitee(s), and shall survive the delivery of any Shares and the termination of this Agreement. This agreement of indemnity will inure exclusively to the Distributor's benefit, to the benefit of each Distributor Indemnitee.

C. The Client shall advance attorney's fees and other expenses incurred by a Distributor Indemnitee in defending any claim, demand, action or suit which is the subject of a claim for indemnification pursuant to this Section 7 to the maximum extent permissible under applicable law.

D. The Distributor shall indemnify, defend and hold the Client, its affiliates, and each of their respective directors, officers, employees, representatives, and any person who controls or previously controlled the Client within the meaning of Section 15 of the 1933 Act (collectively, the "Client Indemnitees"), free and harmless from and against any and all Losses that any Client Indemnitee may incur under the 1933 Act, the 1934 Act, the 1940 Act, any other statute (including Blue Sky laws) or any rule or regulation thereunder, or under common law or otherwise, arising out of or based upon (i) the Distributor's breach of any of its obligations, representations, warranties or covenants contained in this Agreement; (ii) the Distributor's failure to comply with any applicable securities laws or regulations; or (iii) any claim that the Registration Statement, Prospectus, sales literature and advertising materials or other information filed or made public by the Client (as from time to time amended) include or included an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements not misleading, insofar as such statement or omission was made in reliance upon, and in conformity with, information furnished to the Client by the Distributor in writing. In no event shall anything contained herein be so construed as to protect the Client against any liability to the Distributor to which the Client would otherwise be subject by reason of Client's willful misfeasance, bad faith, or gross negligence in the performance of its duties under this Agreement or by reason of its reckless disregard of its obligations under this Agreement.

The Distributor's agreement to indemnify the Client Indemnitees is expressly conditioned upon the Distributor's being notified of any action or claim of loss brought against a Client Indemnitee, such notification to be given by letter or telegram addressed to the Distributor's President, within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon the Client Indemnitee, unless the failure to give notice does not prejudice the Distributor. The failure so to notify the Distributor of any such action shall not relieve the Distributor from any liability which the Distributor may have to the person against whom such action is brought by reason of any such untrue, or alleged untrue, statement or omission, otherwise than on account of the Distributor's indemnity agreement contained in this Section 7(D).

E. The Distributor shall be entitled to participate at its own expense in the defense or, if it so elects, to assume the defense of any suit brought to enforce any such Losses, but if the Distributor elects to assume the defense, such defense shall be conducted by counsel chosen by the Distributor and approved by the Client Indemnitee, which approval shall not be unreasonably withheld. In the event the Distributor elects to assume the defense of any such suit and retain such counsel, the Client Indemnitee(s) in such suit shall bear the fees and expenses of any additional counsel retained by them. If the Distributor does not elect to assume the defense of any such suit, or in case the Client does not, in the exercise of reasonable judgment, approve of counsel chosen by the Distributor or, if under prevailing law or legal codes of ethics, the same counsel cannot effectively represent the interests of both the Distributor and the Client

Indemnitee(s), the Distributor will reimburse the Client Indemnitee(s) in such suit, for the fees and expenses of any counsel retained by the Client and them. The Distributor's indemnification agreement contained in Sections 7(D) and (E) shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Client Indemnitee(s), and shall survive the delivery of any Shares and the termination of this Agreement. This Agreement of indemnity will inure exclusively to the Client's benefit, to the benefit of each Client Indemnitee.

F. No person shall be obligated to provide indemnification under this Section 6 if such indemnification would be impermissible under the 1940 Act, the 1933 Act, the 1934 Act or the rules of the FINRA; provided, however, in such event indemnification shall be provided under this Section 7 to the maximum extent so permissible.

8. Dealer Agreement Indemnification.

A. Distributor acknowledges and agrees that certain large and significant broker-dealers, such as (without limitation) Merrill Lynch, UBS and Morgan Stanley (all such brokers referred to herein as the "Brokers"), require that Distributor enter into dealer agreements (the "Non-Standard Dealer Agreements") that contain certain representations, undertakings and indemnification that are not included in the Standard Dealer Agreement.

B. To the extent that Distributor is requested or required by the Client to enter into any Non-Standard Dealer Agreement, the Client shall indemnify, defend and hold the Distributor Indemnitees free and harmless from and against any and all Losses that any Distributor Indemnitee may incur arising out of or relating to (a) The Distributor's actions or failures to act pursuant to any Non-Standard Dealer Agreement; (b) any representations made by The Distributor in any Non-Standard Dealer Agreement to the extent that The Distributor is not required to make such representations in the Standard Dealer Agreement; or (c) any indemnification provided by The Distributor under a Non-Standard Dealer Agreement to the extent that such indemnification is beyond the indemnification The Distributor provides to intermediaries in the Standard Dealer Agreement. In no event shall anything contained herein be so construed as to protect the Distributor Indemnitees against any liability to the Client or its shareholders to which the Distributor Indemnitees would otherwise be subject by reason of willful misfeasance, bad faith, or gross negligence in the performance of Distributor's obligations or duties under the Non-Standard Dealer Agreement or by reason of Distributor's reckless disregard of its obligations or duties under the Non-Standard Dealer Agreement.

