
**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 **March 31, 2016**

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 May 2, 2016, there were 13,866,421 shares of Registrant's class A nonvoting common stock issued and 13,192,818 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

Assets	March 31, 2016 (UNAUDITED)	June 30, 2015
<i>(dollars in thousands)</i>		
Current Assets		
Cash and cash equivalents	\$ 3,057	\$ 3,507
Investment securities - trading, at fair value	13,102	15,640
Investment securities - held-to-maturity	750	-
Receivables	749	1,653
Prepaid expenses	329	410
Total assets held related to discontinued operations	-	184
Total Current Assets	<u>17,987</u>	<u>21,394</u>
Net Property and Equipment	<u>2,537</u>	<u>2,736</u>
Other Assets		
Investment securities - available-for-sale, at fair value	4,013	4,263
Other investments	2,025	2,303
Intangible assets, net	8	41
Other assets, long term	109	33
Total Other Assets	<u>6,155</u>	<u>6,640</u>
Total Assets	<u>\$ 26,679</u>	<u>\$ 30,770</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$ 158	\$ 114
Accrued compensation and related costs	342	456
Dividends payable	115	231
Other accrued expenses	509	692
Total liabilities held related to discontinued operations	-	134
Total Current Liabilities	<u>1,124</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 March 31, 2016, 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 March 31, 2016, and June 30, 2015	52	52
Additional paid-in-capital	15,653	15,694
Treasury stock, class A shares at cost; 664,894 and 555,786 shares at March 31, 2016, and June 30, 2015, respectively	(1,624)	(1,464)
Accumulated other comprehensive loss, net of tax	(45)	(483)
Retained earnings	10,649	14,423
Total U.S. Global Investors Inc. Shareholders' Equity	<u>25,032</u>	<u>28,569</u>
Non-Controlling Interest in Subsidiary	523	574
Total Shareholders' Equity	<u>25,555</u>	<u>29,143</u>
Total Liabilities and Shareholders' Equity	<u>\$ 26,679</u>	<u>\$ 30,770</u>

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

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Nine Months Ended March 31,		Three Months Ended March 31,	
	2016	2015	2016	2015
<i>(dollars in thousands, except per share data)</i>				
Operating Revenues				
Advisory fees	\$ 3,615	\$ 5,359	\$ 1,279	\$ 1,248
Administrative services fees	254	516	51	141
	<u>3,869</u>	<u>5,875</u>	<u>1,330</u>	<u>1,389</u>
Operating Expenses				
Employee compensation and benefits	3,953	4,101	886	1,269
General and administrative	2,963	3,113	765	1,001
Platform fees	382	671	106	166
Advertising	182	81	33	43
Depreciation and amortization	240	246	80	81
	<u>7,720</u>	<u>8,212</u>	<u>1,870</u>	<u>2,560</u>
Operating Loss	<u>(3,851)</u>	<u>(2,337)</u>	<u>(540)</u>	<u>(1,171)</u>
Other Income				
Investment income	411	522	148	249
Total Other Income	<u>411</u>	<u>522</u>	<u>148</u>	<u>249</u>
Loss Before Income Taxes	<u>(3,440)</u>	<u>(1,815)</u>	<u>(392)</u>	<u>(922)</u>
Provision for Federal Income Taxes				
Tax expense (benefit)	(5)	22	(16)	26
Loss from Continuing Operations	<u>(3,435)</u>	<u>(1,837)</u>	<u>(376)</u>	<u>(948)</u>
Discontinued Operations				
Loss from discontinued operations of distributor	(18)	(89)	-	(47)
Tax benefit	-	(1)	-	(1)
Loss from Discontinued Operations	<u>(18)</u>	<u>(88)</u>	<u>-</u>	<u>(46)</u>
Net Loss	<u>(3,453)</u>	<u>(1,925)</u>	<u>(376)</u>	<u>(994)</u>
Less: Net Income (Loss) Attributable to Non-Controlling Interest	(23)	53	(26)	13
Net Loss Attributable to U.S. Global Investors, Inc.	<u>\$ (3,430)</u>	<u>\$ (1,978)</u>	<u>\$ (350)</u>	<u>\$ (1,007)</u>
Basic Net Loss per Share:				
Loss from continuing operations	\$ (0.22)	\$ (0.12)	\$ (0.02)	\$ (0.06)
Loss from discontinued operations	-	(0.01)	-	(0.01)
Basic Net Loss per Share	<u>\$ (0.22)</u>	<u>\$ (0.13)</u>	<u>\$ (0.02)</u>	<u>\$ (0.07)</u>
Diluted Net Loss per Share:				
Loss from continuing operations	\$ (0.22)	\$ (0.12)	\$ (0.02)	\$ (0.06)
Loss from discontinued operations	-	(0.01)	-	(0.01)
Diluted Net Loss per Share	<u>\$ (0.22)</u>	<u>\$ (0.13)</u>	<u>\$ (0.02)</u>	<u>\$ (0.07)</u>
Basic weighted average number of common shares outstanding	15,306,676	15,406,189	15,277,098	15,379,365
Diluted weighted average number of common shares outstanding	15,306,676	15,406,189	15,277,098	15,379,365