9. Limitations on Damages. Neither Party shall be liable for any consequential, special or indirect losses or damages suffered by the other Party, whether or not the likelihood of such losses or damages was known by the Party.

10. Force Majeure. Neither Party shall be liable for losses, delays, failure, errors, interruption or loss of data occurring directly or indirectly by reason of circumstances beyond its reasonable control, including, without limitation, Acts of Nature (including fire, flood, earthquake, storm, hurricane or other natural disaster); action or inaction of civil or military authority; acts of foreign enemies; war; terrorism; riot; insurrection; sabotage; epidemics; labor disputes; civil commotion; or interruption, loss or malfunction of utilities, transportation,

computer or communications capabilities; provided, however, that in each specific case such circumstance shall be beyond the reasonable control of the party seeking to apply this force majeure clause.

11. Duration and Termination.

A. This Agreement shall become effective with respect to each Fund listed on Exhibit A hereof as of the date hereof and, with respect to each Fund not in existence on that date, on the date an amendment to Exhibit A to this Agreement relating to that Fund is executed. Unless sooner terminated as provided herein, this Agreement shall continue in effect for two years from the date hereof. Thereafter, if not terminated, this Agreement shall continue automatically in effect as to each Fund for successive one-year periods, provided such continuance is specifically approved at least annually by (i) the Client's Board or (ii) the vote of a majority of the outstanding voting securities of a Fund, in accordance with Section 15 of the 1940 Act.

B. Notwithstanding the foregoing, this Agreement may be terminated, without the payment of any penalty, with respect to a particular Fund (i) through a failure to renew this Agreement at the end of a term or (ii) upon mutual consent of the parties. Further, this Agreement may be terminated upon no less than 60 days' written notice, by either the Client through a vote of a majority of the members of the Board who are not interested persons, as that term is defined in the 1940 Act, and have no direct or indirect financial interest in the operation of this Agreement or by vote of a majority of the outstanding voting securities of a Fund, or by the Distributor.

C. This Agreement will automatically terminate in the event of its assignment.

12. Anti-Money Laundering Compliance.

A. Each of Distributor and Client acknowledges that it is a financial institution subject to the USA PATRIOT Act of 2001 and the Bank Secrecy Act (collectively, the "AML Acts"), which require, among other things, that financial institutions adopt compliance programs to guard against money laundering. Each represents and warrants to the other that it is in compliance with and will continue to comply with the AML Acts and applicable regulations in all relevant respects.

B. The Distributor shall include specific contractual provisions regarding anti-money laundering compliance obligations in agreements entered into by the Distributor with any broker-dealer or other financial intermediary that is authorized to effect transactions in Shares of the Funds.

C. Each of Distributor and Client agrees that it will take such further steps, and cooperate with the other as may be reasonably necessary, to facilitate compliance with the AML Acts, including but not limited to the provision of copies of its written procedures, policies and controls related thereto ("AML Operations"). Distributor undertakes that it will grant to the Client, the Client's anti-money laundering compliance officer and appropriate regulatory agencies, reasonable access to copies of Distributor's AML Operations, and related books and records to the extent they pertain to the Distributor's services hereunder. It is expressly understood and agreed that the Client and the Client's

compliance officer shall have no access to any of Distributor's AML Operations, books or records pertaining to other clients or services of Distributor.

13. Privacy. In accordance with Regulation S-P, the Distributor will not disclose any non-public personal information, as defined in Regulation S-P, received from the Client or any Fund regarding any Fund shareholder; provided, however, that the Distributor may disclose such information to any party as necessary in the ordinary course of business to carry out the purposes for which such information was disclosed to the Distributor. The Distributor shall have in place and maintain physical, electronic and procedural safeguards reasonably designed to protect the security, confidentiality and integrity of, and to prevent unauthorized access to or use of, records and information relating to consumers and customers of the Funds.

The Client represents to the Distributor that it has adopted a Statement of its privacy policies and practices as required by Securities and Exchange Commission Regulation S-P and agrees to provide to the Distributor a copy of that statement annually. The Distributor agrees to use reasonable precautions to protect, and prevent the unintentional disclosure of, such nonpublic personal information.

14. Confidentiality. During the term of this Agreement, the Distributor and the Client may have access to confidential information relating to such matters as either party's business, trade secrets, systems, procedures, manuals, products, contracts, personnel, and clients. As used in this Agreement, "Confidential Information" means information belonging to the Distributor or the Client which is of value to such party and the disclosure of which could result in a competitive or other disadvantage to either party, including, without limitation, financial information, business practices and policies, know-how, trade secrets, market or sales information or plans, customer lists, business plans, and all provisions of this Agreement. Confidential Information does not include: (i) information that was known to the receiving Party before receipt thereof from or on behalf of the Disclosing Party; (ii) information that is disclosed to the Receiving Party by a third person who has a right to make such disclosure without any obligation of confidentiality to the Party seeking to enforce its rights under this Section; (iii) information that is or becomes generally known in the trade without violation of this Agreement by the Receiving Party; or (iv) information that is independently developed by the Receiving Party or its employees or affiliates without reference to the Disclosing Party's information.

Each party will protect the other's Confidential Information with at least the same degree of care it uses with respect to its own Confidential Information, and will not use the other party's Confidential Information other than in connection with its obligations hereunder.

Notwithstanding the foregoing, a party may disclose the other's Confidential Information if (i) required by law, regulation or legal process or if requested by any Agency; (ii) it is advised by counsel that it may incur liability for failure to make such disclosure; (iii) requested to by the other party; provided that in the event of (i) or (ii) the disclosing party shall give the other party reasonable prior notice of such disclosure to the extent reasonably practicable and cooperate with the other party (at such other party's expense) in any efforts to prevent such disclosure.

15. Notices. Any notice required or permitted to be given by any party to the others shall be in writing and shall be deemed to have been given on the date delivered personally or by courier service or 3 days after sent by registered or certified mail, postage prepaid, return receipt requested or on the date sent and confirmed received by facsimile transmission to the other party's address as set forth below:

Notices to the Distributor shall be sent to:

Foreside Fund Services, LLC
Attn: Legal Department
Three Canal Plaza, Suite 100
Portland, Maine 04101
Fax: (207) 553-7151

Notices to the Client shall be sent to:

U.S. Global Investors Funds
Attn: Legal Department
Three Canal Plaza, Suite 600
Portland, Maine 04101
Fax: (207) 347-2100

16. Modifications. The terms of this Agreement shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by a written instrument signed by the Distributor and the Client. If required under the 1940 Act, any such amendment must be approved by the Client's Board, including a majority of the Client's Board who are not interested persons, as such term is defined in the 1940 Act, of any party to this Agreement, by vote cast in person at a meeting for the purpose of voting on such amendment.

17. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law principles thereof.

18. Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto and supersedes all prior communications, understandings and agreements relating to the subject matter hereof, whether oral or written.

19. Survival. The provisions of Sections 6, 7, 8, 13 and 14 of this Agreement shall survive any termination of this Agreement.

20. Miscellaneous. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. Any provision of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors.

21. Counterparts. This Agreement may be executed by the Parties hereto in any number of counterparts, and all of the counterparts taken together shall be deemed to constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by a duly authorized officer on one or more counterparts as of the date first above written.

FORESIDE FUND SERVICES, LLC

By: /s/ Mark Fairbanks
Mark Fairbanks, President

U.S. GLOBAL INVESTORS FUNDS

By: /s/ Jessica Chase
Jessica Chase, President

EXHIBIT A

Fund Names

China Region Fund
Emerging Europe Fund
Global Resources Fund
Gold and Precious Metals Fund
World Precious Minerals Fund
All American Equity Fund
Holmes Macro Trends Fund
Near-Term Tax Free Fund
U.S. Government Securities Ultra-Short Bond Fund

DISTRIBUTION SERVICES AGREEMENT

THIS AGREEMENT made this 10th day of December, 2015, by and between U.S. Global Investors, Inc. (the "Adviser"), and Foreside Fund Services, LLC, a Delaware limited liability company (the "Distributor").

WHEREAS, pursuant to a distribution agreement by and between the Distributor and U.S. Global Investors Funds (the "Trust") dated as of December 10, 2015 (the "Distribution Agreement"), the Distributor acts as the principal underwriter and distributor of shares of certain series (the "Funds") of the Trust, as listed in Exhibit A to the Distribution Agreement; and

WHEREAS, the Adviser serves as investment adviser for the Funds, open-end investment companies registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940, as amended (the "Act"); and

WHEREAS, in consideration of Distributor's agreement to provide certain distribution services as described in the Distribution Agreement, the Adviser has agreed to compensate the Distributor to the extent that the Funds are not authorized to so compensate the Distributor;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration the receipt of which is hereby acknowledged, the Adviser and the Distributor hereby agree as follows:

1. Services.

Distributor will provide the Funds and the Adviser with the distribution support services set forth in the Distribution Agreement, which is attached hereto as Exhibit A.

2. Compensation and Expenses.

The Distributor shall be entitled to receive the compensation set forth in Exhibit B.

3. Term and Termination.

(a) This Agreement will become effective upon the date first set forth above, will continue in effect throughout the term of the Distribution Agreement, and will terminate automatically upon any termination of the Distribution Agreement; provided, however, that, notwithstanding such termination of the Distribution Agreement, the Adviser will continue to pay to Distributor all fees to which Distributor is entitled pursuant to the Distribution Agreement for services performed through such termination date.

This Agreement may be terminated by the Adviser upon 60 days' written notice to the Distributor in the event the Adviser no longer serves as investment adviser to the Funds; provided that prior to or on such termination date, the Adviser pay to Distributor all compensation due as of such termination date.

4. Rights and Obligations of the Adviser and the Distributor.

The Adviser shall be responsible for the accuracy and completeness of information concerning its organization and sales channels that the Adviser furnishes to the Distributor in connection with the Distributor's provision of services pursuant to the Distribution Agreement.