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

<i>(dollars in thousands)</i>	Nine Months Ended March 31,		Three Months Ended March 31,	
	2016	2015	2016	2015
Net Loss Attributable to U.S. Global Investors, Inc.	\$ (3,430)	\$ (1,978)	\$ (350)	\$ (1,007)
Other Comprehensive Income (Loss), Net of Tax:				
Unrealized gains (losses) on available-for-sale securities arising during period	774	(862)	417	(13)
Less: reclassification adjustment for gains/losses included in net income	(286)	(321)	(14)	(69)
Net change from available-for-sale investments, net of tax	488	(1,183)	403	(82)
Foreign currency translation adjustment	(79)	(285)	95	(136)
Other Comprehensive Income (Loss)	409	(1,468)	498	(218)
Comprehensive Income (Loss)	(3,021)	(3,446)	148	(1,225)
Less: Comprehensive Income (Loss) Attributable to Non-Controlling Interest	(28)	(100)	33	(48)
Comprehensive Income (Loss) Attributable to U.S. Global Investors, Inc.	\$ (2,993)	\$ (3,346)	\$ 115	\$ (1,177)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<i>(dollars in thousands)</i>	Nine Months Ended March 31,	
	2016	2015
Cash Flows from Operating Activities:		
Net loss	\$ (3,453)	\$ (1,925)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	240	246
Net recognized loss on disposal of fixed assets	-	26
Net recognized (gain) loss on securities	2	(483)
Provision for deferred taxes	-	37
Stock bonuses	11	9
Changes in operating assets and liabilities:		
Accounts receivable	1,080	570
Prepaid and other assets	2	21
Trading securities	2,505	1,371
Accounts payable and accrued expenses	(378)	(510)
Total adjustments	3,462	1,287
Net cash provided by (used in) operating activities	9	(638)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(13)	(40)
Purchase of available-for-sale securities	-	(186)
Purchase of other investments	(750)	(1,000)
Proceeds on sale of available-for-sale securities	1,014	754
Return of capital on investment	32	19
Net cash provided by (used in) investing activities	283	(453)
Cash Flows from Financing Activities:		
Issuance of common stock	59	91
Repurchases of common stock	(269)	(266)
Distributions to non-controlling interests in subsidiary	-	(27)
Dividends paid	(460)	(693)
Net cash used in financing activities	(670)	(895)
Effect of exchange rate changes on cash and cash equivalents	(72)	(253)
Net decrease in cash and cash equivalents	(450)	(2,239)
Beginning cash and cash equivalents	3,507	5,910
Ending cash and cash equivalents	\$ 3,057	\$ 3,671
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. ceased operations in December 2015 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 nine months ended March 31, 2016, 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.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”). ASU 2016-01 amends the guidance on the classification and measurement of investments in equity securities. It also amends certain presentation and disclosure requirements. ASU 2016-01 is effective for public business entities for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”). ASU 2016-02 introduces a lessee model that brings most leases on the balance sheet. The new guidance will be effective for public business entities for annual periods beginning after December 15, 2018, and interim periods therein. Early adoption is permitted. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts from Customers - Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* (“ASU 2016-08”). ASU 2016-08 amends the guidance in ASU 2014-09, which is not yet effective. Among other things, the ASU clarifies that an entity should evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. The effective date and transition requirements for the amendments in ASU 2016-08 are the same as the effective date and transition requirements of ASU 2014-09. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”). ASU 2016-09 includes provisions intended to simplify various aspects related to how share-based payments are accounted for and disclosed. ASU 2016-09 is effective for public entities for annual reporting periods beginning after December 15, 2016, and interim periods within that reporting period. Early adoption will be permitted in any interim or annual period, as long as all elements of the new standard are adopted at the same time. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements.

NOTE 2. INVESTMENTS

As of March 31, 2016, the Company held investments with a fair value of approximately \$17.1 million and a cost basis of approximately \$17.9 million. The fair value of these investments is approximately 64.2 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 March 31, 2016, the Company had \$14.2 million and \$345,000 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 March 31, 2016, and June 30, 2015.

<i>(dollars in thousands)</i>	March 31, 2016			
	Cost	Gains	(Losses)	Fair Value
Trading securities¹				
Offshore fund	\$ 1,184	\$ -	\$ (839)	\$ 345
Mutual funds - Fixed income	12,290	125	(1)	12,414
Mutual funds - Domestic equity	535	-	(192)	343
Other	46	-	(46)	-
Total trading securities	\$ 14,055	\$ 125	\$ (1,078)	\$ 13,102
Available-for-sale securities²				
Common stock - Domestic	\$ 109	\$ 9	\$ -	\$ 118
Common stock - International	613	57	(50)	620
Corporate debt	1,355	152	-	1,507
Mutual funds - Fixed income	1,229	14	(34)	1,209
Mutual funds - Domestic equity	394	5	-	399
Other	163	2	(5)	160
Total available-for-sale securities³	\$ 3,863	\$ 239	\$ (89)	\$ 4,013

<i>(dollars in thousands)</i>	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	\$ 16,491	\$ 68	\$ (919)	\$ 15,640
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 securities³	\$ 4,602	\$ 635	\$ (974)	\$ 4,263

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 March 31, 2016, are \$150 and \$150, 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>	March 31, 2016					
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock - International	164	(31)	27	(19)	191	(50)
Corporate debt	-	-	-	-	-	-
Mutual funds - Fixed income	2	-	194	(34)	196	(34)
Mutual funds - Domestic equity	-	-	-	-	-	-
Other	101	(5)	-	-	101	(5)
Total available-for-sale securities	\$ 267	\$ (36)	\$ 221	\$ (53)	\$ 488	\$ (89)

<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>	Nine Months Ended March 31,		Three Months Ended March 31,	
	2016	2015	2016	2015
Investment Income				
Realized gains on sales of available-for-sale securities	\$ 545	\$ 591	\$ 14	\$ 209
Realized gains (losses) on sales of trading securities	(32)	(3)	3	3
Unrealized gains (losses) on trading securities	(103)	(548)	30	(21)
Realized foreign currency gains (losses)	24	82	(28)	58
Other-than-temporary declines in available-for-sale securities	(259)	(105)	-	(105)
Other-than-temporary declines in securities held at cost	(258)	-	-	-
Dividend and interest income	494	505	129	105
Total Investment Income	\$ 411	\$ 522	\$ 148	\$ 249

Included in investment income were other-than temporary declines in value on available-for-sale securities of approximately \$259,000 for the nine months ended March 31, 2016, and \$105,000 for the three and nine months ended March 31, 2015. The impairment losses resulted from fair values of securities being lower than book value and from proposed changes to debt securities. For the nine months ending March 31, 2016, there were eight securities with a combined cost basis of \$702,000 that were written down to a combined fair value of \$466,000. Also during the nine months ended March 31, 2016, another security with a cost basis of \$970,000 was written down to \$947,000 based on the net present value of estimated cash flows. The impairment losses in the 2015 fiscal year resulted from issuers defaulting on scheduled payments. One security with a cost basis of \$44,000 was written down to its fair value of \$15,000, and another security with a cost basis of \$310,000 was written down to \$234,000 based on the net present value of estimated cash flows. 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 nine months ended March 31, 2016. 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- 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 March 31, 2016, and June 30, 2015, for the major categories of U.S. Global's investments measured at fair value on a recurring basis:

	March 31, 2016			Total
	Quoted Prices (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>(dollars in thousands)</i>				
Trading securities				
Offshore fund	\$ -	\$ 345	\$ -	\$ 345
Mutual funds - Fixed income	12,414	-	-	12,414
Mutual funds - Domestic equity	343	-	-	343
Other	-	-	-	-
Total trading securities	12,757	345	-	13,102
Available-for-sale securities				
Common stock - Domestic	118	-	-	118
Common stock - International	620	-	-	620
Corporate debt	1,001	294	212	1,507
Mutual funds - Fixed income	1,209	-	-	1,209
Mutual funds - Domestic equity	399	-	-	399
Other	160	-	-	160
Total available-for-sale securities	3,507	294	212	4,013
Total	\$ 16,264	\$ 639	\$ 212	\$ 17,115

	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 March 31, 2016, approximately 95 percent of the Company's financial assets measured at fair value were derived from Level 1 inputs, four percent of the Company's financial assets measured at fair value were derived from Level 2 inputs, and the remaining one percent was Level 3 inputs. As of June 30, 2015, approximately 94 percent of the Company's financial assets measured at fair value were derived from Level 1 inputs, three percent of the Company's financial assets measured at fair value were derived from Level 2 inputs, and the remaining three percent were 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 and which invests in companies in the energy and natural resources sectors, with a fair value of \$345,000 as of March 31, 2016, based on the net asset value per share. 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 Level 2 investments in corporate debt securities maturing in 2018 which were valued at \$294,000 as of March 31, 2016, using the mean between the last reported bid/ask quotation.