5. Representations and Warranties.

(a) The Adviser represents and warrants the following:

(i) this Agreement has been duly authorized by the Adviser and, when executed and delivered, will constitute a legal, valid and binding obligation of the Adviser, enforceable against it in accordance with its terms subject to bankruptcy, insolvency, reorganizations, moratorium and other laws of general application affecting the rights and remedies of creditors and secured parties;

(ii) the contractual advisory fees that the Adviser charges the Trust do not contain any component for the purpose of paying for fund distribution ; and

(iii) the Adviser will pay, or cause one of its affiliates to pay, to financial intermediaries, or will reimburse the Distributor in advance in full for the payment to financial intermediaries of, any and all upfront commissions on sales of Shares as set forth in the Registration Statement, including the Prospectus, filed with the SEC and in effect at the time of sale of such Shares; and

(iv) this Agreement has been disclosed to the Board of Trustees of the Funds (the "Board"), and the Adviser has provided all such information to the Board as may be appropriate (or as has been requested by the Board) in connection with the Board 's review or approval of the arrangements contemplated hereunder, including amounts expended by the Adviser hereunder.

(b) The Distributor represents and warrants the following:

(i) it is a duly registered broker-dealer in good standing with FINRA, and shall immediately notify the Adviser should the foregoing no longer be true during the term of this Agreement;

(ii) it is in material compliance with all laws, rules and regulations applicable to it, including but not limited to the rules and regulations promulgated by FINRA;

(iii) this Agreement has been duly authorized by the Distributor and, when executed and delivered, will constitute a legal, valid and binding obligation of the Distributor, enforceable against the Distributor in accordance with its terms subject to bankruptcy, insolvency, reorganizations, moratorium and other laws of general application affecting the rights and remedies of creditors and secured parties.

6. Confidentiality.

During the term of this Agreement, the Distributor and the Adviser may have access to confidential information relating to matters such as either party's business, procedures, personnel, and clients. As used in this Agreement, "Confidential Information" means information belonging to the Distributor or the Adviser which is of value to such party and the disclosure of which could result in a competitive or other disadvantage to the non-disclosing party, including, without limitation, financial information, business practices and policies, know-how, trade secrets, market or sales information or plans, customer lists, business plans, and all provisions of this Agreement. Confidential Information includes information developed by either party in the course of engaging in the activities provided for in this Agreement, unless: (i) the information is or becomes publicly known without breach of this Agreement, (ii) the information is disclosed to the other party by a third party not under an obligation of confidentiality to the party whose Confidential Information is at issue of which the party receiving the information should reasonably be aware, or (iii) the information is independently developed by a party without reference to the other's Confidential Information. Each party will protect the other's Confidential Information with at least the same degree of care it uses with respect to its own Confidential Information, and will not use the other party's Confidential Information other than in connection with its duties and obligations hereunder. Notwithstanding the foregoing, a party may disclose the other's Confidential Information if (i) required by law, regulation or legal process or if requested by any regulatory agency with jurisdiction over the Distributor, the Fund or the Adviser; (ii) it is advised by counsel that it may incur liability for failure to make such disclosure; or (iii) requested to by the other party; provided that in the event of (i) or (ii) the disclosing party shall give the other party reasonable prior notice of such disclosure to the extent reasonably practicable and shall reasonably cooperate with the other party (at such other party's expense) in any efforts to prevent such disclosure.

In the event of any unauthorized use or disclosure by a party of any Confidential Information of the other party, the disclosing party shall promptly (i) notify the other party of the unauthorized use or disclosure; (ii) take all reasonable actions to limit the adverse effect on the other party of such unauthorized use or disclosure; and (iii) take all reasonable action to protect against a recurrence of the unauthorized use or disclosure.

7. Limitation of Liability: Indemnification.

(a) The Distributor shall not be liable to the Adviser or the Funds for any action taken or omitted by it in the absence of bad faith, willful misfeasance, gross negligence or reckless disregard by it (or its agents or employees) of its obligations and duties under this Agreement or the Distribution Agreement. The Adviser shall indemnify and hold harmless the Distributor, its affiliates and each of their respective employees, agents, directors and officers from and against, any and all claims, demands, actions and suits, and from and against any and all judgments, liabilities, losses, damages, costs, charges and reasonable counsel fees incurred in connection therewith (collectively, "Losses") arising out of or related to the arrangement contemplated under this Agreement and/or the Distribution Agreement, except to the extent that Losses result from the Distributor's bad faith, willful misfeasance, or gross negligence or its reckless disregard of its express obligations and duties hereunder and/or under the Distribution Agreement.

(b) The Adviser shall not be liable to the Distributor for any action taken or omitted by it in the absence of bad faith, willful misfeasance, gross negligence or reckless disregard by it (or its agents or employees) of its obligations and duties under this Agreement. The Distributor shall indemnify and hold harmless the Adviser, its affiliates and each of their respective employees, agents, directors and officers from and against, any and all Losses arising out of or related to the arrangement contemplated under this Agreement, except to the extent that Losses result from the Adviser's bad faith, willful misfeasance, or gross negligence or its reckless disregard of its express obligations and duties hereunder.

8. Notices.

Any notice provided hereunder shall be sufficiently given when sent by registered or certified mail to the party required to be served with such notice at the following address: if to the Adviser, to it at 7900 Callaghan Road, San Antonio, Texas 78229 Attention: Legal Department and if to Distributor, to it at Three Canal Plaza, Suite 100, Portland, Maine 04101, Attention: Legal Department, or at such other address as such party may from time to time specify in writing to the other party pursuant to this Section.

9. Assignment.

This Agreement and the rights and duties hereunder shall not be assignable with respect to a Fund by either of the parties hereto except by the specific written consent of the other party. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

10. Governing Law.

This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Delaware.

11. Miscellaneous.

(a) Paragraph headings in this Agreement are included for convenience only and are not to be used to construe or interpret this Agreement.

(b) This Agreement constitutes the complete agreement of the parties hereto as to the subject matter covered by this Agreement, and supersedes all prior negotiations, understandings and agreements bearing upon the subject matter covered by this Agreement.

(c) If any part, term or provision of this Agreement is held to be illegal, in conflict with any law or otherwise invalid, the remaining portion or portions shall be considered severable and not be affected, and the rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain such part, term or provision.

(d) This Agreement may be executed in counterparts, each of which shall be an original but all of which, taken together, shall constitute one and the same agreement.

(e) No amendment to this Agreement shall be valid unless made in writing and executed by both parties hereto.

(f) Invoices for fees and expenses due to Distributor hereunder and as set forth in Exhibit B hereto shall be sent by Distributor to the address furnished below unless and until changed by Adviser (Adviser to provide reasonable advance notice of any change of billing address to Distributor):

U.S. Global Investors, Inc.
7900 Callaghan Road, San Antonio, Texas 78229
Attn: Chief Financial Officer
Phone: 210-308-1234
e-mail: accounting2@usfunds.com

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed all as of the day and year first above written.

U.S. GLOBAL INVESTORS, INC.

FORESIDE FUND SERVICES, LLC

By: /s/ Susan B. McGee
Name: Susan B. McGee
Title: President

By: /s/ Mark Fairbanks
Name: Mark Fairbanks
Title: President

EXHIBIT A

Distribution Agreement

AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT

AGREEMENT, dated as of December 9, 2015, and effective as of, December 9, 2015, among U.S. Global Investors Funds, a Delaware statutory trust (the "Trust"), on its own behalf and on behalf of each of the Funds listed on Appendix A to this Agreement (each a "Fund" and together, the "Funds"), and U.S. Global Investors, Inc., a Texas corporation, and any successor thereto (the "Administrator"), with respect to each Fund named in Appendix A to this Agreement, as may be amended from time to time.

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

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

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

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

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

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

In performing all services under this Agreement, the Administrator shall: (a) act in conformity with the Trust's Agreement and Declaration of Trust and By-Laws, the 1940 Act, and any other applicable laws as may be amended from time to time, and all relevant rules

thereunder, and with the Trust's registration statement under the Securities Act of 1933 and the 1940 Act, as may be amended from time to time; (b) consult and coordinate with legal counsel to the Trust as necessary and appropriate; and (c) advise and report to the Trust and its legal counsel, as necessary and appropriate, with respect to any compliance or other matters that come to its attention.

3. Fees.

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

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

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

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

4. Expenses.

(a) Except as otherwise provided in this Agreement, the Administrator will pay all costs it incurs in connection with the performance of its duties under this Agreement. The Administrator will pay the compensation and expenses of all of its personnel and will make available, without expense to the Trust, the services of its officers and employees as may duly be elected officers or Trustees of the Trust, subject to their individual consent to serve and to any limitations imposed by law. Nothing in this Paragraph 4 shall preclude or prevent the Trust from paying expenses not enumerated in Subparagraph (b) below, including but not limited to

expenses incurred in the course of the Administrator providing additional services to the Trust that are not currently contemplated by this Agreement.

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

- (i) the charges and expenses of any registrar, stock transfer or dividend disbursing agent, custodian, or depository appointed by the Trust for the safekeeping of its cash, portfolio securities and other property;
 - (ii) the charges and expenses of the Trust's independent auditors;
 - (iii) brokerage commissions and other costs in connection with transactions in the portfolio securities of the Trust;
 - (iv) all taxes, including issuance and transfer taxes, and corporate fees payable by the Trust to Federal, state or other governmental agencies;
 - (v) the cost of stock certificates (if any) representing shares of the Trust;
 - (vi) expenses involved in registering and maintaining registrations of the Trust and of its shares with the U.S. Securities and Exchange Commission and various states and other jurisdictions;
 - (vii) all expenses of shareholders' and Trustees' meetings, including meetings of committees, and of preparing, printing and mailing proxy statements and solicitations of proxies, quarterly reports, semi-annual reports, annual reports and other communications to shareholders;
 - (viii) all expenses of preparing and setting in type, prospectuses, and expenses of printing and mailing the same to shareholders (but not expenses of printing and mailing of prospectuses and literature used for promotional purposes);
 - (ix) compensation and travel expenses of Trustees who are not "interested persons" within the meaning of the 1940 Act ("Independent Trustees");
 - (x) the expenses of furnishing or causing to be furnished, to each shareholder an account statement, including the expense of mailing such statements;
 - (xi) charges and expenses of legal counsel in connection with matters relating to the Trust, including, without limitation, legal services rendered by counsel to the Trust's Independent Trustees, or the services of other legal counsel retained by the Trust's Independent Trustees;
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(xii) the cost and expenses of senior management with respect to transfer agent oversight and related operational issues, including the coordination of reporting to the Trust's Board of Trustees (the "Board");