The Level 3 corporate debt, maturing in 2017, is valued at cost of \$212,000 as of March 31, 2016, which approximates fair value as a result of the Company's review of similar structured issuances in similar jurisdictions. Corporate debt maturing in 2020 which was valued at \$1.0 million at March 31, 2016, was transferred during the quarter from Level 3, where it had been valued based on other traded debt from the issuer, to Level 1, as it now also trades on a market.

The following table is a reconciliation of investments for which unobservable inputs (Level 3) were used in determining fair value during the nine months ended March 31, 2016, and March 31, 2015:

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis		
<i>(dollars in thousands)</i>	March 31, 2016	March 31, 2015
	Corporate Debt	Corporate Debt
Beginning Balance	\$ 539	\$ 250
Return of capital	(13)	(19)
Total gains or losses (realized/unrealized)		
Included in earnings (investment income)	(23)	-
Included in other comprehensive income (loss)	710	-
Purchases	-	-
Sales	-	-
Transfers into Level 3	-	343
Transfers out of Level 3	(1,001)	-
Ending Balance	<u>\$ 212</u>	<u>\$ 574</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 \$869,000 and \$2.6 million for the three and nine months ended March 31, 2016, respectively, compared with \$1.1 million and \$4.4 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 months ended March 31, 2016, the Company realized an increase in its base advisory fee of \$58,000. For the nine months ended March 31, 2016, the Company realized a decrease in its base advisory fee of \$180,000. For the corresponding periods in fiscal year 2015, base advisory fees were adjusted downward by \$281,000 and \$710,000, respectively.

The Company has agreed to contractually limit the expenses of the Near-Term Tax Free Fund through April 2017. 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 nine months ended March 31, 2016, were \$311,000 and \$1.1 million, respectively, compared with \$391,000 and \$1.0 million, 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 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 March 31, 2016, the Company had \$395,000 in 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 \$74,000 and \$217,000 for the three and nine months ended March 31, 2016, respectively.

The Company provides advisory services for offshore clients and receives 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 \$66,000 for the three and nine months ended March 31, 2016, and \$25,000 and \$103,000, 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 \$255,000 and \$879,000 for the three and nine months ended March 31, 2016, respectively, and \$413,000 and \$1.6 million, respectively, for the corresponding period in the prior fiscal year.

NOTE 5. BORROWINGS

As of March 31, 2016, 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 March 31, 2016, 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 September 30, 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 nine months ended March 31, 2016, the Company repurchased 19,277 and 152,505 class A shares using cash of \$26,000 and \$269,000, respectively. For the three and nine months ended March 31, 2015, the Company repurchased 19,245 and 86,250 class A shares using cash of \$60,000 and \$266,000, 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. There were 2,000 options outstanding and exercisable at March 31, 2016, at a weighted average exercise price of \$12.31. No options were granted or exercised during the nine months ended March 31, 2016. There were 20,000 options forfeited during the three months ended March 31, 2016.

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 nine months ended March 31, 2016, and 2015. As of March 31, 2016, and 2015, 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>	Nine Months Ended March 31,		Three Months Ended March 31,	
	2016	2015	2016	2015
Net Loss				
Loss from continuing operations	\$ (3,435)	\$ (1,837)	\$ (376)	\$ (948)
Less: Income (loss) attributable to non-controlling interest in subsidiary	(23)	53	(26)	13
Loss from continuing operations attributable to U.S. Global Investors, Inc.	(3,412)	(1,890)	(350)	(961)
Loss from discontinued operations attributable to U.S. Global Investors, Inc.	(18)	(88)	-	(46)
Net loss attributable to U.S. Global Investors, Inc.	\$ (3,430)	\$ (1,978)	\$ (350)	\$ (1,007)
Weighted average number of outstanding shares				
Basic	15,306,676	15,406,189	15,277,098	15,379,365
Effect of dilutive securities				
Employee stock options	-	-	-	-
Diluted	15,306,676	15,406,189	15,277,098	15,379,365
Net loss per share attributable to U.S. Global Investors, Inc.				
Basic				
Loss from continuing operations	\$ (0.22)	\$ (0.12)	\$ (0.02)	\$ (0.06)
Loss from discontinued operations	-	(0.01)	-	(0.01)
Net loss attributable to U.S. Global Investors, Inc.	\$ (0.22)	\$ (0.13)	\$ (0.02)	\$ (0.07)
Diluted				
Loss from continuing operations	\$ (0.22)	\$ (0.12)	\$ (0.02)	\$ (0.06)
Loss from discontinued operations	-	(0.01)	-	(0.01)
Net loss attributable to U.S. Global Investors, Inc.	\$ (0.22)	\$ (0.13)	\$ (0.02)	\$ (0.07)

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 nine months ended March 31, 2016, 2,000 options were excluded from diluted EPS. For the three and nine months ended March 31, 2015, 22,000 options were excluded from diluted EPS.

During the three and nine months ended March 31, 2016, and March 31, 2015, 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 net operating loss carryovers. 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 March 31, 2016, the Company had a full valuation allowance recorded against the short-term and long-term deferred tax assets.

For federal income tax purposes at March 31, 2016, the Company has charitable contribution carryovers totaling approximately \$125,000, with \$68,000 expiring in fiscal year 2018, \$34,000 expiring in fiscal year 2019, \$19,000 expiring in fiscal year 2020 and \$4,000 expiring in 2021. The Company has federal net operating loss carryovers of \$5.5 million with \$2.7 million expiring in fiscal year 2035 and \$2.8 million expiring in fiscal year 2036. For Canadian income tax purposes, Galileo has cumulative eligible capital carryovers of \$273,000 with no expiration and net operating loss carryovers of \$66,000, \$120,000, \$45,000, and \$84,000 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 March 31, 2016, and June 30, 2015, a valuation allowance of \$3.1 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
Nine Months Ended March 31, 2016			
Balance at June 30, 2015	\$ (339)	\$ (144)	\$ (483)
Other comprehensive income (loss) before reclassifications	774	(50)	724
Tax effect	-	-	-
Amount reclassified from AOCI	(286)	-	(286)
Tax effect	-	-	-
Net other comprehensive income (loss) for nine months ended March 31, 2016	488	(50)	438
Balance at March 31, 2016	<u>\$ 149</u>	<u>\$ (194)</u>	<u>\$ (45)</u>
Three Months Ended March 31, 2016			
Balance at December 31, 2015	\$ (254)	\$ (257)	\$ (511)
Other comprehensive income before reclassifications	417	63	480
Tax effect	-	-	-
Amount reclassified from AOCI	(14)	-	(14)
Tax effect	-	-	-
Net other comprehensive income for quarter	403	63	466
Balance at March 31, 2016	<u>\$ 149</u>	<u>\$ (194)</u>	<u>\$ (45)</u>
Nine Months Ended March 31, 2015			
Balance at June 30, 2014	\$ 888	\$ 18	\$ 906
Other comprehensive loss before reclassifications	(1,306)	(185)	(1,491)
Tax effect	444	-	444
Amount reclassified from AOCI	(486)	-	(486)
Tax effect	165	-	165
Net other comprehensive loss for nine months ended March 31, 2015	(1,183)	(185)	(1,368)
Balance at March 31, 2015	<u>\$ (295)</u>	<u>\$ (167)</u>	<u>\$ (462)</u>
Three Months Ended March 31, 2015			
Balance at December 31, 2014	\$ (213)	\$ (78)	\$ (291)
Other comprehensive loss before reclassifications	(20)	(89)	(109)
Tax effect	7	-	7
Amount reclassified from AOCI	(105)	-	(105)
Tax effect	36	-	36
Net other comprehensive loss for quarter	(82)	(89)	(171)
Balance at March 31, 2015	<u>\$ (295)</u>	<u>\$ (167)</u>	<u>\$ (462)</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
Nine months ended March 31, 2016				
Net operating revenues	\$ 2,990 ¹	\$ 879 ²	\$ -	\$ 3,869
Net other income	\$ -	\$ -	\$ 411	\$ 411
Income (loss) from continuing operations before income taxes	\$ (3,727)	\$ (130)	\$ 417	\$ (3,440)
Loss from discontinued operations	\$ (18)	\$ -	\$ -	\$ (18)
Depreciation and amortization	\$ 192	\$ 48	\$ -	\$ 240
Capital expenditures	\$ 13	\$ -	\$ -	\$ 13
Gross identifiable assets at March 31, 2016	\$ 4,652	\$ 1,664	\$ 20,363	\$ 26,679
Deferred tax asset				\$ -
Consolidated total assets at March 31, 2016				\$ 26,679
Nine months ended March 31, 2015				
Net operating revenues	\$ 4,281 ¹	\$ 1,594 ²	\$ -	\$ 5,875
Net other income	\$ -	\$ -	\$ 522	\$ 522
Income (loss) from continuing operations before income taxes	\$ (2,333)	\$ 3	\$ 515	\$ (1,815)
Loss from discontinued operations	\$ (88)	\$ -	\$ -	\$ (88)
Depreciation and amortization	\$ 190	\$ 56	\$ -	\$ 246
Capital expenditures	\$ 40	\$ -	\$ -	\$ 40
Three months ended March 31, 2016				
Net operating revenues	\$ 1,075 ³	\$ 255 ⁴	\$ -	\$ 1,330
Net other income	\$ -	\$ -	\$ 148	\$ 148
Income (loss) from continuing operations before income taxes	\$ (511)	\$ (41)	\$ 160	\$ (392)
Loss from discontinued operations	\$ -	\$ -	\$ -	\$ -
Depreciation and amortization	\$ 64	\$ 16	\$ -	\$ 80
Capital expenditures	\$ -	\$ -	\$ -	\$ -
Three months ended March 31, 2015				
Net operating revenues	\$ 976 ³	\$ 413 ⁴	\$ -	\$ 1,389
Net other income	\$ -	\$ -	\$ 249	\$ 249
Income (loss) from continuing operations before income taxes	\$ (1,128)	\$ (39)	\$ 245	\$ (922)
Loss from discontinued operations	\$ (46)	\$ -	\$ -	\$ (46)
Depreciation and amortization	\$ 63	\$ 18	\$ -	\$ 81
Capital expenditures	\$ -	\$ -	\$ -	\$ -

¹ Includes operating revenues from USGIF of \$2,707 and \$4,178 for the nine months ended March 31, 2016, and March 31, 2015, respectively.

² Includes operating revenues from Galileo mutual funds of \$689 and \$1,307 for the nine months ended March 31, 2016, and March 31, 2015, respectively.

³ Includes operating revenues from USGIF of \$977 and \$952 for the three months ended March 31, 2016, and March 31, 2015, respectively.

⁴ Includes operating revenues from Galileo mutual funds of \$193 and \$332 for the three months ended March 31, 2016, and March 31, 2015, 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 September 30, 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 April to September 2016 is approximately \$230,000.

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 certain distribution and shareholder servicing related expenses and 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, which was approved in February 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 March 31, 2016, and June 30, 2015:

<i>(dollars in thousands)</i>	March 31, 2016	June 30, 2015
Assets		
Receivables	\$ -	\$ 184
Total assets held related to discontinued operations	\$ -	\$ 184
Liabilities		
Accounts payable	\$ -	\$ 5
Other accrued expenses	-	129
Total liabilities held related to discontinued operations	\$ -	\$ 134

The components of income from discontinued operations were as follows for the three and nine months ended March 31, 2016, and 2015:

<i>(dollars in thousands)</i>	Nine Months Ended March 31,		Three Months Ended March 31,	
	2016	2015	2016	2015
Revenues				
Distribution fees	\$ 425	\$ 1,118	\$ -	\$ 299
Shareholder services fees	183	507	-	143
	<u>608</u>	<u>1,625</u>	<u>-</u>	<u>442</u>
Expenses				
Employee compensation and benefits	188	411	-	120
General and administrative	77	135	-	47
Platform fees	347	963	-	269
Advertising	14	205	-	53
	<u>626</u>	<u>1,714</u>	<u>-</u>	<u>489</u>
Loss from Discontinued Operations Before Income Taxes	(18)	(89)	-	(47)
Tax expense (benefit)	-	(1)	-	(1)
Loss from Discontinued Operations	<u>\$ (18)</u>	<u>\$ (88)</u>	<u>\$ -</u>	<u>\$ (46)</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 the prospectus, performance information, holdings, and assets under management as of the most recent quarter end and inception date of each fund within USGIF.

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. Fluctuations in the markets and investor sentiment directly impact the funds' asset levels, thereby affecting income and results of operations. Information on the ETF can be found at www.usglobletfs.com, including the prospectus, performance and holdings. The ETF authorized participants are not required to give advance notice prior to redemption of shares in the ETF, and the ETF does not charge a redemption fee.

The Company provides advisory services for offshore clients and receives 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. Fluctuations in the markets and investor sentiment directly impact the funds' asset levels, thereby affecting income and results of operations. The offshore shareholders may redeem on the first business day of each month after providing a redemption notice at least forty-five days prior to the proposed redemption date. The offshore funds do not charge a redemption fee. Frank Holmes, CEO, serves as a director of the offshore clients.