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

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

(xv) interest payable on Trust borrowings;

(xvi) postage; and

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

5. Delegation.

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

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

(c) Notwithstanding any delegation under clauses (a) or (b) of this Section 5, the Administrator will continue to supervise the Services provided by such persons or employees and any delegation will not relieve the Administrator of any of its obligations under this Agreement.

6. Compliance with Rule 38a-1. The Administrator shall maintain policies and procedures relating to the services it provides pursuant to this Agreement that are reasonably designed to prevent violations of the federal securities laws, and shall employ personnel to administer the policies and procedures who have the requisite level of skill and competence required to effectively discharge its responsibilities.

7. Books and Records. The Administrator will maintain the books and records with respect to each Fund relating to the Services it provides pursuant to this Agreement and as are

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

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

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

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

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

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

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

14. Limitation of Liability and Indemnification. The Administrator shall exercise its best judgment in rendering the services under this Agreement. The Administrator shall not be liable for any error of judgment or mistake of law or for any loss suffered by a Fund or a Fund's shareholders in connection with the matters to which this Agreement relates, provided that nothing herein shall be deemed to protect or purport to protect the Administrator against any liability to a Fund or to its shareholders to which the Administrator would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence on its part in the performance of its duties or by reason of the Administrator's reckless disregard of its obligations and duties

under this Agreement. The Trust shall indemnify and hold harmless the Administrator and its affiliated and controlling persons (as those terms are defined in Section 2(a) (3) of the 1940 Act and Section 15 of the 1933 Act, respectively) against any and all losses, claims, damages, liabilities or litigation (including reasonable legal and other expenses) by reason of or arising out of any error of judgment or mistake of law or for any loss suffered by a Fund or a Fund's shareholders in connection with the matters to which this Agreement relates, provided that the Administrator's actions or omissions do not rise to the level of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations and duties under this Agreement. The Administrator shall indemnify and hold harmless the Trust, including its series, and its affiliated and controlling persons (as defined above) against any and all losses, claims, damages, liabilities or litigation (including reasonable legal and other expenses) by reason of or arising out of the Administrator's willful misfeasance, bad faith or gross negligence on its part in the performance of its duties or by reason of the Administrator's reckless disregard of its obligations and duties under this Agreement. It is expressly agreed that the obligations of the Administrator hereunder shall not be binding upon any shareholders, nominees, officers, agents or employees of the Administrator personally, but bind only the assets and property of the Administrator, respectively.

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

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

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

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

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

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

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

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

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

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

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

22. Notices. All notices required to be given pursuant to this Agreement shall be delivered or mailed to the last known business address of the Trust (attn: [Secretary]) or the

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

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

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

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

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

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

U.S. GLOBAL INVESTORS FUNDS

By: /s/ David Tucker

David Tucker

Chairman

U.S. GLOBAL INVESTORS, INC.

By: /s/ Susan B. McGee

Susan B. McGee

President/General Counsel

APPENDIX A

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

Name of Fund	Investor Class Shares	Institutional Class Shares
All American Equity Fund	X	
China Region Fund	X	
Emerging Europe Fund	X	X
Global Resources Fund	X	X
Gold and Precious Metals Fund	X	X
Holmes Macro Trends Fund	X	
Near-Term Tax Free Fund	X	
World Precious Minerals Fund	X	X
U.S. Government Securities Ultra-Short Bond Fund	X	

APPENDIX B
ADMINISTRATIVE SERVICES

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

Services	Fund-Level Duty	Class-Level Duty
1 Provide the Trust with personnel as are reasonably necessary to perform the Services	X	
2 Assist in the preparation, distribution and utilization of comprehensive compliance materials pursuant to Rule 38a-1 of the 1940 Act, including compliance manuals and checklists; assist in the development of compliance guidelines and procedures to improve overall compliance by the Trust and its various agents	X	
3 Assist in the monitoring of overall compliance with Rule 38a-1 by the Trust and its various agents including assisting with the coordination, preparation and submission of reports required by Rule 38-1 of the 1940 Act	X	
4 Assist with proposing and carrying out policies directed at operational problem inquiry and resolution concerning actual or potential compliance violations, valuation of complex securities, securities trading in problematic markets or correction of pricing errors	X	
5 Assist in the preparation of reports and meeting materials to the Board and to existing shareholders	X	X
6 Assist in the preparation and filing of periodic updates to the Trust's prospectus and statement of additional information		X
7 Assist in the preparation and filing of any currently required or to be required reports filed with the Securities and Exchange Commission and other regulatory and self-regulatory authorities including, but not limited to, preliminary and definitive proxy materials, post-effective amendments to the Registration Statement, semi-annual		X