At March 31, 2016, total assets under management, including USGIF, offshore clients and the ETF client, were \$660.3 million versus \$632.0 million at March 31, 2015, an increase of 4.5 percent. During the nine months ended March 31, 2016, average assets under management were \$595.9 million versus \$773.5 million during the nine months ended March 31, 2015. Total assets under management as of period-end at March 31, 2016, including USGIF, offshore clients and the ETF client, were \$660.3 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 nine months ended March 31, 2016, and 2015:

Changes in Assets Under Management Nine Months Ended March 31,						
(Dollars in Thousands)	2016			2015		
	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)	12,294	2,105	14,399	(254,472)	902	(253,570)
Dividends and distributions	(14,068)	(1,209)	(15,277)	(10,590)	(1,245)	(11,835)
Net shareholder purchases/(redemptions)	(24,195)	24,795	600	(87,684)	27,628	(60,056)
Ending Balance	\$ 416,274	\$ 174,274	\$ 590,548	\$ 462,622	\$ 157,845	\$ 620,467
Average investment management fee	0.92%	0.00%	0.65%	0.95%	0.00%	0.77%
Average net assets	\$ 380,689	\$ 159,610	\$ 540,299	\$ 615,690	\$ 143,474	\$ 759,164

Changes in Assets Under Management Three Months Ended March 31,						
(Dollars in Thousands)	2016			2015		
	Equity	Fixed Income	Total	Equity	Fixed Income	Total
Beginning Balance	\$ 357,633	\$ 169,331	\$ 526,964	\$ 506,008	\$ 153,651	\$ 659,659
Market appreciation/(depreciation)	59,891	952	60,843	(28,435)	409	(28,026)
Dividends and distributions	-	(476)	(476)	-	(412)	(412)
Net shareholder purchases/(redemptions)	(1,250)	4,467	3,217	(14,951)	4,197	(10,754)
Ending Balance	\$ 416,274	\$ 174,274	\$ 590,548	\$ 462,622	\$ 157,845	\$ 620,467
Average investment management fee	0.93%	0.00%	0.64%	0.89%	0.00%	0.68%
Average net assets	\$ 375,557	\$ 171,350	\$ 546,907	\$ 496,904	\$ 154,163	\$ 651,067

As shown above, period-end assets under management were lower at March 31, 2016, compared to March 31, 2015. Also, average net assets for the three- and nine-month periods in the current fiscal year were lower than the same periods in the previous fiscal year. The three and nine months ended March 31, 2016, had net market appreciation, primarily in the gold funds, compared to net market depreciation in the prior periods. The three and nine months ended March 31, 2016, also had total shareholder purchases compared to total shareholder redemptions in the prior periods. All of the fiscal 2016 and 2015 periods shown above had net shareholder purchases in the fixed income funds.

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 nine months ending March 31, 2016, and 77 basis points in the same period in fiscal 2015. The average investment management fee for the equity funds for the nine months ending March 31, 2016, was 92 basis points and 95 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 March 31, 2016, total Galileo assets under management were \$112.6 million versus \$153.1 million at March 31, 2015, a decrease of 26.5 percent. During the nine months ended March 31, 2016, average assets under management were \$115.5 million versus \$195.2 million during the nine months ended March 31, 2015. Total assets under management at March 31, 2016, were \$112.6 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 March 31, 2016, the Company held investments with a fair value of approximately \$17.1 million and a cost basis of approximately \$17.9 million. The fair value of these investments is approximately 64.2 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 March 31, 2016, and 2015

The Company posted a net loss attributable to U.S. Global Investors, Inc. of \$350,000 (\$0.02 per share loss) for the three months ended March 31, 2016, compared with a net loss attributable to U.S. Global Investors, Inc. of \$1,007,000 (\$0.07 per share loss) for the three months ended March 31, 2015, a decrease in net loss of \$657,000. The decrease in net loss is mainly due to a decrease in expenses, offset somewhat by a decrease in revenues, resulting from outsourcing to other service providers certain services previously provided to USGIF by the Company. In December 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 certain distribution and shareholder servicing related expenses and will be reimbursed for certain distribution expenses from the new distributor for USGIF. 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.

Operating Revenues

Total consolidated operating revenues for the three months ended March 31, 2016, decreased \$59,000, or 4.2 percent, compared with the three months ended March 31, 2015. This decrease was primarily attributable to the following:

- Advisory fees increased by \$31,000, or 2.5 percent, as a result of the addition of ETF advisory fees and lower performance fee payouts, somewhat offset by decreased fees from lower assets under management. USGIF advisory fees are comprised of two components: a base management fee and a performance fee.
 - Base management fees decreased \$308,000. 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 in the current period were \$58,000 in fees received compared to \$281,000 in fees paid out in the corresponding period in the prior year, a positive difference of \$339,000. 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 \$90,000, or 63.8 percent as a result of lower average net assets under management upon which these fees are based and the outsourcing to other service providers a portion of these services previously provided to USGIF. Effective December 10, 2015, due to the Company's reduced administrative responsibilities, the administrative fee paid to the Company by USGIF was reduced. As noted below, the Company has reduced related expenses due to these reduced responsibilities.

Operating Expenses

Total consolidated operating expenses for the three months ended March 31, 2016, decreased \$690,000, or 27.0 percent, compared with the three months ended March 31, 2015. This was largely attributable to the following:

- Employee compensation and benefits decreased by \$383,000, or 30.2 percent, primarily as a result of fewer employees.
- General and administrative expenses decreased \$236,000, or 23.6 percent, primarily due to strategic cost-cutting measures.
- Platform fees decreased by \$60,000, or 36.1 percent, due to the Company no longer being responsible for paying the platform fees for the USGIF equity funds after outsourcing to a third-party distributor for USGIF in December 2015.

Other Income

Total consolidated other income for the three months ended March 31, 2016, decreased \$101,000, or 40.6 percent, compared with the three months ended March 31, 2015. This was primarily due to lower gains realized on sales of investments this quarter compared to the same quarter in the prior 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 certain distribution and shareholder servicing related expenses and 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 was \$46,000 for the quarter ended March 31, 2015.

RESULTS OF OPERATIONS – Nine months ended March 31, 2016, and 2015

The Company posted a net loss attributable to U.S. Global Investors, Inc. of \$3.4 million (\$0.22 per share loss) for the nine months ended March 31, 2016, compared with a net loss attributable to U.S. Global Investors, Inc. of \$2.0 million (\$0.13 per share loss) for the nine months ended March 31, 2015, an increase in net loss of \$1.4 million. The increase in net loss is mainly due to the decrease in revenues resulting from decreased AUM, 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 nine months ended March 31, 2016, decreased \$2.0 million, or 34.1 percent, compared with the nine months ended March 31, 2015. This decrease was primarily attributable to the following:

- Advisory fees decreased by \$1.7 million, or 32.5 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 \$2.3 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 were \$531,000 less in the current period compared to 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 \$262,000 or 50.8 percent as a result of lower average net assets under management upon which these fees are based and the outsourcing to other service providers a portion of these services previously provided to USGIF. Effective December 10, 2015, due to the Company's reduced administrative responsibilities, the administrative fee paid to the Company by USGIF was reduced. As noted in the discussion of the quarterly results, the Company has reduced related expenses due to these reduced responsibilities.

Operating Expenses

Total consolidated operating expenses for the nine months ended March 31, 2016, decreased \$492,000, or 6.0 percent, compared with the nine months ended March 31, 2015. This was largely attributable to the following:

- Employee compensation and benefits decreased by \$148,000, or 3.6 percent, primarily as a result of lower performance-based bonuses and fewer employees.
- General and administrative expenses decreased \$150,000, or 4.8 percent, primarily due to strategic cost cutting measures, offset somewhat by costs in the second quarter of fiscal 2016 related to the USGIF transition.
- Platform fees decreased by \$289,000, or 43.1 percent, due to the Company no longer being responsible for paying the platform fees for the USGIF equity funds after the transition to a third-party distributor for USGIF in December 2015. Prior to the transition, fees were lower due to lower assets held through broker-dealer platforms.
- Advertising expense increased \$101,000, or 124.7 percent, due to marketing costs related to the ETF launched in April 2015.

Other Income

Total consolidated other income for the nine months ended March 31, 2016, decreased \$111,000, or 21.3 percent, compared with the nine months ended March 31, 2015. 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 received distribution fees and shareholder services fees from USGIF. Due to this transition, the Company is no longer responsible for paying certain distribution and shareholder servicing related expenses and 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 nine months ended March 31, 2016, decreased by \$70,000, or 79.5 percent, from \$88,000 in the period ended March 31, 2015, to \$18,000 in the period ended March 31, 2016. The revenues and expenses associated with the discontinued operations ceased in the quarter ended December 31, 2015. Discontinued revenues decreased \$1.0 million, or 62.6 percent, and discontinued expenses decreased \$1.1, or 63.5 percent. The decrease in discontinued expenses was mainly due to platform-related distribution fees of \$616,000, or 64.0 percent.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2016, the Company had net working capital (current assets minus current liabilities) of approximately \$16.9 million and a current ratio (current assets divided by current liabilities) of 16.0 to 1. With approximately \$3.1 million in cash and cash equivalents and approximately \$17.1 million in marketable securities, the Company has adequate liquidity to meet its current obligations. Total U.S. Global Investors, Inc. shareholders' equity is approximately \$25.0 million, with cash, cash equivalents, and marketable securities comprising 75.6 percent of total assets. Approximately \$1.9 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 March 31, 2016, 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 March 31, 2016, 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 a net loss of \$3.4 million for the nine months ended March 31, 2016, cash and marketable securities of approximately \$20.2 million are available to fund current activities. Certain revenues and expenses have decreased due to the outsourcing to other service providers certain services previously provided to USGIF. The transition has allowed the Company to streamline its responsibilities so it can focus on strategic activities. The Company's portion of the one-time transition expenses, recorded in the 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.

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 March 31, 2016, 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 March 31, 2016	Hypothetical Percentage Change	Estimated Fair Value After Hypothetical Price Change	Increase (Decrease) in Shareholders' Equity, Net of Tax
Trading securities ¹	\$ 13,102	25% increase	\$ 16,378	\$ 3,276
		25% decrease	\$ 9,826	\$ (3,276)
Available-for-sale ²	\$ 4,013	25% increase	\$ 5,016	\$ 1,003
		25% decrease	\$ 3,010	\$ (1,003)

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 March 31, 2016, 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 March 31, 2016.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2016, 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

<i>(dollars in thousands, except price data)</i>	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
Period					
01-01-16 to 01-31-16	3,939	\$ 5	\$ 1.22	3,939	\$ 2,745
02-01-16 to 02-29-16	13,935	19	1.35	13,935	2,726
03-01-16 to 03-31-16	1,403	2	1.63	1,403	2,724
Total	19,277	\$ 26	\$ 1.35	19,277	

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>

<https://www.linkedin.com/company/u-s-global-investors>

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

ITEM 6. EXHIBITS

1. Exhibits –

- 10.25 [U.S. Global Investors, Inc. Employee Stock Purchase Plan, adopted May 14, 2003, and amended March 1, 2016, included herein.](#)
- 14.01 [Code of Ethics for Principal Executive and Senior Financial Officer, adopted December 15, 2003, and amended February 17, 2016, included herein.](#)
- 14.02 Code of Ethics, adopted June 28, 1989, and amended February 23, 2016, incorporated by reference to Post-Effective Amendment 125 filed April 29, 2016 (EDGAR Accession No. 0001398344-16-012463).
- 31 [Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32 [Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002.](#)

- 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: May 12, 2016

BY: /s/ Frank E. Holmes

Frank E. Holmes
Chief Executive Officer

DATED: May 12, 2016

BY: /s/ Lisa C. Callicotte

Lisa C. Callicotte
Chief Financial Officer

U.S. GLOBAL INVESTORS, INC.

EMPLOYEE STOCK PURCHASE PLAN

Adopted: May 14, 2003
Amended: May 9, 2005
Amended: August 20, 2008
Amended April 28, 2009
Amended July 1, 2013
Amended September 13, 2013
Amended March 1, 2016

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ARTICLE I
Introduction

Sec. 1.01 *Statement of Purpose.* The purpose of the U.S. Global Investors, Inc. Employee Stock Purchase Plan is to provide eligible employees of the Company and its subsidiaries an opportunity to purchase common stock of the Company. The Board of Directors of the Company believes that employee participation in stock ownership will be to the mutual benefit of the employees and the Company.

Sec. 1.02 *Internal Revenue Code Considerations.* The Plan is not intended to constitute an “employee stock purchase plan” within the meaning of section 423 of the Internal Revenue Code of 1986, as amended.

Sec. 1.03 *ERISA Considerations.* The Plan is not intended and shall not be construed as constituting an “employee benefit plan,” within the meaning of section 3(3) of the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE II
Definitions

Sec. 2.01 “Base Compensation” as used in Section 4.06 of the Plan, means the Participant’s base wages for the Purchase Period, before giving effect to any compensation reductions made in connection with plans described in section 401(k) or 125 of the Code and any Company matching contributions made during or accrued for the Purchase Period under other non tax-qualified plans maintained by the Company.

Sec. 2.02 “Board of Directors” means the Board of Directors of the Company.

Sec. 2.03 “Code” means the Internal Revenue Code of 1986, as amended. References to specific sections of the Code shall be taken to be references to corresponding sections of any successor statute.

Sec. 2.04 “Committee” means the committee appointed by the Board of Directors to administer the Plan, as provided in Section 6.03¹.

Sec. 2.05 “Company” means U.S. Global Investors, Inc., or any successor by merger or otherwise.

Sec. 2.06 “Company Matching Contributions” means the Company contributions, if any, made for a Purchase Period pursuant to section 4.06 of the Plan.

Sec. 2.07 “Compensation” means a Participant's base wages and overtime pay, before giving effect to any compensation reductions made in connection with plans described in section 401(k) or 125 of the Code.