Services	Fund-Level Duty	Class-Level Duty
reports on Form N-SAR, Form N-CSR, Form N-Q, Form N-PX, and notices pursuant to Rule 24f-2 under the 1940 Act		
8 Assist in the preparation and filing of any regulatory reports as required by any regulatory agency	X	
9 Assist in the preparation, updating and maintenance of copies of documents, such as charter documents, by-laws and foreign qualification filings	X	
10 Assist with the continuing awareness of significant emerging regulatory and legislative developments that may affect the Funds, and provide related planning assistance where requested or appropriate	X	
11 Assist the Trust in the handling of routine regulatory examinations and work closely with the Trust's legal counsel in response to any non-routine regulatory matters	X	
12 Assist with the determination and publication of the net asset value of each Fund in accordance with the valuation procedures and policies adopted from time to time by the Board		X
13 Assist with the accounting for dividends and interest received by the Funds, as requested		X
14 Review the calculation of fees to the Funds' investment adviser and Administrator		X
15 Assist with the allocation of each Fund's Rule 12b-1 expenses, as requested, and prepare related reports		X
16 Assist with the monitoring of the Trust's compliance with its registration statement		X
17 Assist with the monitoring of the Trust's compliance with the Internal Revenue Code, and the regulations promulgated thereunder	X	
18 Assist with the supervision and negotiation of contractual arrangements with (to the extent appropriate) and monitoring of the performance of incumbent third party accounting agents, custodians, depositories, transfer agents, pricing agents, independent accountants and auditors, attorneys, printers, insurers and other persons in any capacity deemed to be necessary or desirable to Trust or Fund operations		X
19 Provide operational assistance for the Funds' transfer agent as needed, including:	X	X
(a) facilitate calls with VIP shareholders; (b) approve exceptions to policies; (c) assist in resolution of operational issues that may		

Services	Fund-Level Duty	Class-Level Duty
arise; (d) educate and train telephone representatives; (e) review monthly invoicing; and (f) Assist with the coordination of periodic reporting by the transfer agent to the Board, as requested by the Board.		
20 Assist with oversight of the Funds' fund accounting and administrative services third party service provider	X	X
21 Assist with the oversight of the Funds' custodian	X	
22 Assist with the monitoring of the valuation of portfolio securities and monitor compliance with Board-approved valuation procedures	X	
23 Assist in establishing the accounting and tax policies of each Fund, as requested	X	
24 Assist in the resolution of accounting issues that may arise with respect to each Fund's operations and consulting with each Fund's independent accountants, legal counsel and each Fund's other agents as necessary in connection therewith		X
25 Assist with the monitoring of each Fund's operating expense budgets		X
26 Assist with the review of each Fund's bills, as appropriate		X
27 Assist each Fund in determining the amount of dividends and distributions available to be paid by each Fund to its shareholders		X
28 Provide the Board with periodic and special reports as the Board may reasonably request, including but not limited to reports concerning the services of the Administrator and custodian		X
29 Provide assistance with investor and public relations matters		X
30 Otherwise assist the Trust as it may reasonably request in the conduct of each Fund's business	X	X

Distribution Plan

SECTION 1. BACKGROUND

This Distribution Plan (the “Plan”) is adopted by the Trust with respect to each Fund, as applicable and certain Classes thereof in accordance with the provisions of Rule 12b-1 under the 1940 Act. When more than one Class is offered by a Fund, actions that require the approval of a majority of the outstanding voting securities of the Fund shall mean the approval of a majority of the outstanding voting securities of a Class when such actions relate to a particular Class offered by the Fund.

SECTION 2. AUTHORIZATION

Each Fund is authorized to pay to the Distributor or to such other entities as approved by the Board (each a “Payee”), as compensation for the distribution-related or shareholder services provided by such entities, an aggregate fee at an annual rate approved from time to time by the shareholders of the applicable Fund or Class and the Board based on the average daily net assets of the Shares. Payments include any compensation paid by a Fund under this Plan (the “Payments”). The Payments shall be accrued daily and paid monthly or at such other interval, as the Board shall determine, and the proceeds therefrom may be used by the Payees to pay any expenses or costs incurred for distribution-related or shareholder servicing activities.

SECTION 3. PAYMENTS

On behalf of the Trust, a Payee may spend such amounts and incur such expenses as it deems appropriate or necessary on any activities or expenses primarily intended to result in or relate to the sale of Shares (distribution activities) or for the servicing and maintenance of shareholder accounts of each Fund (service activities).