Sec. 2.08 “Effective Date” shall mean July 1, 2013.

¹ The Committee may delegate certain day-to-day functions to ensure the uninterrupted administration of the Plan.

Exhibit 10.25

Sec. 2.09 "Election Date" means 15 days before the Effective Date and the first business day of each month thereafter, or such other dates as the Committee shall specify. The first Election Date for the Plan shall be 15 days before the Effective Date.

Sec. 2.10 "Eligible Employee" means each employee of the Employer:

- (i) Who is employed by the Employer as an employee (and not as an independent contractor), and
- (ii) Whose customary employment is for more than 20 hours per week and for more than five months per year.

Sec. 2.11 "Employer" means the Company and each Subsidiary.

Sec. 2.12 "Market Value" means the last price for the Stock as reported on the principal market on which the Stock is traded for the date of reference. If there was no such price reported for the date of reference, "Market Value" means the last reported price for the Stock on the day next preceding the date of reference for which such price was reported or, if there was no such reported price, the fair market value as determined by the Committee.

Sec. 2.13 "Participant" means each Eligible Employee who elects to participate in the Plan.

Sec. 2.14 "Participation" means the instrument prescribed by the Committee pursuant to which an Eligible Employee may enroll as a Participant and subscribe for the purchase of shares of Stock on the terms and conditions offered by the Company. The Participation Form is intended to evidence the Company's offer of an option to the Eligible Employee to purchase Stock on the terms and conditions set forth therein and herein.

Sec. 2.15 "Plan" means the U.S. Global Investors, Inc. Employee Stock Purchase Plan, as set forth herein and as hereafter amended.

Sec. 2.16 "Plan Year" means the short year commencing July 1, 2003 and ending December 31, 2003 and each calendar year thereafter during which the Plan is in effect.

Sec. 2.17 "Purchase Date" means the last day of each Purchase Period.

Sec. 2.18 "Purchase Period" means each month or other period specified by the Committee, beginning on or after the Effective Date, during which the Participant's Stock purchase is funded through payroll deduction accumulations. The initial Purchase Period began on the original effective date of July 1, 2003 and ended on September 30, 2003.

Sec. 2.19 "Purchase Price" means the purchase price for shares of Stock purchased under the Plan, determined as set forth in Section 4.03.

Sec. 2.20 "Securities Act" means the Securities Act of 1933, as amended.

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Sec. 2.21 "Stock" means the Class A common stock of the Company.

Sec. 2.22 "Subsidiary" means any present or future corporation which constitutes a subsidiary corporation of the Company and is designated as a participating entity in the Plan by the Committee.

ARTICLE III
Admission to Participation

Sec. 3.01 *Initial Participation*. An Eligible Employee may elect to participate in the Plan and may become a Participant effective as of any Election Date, by executing and filing with the Committee a Participation Form at such time in advance of the Election Date as the Committee shall prescribe. The Participation Form shall remain in effect until it is modified through discontinuance of participation under Section 3.02 or a change under Section 4.05.

Sec. 3.02 *Discontinuance of Participation*. A Participant may voluntarily cease his or her participation in the Plan and stop payroll deductions at any time by filing a withdrawal form at such time in advance of the effective date as the Committee shall prescribe. If a Participant ceases participation in the Plan, the Participant may request payment of any funds held in his or her account under the Plan, and the Participant may not again elect to participate in the Plan until the next Election Date. Notwithstanding anything in the Plan to the contrary, if a Participant ceases to be an Eligible Employee, his or her participation automatically shall cease, no further purchase of Stock shall be made for the Participant, and any funds credited to the Participant's account under the Plan shall be distributed.

Sec. 3.03 *Readmission to Participation*. Any Eligible Employee who has previously been a Participant, who has discontinued participation (whether by cessation of eligibility or otherwise), and who wishes to be reinstated as a Participant may again become a Participant by executing and filing with the Committee a new Participation Form. Reinstatement to Participant status shall be effective as of any Election Date, provided the Participant files a new Participation Form with the Committee at such time in advance of the Election Date as the Committee shall prescribe.

Sec. 3.04 *Limitation on Participation and Discontinuance of Participation*. Notwithstanding anything contained in the Plan to the contrary, the Committee reserves the right to restrict participation (either initial participation or reinstated participation), discontinuance of participation, or changes in the level of participation by an otherwise Eligible Employee in accordance with applicable law, rules, regulations or Company policy. The Committee shall take reasonable steps to monitor participation for this purpose.

ARTICLE IV
Stock Purchase

Sec. 4.01 *Reservation of Shares*. Subject to adjustment in accordance with Section 5.02, the number of shares of Stock that may be issued under the Plan is 150,000; provided that, not later than 120 days after each fiscal year end during the term of the Plan, beginning with the 2013 calendar year, there shall be automatically added an additional positive number of shares of Stock such that as of such date the total number of shares of Stock that may be issued under the Plan is 150,000.

Exhibit 10.25

Sec. 4.02 *Limitation on Shares Available.* The maximum number of shares of Stock that may be purchased for each Participant on a Purchase Date is the lesser of (a) the number of whole shares of Stock that can be purchased by applying the full balance of the Participant's withheld funds to the purchase of shares of Stock at the Purchase Price, or (b) the Participant's proportionate part of the maximum number of shares of Stock available under the Plan, as stated in Section 4.01.

Sec. 4.03 *Purchase Price of Shares.* The Purchase Price per share of Stock to be sold to Participants for each Purchase Period beginning on the Effective Date shall be the Market Value per share on the Purchase Date.

Sec. 4.04 *Exercise of Purchase Privilege².*

(a) As of the first day of each Purchase Period, each Participant shall be granted an option to purchase shares of Stock at the Purchase Price specified in Section 4.03. The option shall continue in effect through the Purchase Date for the Purchase Period. Subject to the provisions of Section 4.02 above and Section 4.04(c), on each Purchase Date, the Participant shall automatically be deemed to have exercised his or her option to purchase shares of Stock, unless he or she notifies the Committee, in such manner and at such time in advance of the Purchase Date as the Committee shall prescribe, of his or her desire not to make such purchase.

(b) Subject to the provisions of Section 4.02, there shall be purchased for the Participant on each Purchase Date, at the Purchase Price for the Purchase Period, the largest number of whole shares of Stock as can be purchased with the amounts withheld from the Participant's Compensation during the Purchase Period. Each such purchase shall be deemed to have occurred on the Purchase Date occurring at the close of the Purchase Period for which the purchase was made. Any amounts that are withheld from a Participant's Compensation in a Purchase Period and that remain after the purchase of whole shares of Stock on a Purchase Date will be held in the Participant's account and applied on the Participant's behalf to purchase Stock on the next Purchase Date.