SECTION 4. DISTRIBUTION AND SERVICE ACTIVITIES

Distribution and service activities include but are not limited to: (i) any sales, marketing and other activities primarily intended to result in the sale of Shares and (ii) providing services to holders of Shares related to their investment in the Fund, including without limitation providing assistance in connection with responding to a Fund’s shareholder inquiries regarding the Fund’s investment objective, policies and other operational features, and inquiries regarding shareholder accounts. Expenses for such activities include compensation to employees, and expenses, including overhead and telephone and other communication expenses, of a Payee who engages in or supports the distribution of Shares, or who provides shareholder servicing such as responding to a Fund’s shareholder inquiries regarding the Fund’s operations; the incremental costs of printing (excluding typesetting) and distributing prospectuses, statements of additional information, annual reports and other periodic reports for use in connection with the offering or sale of Shares to any prospective investors; and the costs of preparing, printing and distributing sales literature and advertising materials used by the Distributor, Adviser or others in connection with the offering of Shares for sale to the public.

SECTION 5. LIMITATION OF SHAREHOLDER AND TRUSTEE LIABILITY

The Trustees of the Trust and the shareholders of any Fund shall not be liable for any obligations of the Trust or of a Fund under the Plan, and each Payee shall, in asserting any rights or claims under this Plan, look only to the assets and property of the Trust or a Fund to which such Payee's rights or claims relate in settlement of such rights or claims, and shall not look to the assets or property of the Trustees of the Trust, the shareholders of any the Fund, or to the assets or property of any Fund or Class to which such rights or claims do not relate.

SECTION 6. MISCELLANEOUS

- (A) The terms "majority of the outstanding voting securities" and "interested person" shall have the meanings ascribed thereto in the 1940 Act.
- (B) If any provision of the Plan shall be held invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

SECTION 7. AMENDMENT

The Plan may be amended at any time by the Board, provided that: (i) any material amendments to the Plan shall be effective only upon approval of the Board and a majority of the Independent Trustees who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees") pursuant to a vote cast in person at a meeting called for the purpose of voting on the amendment to the Plan and (ii) any amendment which increases materially the amount which may be spent by the Trust pursuant to the Plan with respect to any Fund shall be effective only upon the additional approval of a majority of the outstanding voting securities of that Fund.

SECTION 8. REVIEW AND RECORDS

- (A) Each Payee shall prepare and furnish to the Board, and the Board shall review at least quarterly, written reports setting forth all amounts expended under the Plan by the Payee and identifying the activities for which each such expenditure was made.
- (B) The Trust shall preserve copies of the Plan, each agreement related to the Plan and each report prepared and furnished pursuant to this Section in accordance with Rule 12b-1 under the 1940 Act.

SECTION 9. EFFECTIVENESS; DURATION; AND TERMINATION

With respect to a Fund, the Plan:

- (A) Shall become effective with respect to a Fund, upon approval by: (i) a vote of at least a majority of the outstanding voting securities of that Fund, and (ii) the Board, including a majority of the Qualified Trustees, pursuant to a vote cast in person at a meeting called for the purpose of voting on approval of the Plan;
 - (B) Shall remain in effect with respect to a Fund for a period of one year from the date of its effectiveness, unless earlier terminated in accordance with this Section, and thereafter shall continue in effect, provided that such continuance is approved annually by the Board, including a majority of the Qualified Trustees pursuant to a vote cast in person at a meeting called for the purpose of voting on continuance of the Plan; and
 - (C) May be terminated with respect to a Fund without penalty at any time by a vote of: (i) a majority of the Qualified Trustees or (ii) a vote of a majority of the outstanding voting securities of that Fund.
-

APPENDIX A
Distribution Plan Payments

12b-1 Fees¹

Fund	Multiple Share Classes			Other Class
	Single Class	Inst'l Class	Investor Class	
Trust: U.S. Global Investors Funds				
All American Equity Fund			0.25%	
China Region Fund			0.25%	
Emerging Europe Fund		N/A	0.25%	
Global Resources Fund		N/A	0.25%	
Gold and Precious Metals Fund		N/A	0.25%	
Holmes Macro Trends Fund			0.25%	
Near-Term Tax Free Fund				
U.S. Government Securities Ultra-Short Bond Fund				
World Precious Minerals Fund		N/A	0.25%	

¹Indicates the current fees payable under the Distribution Plan adopted with respect to a Fund or Class.

Not applicable (N/A) indicates that the Fund or Class has not adopted a Distribution Plan.

Note: All percentages are based on average daily net assets.

EXHIBIT 31 - CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Frank E. Holmes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of U.S. Global Investors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2016

/s/ Frank E. Holmes

Frank E. Holmes
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lisa C. Callicotte, certify that:

1. I have reviewed this quarterly report on Form 10-Q of U.S. Global Investors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2016

/s/ Lisa C. Callicotte

Lisa C. Callicotte
Chief Financial Officer

EXHIBIT 32 - CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of U.S. Global Investors, Inc. (the "Company") does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: February 12, 2016

/s/ Frank E. Holmes

Frank E. Holmes
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of U.S. Global Investors, Inc. (the "Company") does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: February 12, 2016

/s/ Lisa C. Callicotte

Lisa C. Callicotte
Chief Financial Officer