Sec. 4.05 *Payroll Deductions.* Each Participant shall authorize payroll deductions from his or her Compensation for the purpose of funding the purchase of Stock pursuant to his or her Participation Form. In the Participation Form, each Participant shall authorize an after-tax payroll deduction from each payment of Compensation during the Purchase Period of a stated integral percentage amount with a minimum deduction of one percent (1%) per Purchase Period. A Participant may change the deduction to any permissible level effective as of any Election Date. A change shall be made by filing with the Committee a notice in such form and at such time in advance of the Election Date on which the change is to be effective as the Committee shall prescribe. A Participant's ability to change his or her level of payroll deduction is subject to the provisions of Section 3.04 above.

Sec. 4.06 *Company Matching Contributions.* As of each Purchase Date, the Company shall contribute on behalf of each Participant an amount equal to lesser of (i) the aggregate amount of the Participant's payroll deductions for the Purchase Period, or (ii) 3% of the Participant's Base Compensation during the Purchase Period, which amounts shall be used to purchase Stock on behalf of the Participant under Section 4.07 hereof. Company Matching Contributions will come from the general assets of the Company and are not required to be held separately prior to the time they are used to purchase Stock in accordance with Section 4.07. The Company may at any time change the amount of the Company Matching Contributions and may eliminate such contributions entirely, provided that any change or elimination of contributions shall not be effective for a Purchase Period currently in effect. Notice of any change in the level of Company Matching Contributions or elimination of such contributions will be provided to Participants prior the Election Date for the first period to which such change will apply.

² All purchases, sales, withdrawals from participation, changes in participation level and reinstatements under the Plan shall be subject to the pre-clearance and trading window restrictions set out in the Company's Code of Ethics.

Exhibit 10.25

Sec. 4.07 *Payment for Stock*. The Purchase Price for all shares of Stock purchased by a Participant under the Plan shall be paid out of the Participant's authorized payroll deductions and Company Matching Contributions. All funds received or held by the Company under the Plan are general assets of the Company, shall be held free of any trust or other restriction, and may be used for any corporate purpose. No interest will be paid to any Participant or credited to his account under the Plan.

Sec. 4.08 *Share Ownership; Issuance of Certificates*³.

(a) The shares of Stock purchased by a Participant on a Purchase Date shall, for all purposes, be deemed to have been issued from the Company's authorized but unissued shares of Stock (which shares are held in a designated reserve account that has been established for the Plan with the Company's transfer agent) at the close of business on the Purchase Date. Prior to that time, none of the rights or privileges of a stockholder of the Company shall inure to the Participant with respect to such shares of Stock. All the shares of Stock purchased under the Plan shall be delivered by the Company in a manner as determined by the Committee.

(b) The Committee, in its sole discretion, may determine that shares of Stock shall be delivered by (i) issuing and delivering to the Participant a certificate for the number of shares of Stock purchased by the Participant, (ii) issuing and delivering certificates for the number of shares of Stock purchased to a firm which is a member of the Financial Industry Regulatory Authority, as selected by the Committee from time to time, which shares shall be maintained by such firm in a separate brokerage account for each Participant, or (iii) instructing a bank or trust company or affiliate thereof, as selected by the Committee from time to time, as to the number of shares of Stock purchased by Participants during each Purchase Period, which shares may be held by such bank or trust company or affiliate in street name (electronic registration), but with a separate account maintained by such entity for each Participant reflecting such Participant's share interests in the Stock. Each certificate or account, as the case may be, may be in the name of the Participant or, if he or she so designates on the Participant's Participation Form, in the Participant's name jointly with the Participant's spouse, with right of survivorship, or in such other form as the Committee may permit.

(c) The shares of Stock purchased by a Participant have not been registered with the Securities and Exchange Commission under the Securities Act; therefore, all Stock issued under the Plan will be subject to the restrictions on resale imposed by Rule 144 of the Securities Act.

(d) If, under Section 4.08(b), certificates for Stock are held for the benefit of the Participant, any dividends payable with respect to shares of Stock credited to a stockholder account of a Participant will be paid directly to the Participant.

³ The term "certificate" shall include the option of book entry/electronic registration of share ownership.

Exhibit 10.25

Sec. 4.09 Distribution of Shares of Stock.

(a) A Participant may request a distribution of shares of Stock purchased for the Participant under the Plan at any time by making a request in such form and at such time as the Company's transfer agent shall prescribe, subject to the removal of Rule 144 or other internal hold restrictions.

(b) If a Participant terminates his or her employment with the Employer or otherwise ceases to be an Eligible Employee, the Participant may make a request of the Company's transfer agent for distribution of his or her shares of Stock held in any stockholder account established pursuant to Section 4.07(b), subject to the removal of Rule 144 or other internal hold restrictions.

ARTICLE V
Special Adjustments

Sec. 5.01 Shares Unavailable. If, on any Purchase Date, the aggregate funds available for the purchase of Stock would purchase a number of shares in excess of the number of shares of Stock then available for purchase under the Plan, the following events shall occur:

(a) The number of shares of Stock that would otherwise be purchased by each Participant shall be proportionately reduced on the Purchase Date in order to eliminate such excess; and

(b) The Plan shall automatically terminate immediately after the Purchase Date as of which the supply of available shares is exhausted.

Sec. 5.02 Adjustments for in Case of Changes Affecting Stock. The aggregate number of shares of Stock reserved for purchase under the Plan, as provided in Section 4.01, the maximum number of shares that may be purchased by a Participant as provided in Section 4.02(b), and the calculation of the Purchase Price per share may be appropriately adjusted by the Committee to reflect any increase or decrease in the number of issued shares of Stock resulting from a subdivision or consolidation of shares or other capital adjustment, or the payment of a stock dividend, or other increase or decrease in such shares, if effected without receipt of consideration by the Company.

Sec. 5.03 Effect of Certain Transactions. Subject to any required action by the stockholders, if the Company shall be the surviving corporation in any merger or consolidation, any offering hereunder shall pertain to and apply to the shares of stock of the Company. However, in the event of a dissolution or liquidation of the Company, or of a merger or consolidation in which the Company is not the surviving corporation, the Plan and any offering hereunder shall terminate upon the effective date of such dissolution, liquidation, merger or consolidation, unless the Board determines otherwise, and the balance of any amounts withheld from a Participant's Compensation which have not by such time been applied to the purchase of Stock shall be returned to the Participant.

ARTICLE VI
Miscellaneous.

Sec. 6.01 *Non-Alienation.* Except as set forth below, the right to purchase shares of Stock under the Plan is personal to the Participant, is exercisable only by the Participant during the Participant's lifetime and may not be assigned or otherwise transferred by the Participant. If a Participant dies, unless the executor, administrator or other personal representative of the deceased Participant directs otherwise, any amounts previously withheld from the Participant's Compensation during the Purchase Period in which the Participant dies shall be used to purchase Stock on the Purchase Date for the Purchase Period. After that Purchase Date, there shall be delivered to the executor, administrator or other personal representative of the deceased Participant such residual amounts as may remain to the Participant's credit under the Plan.

Sec. 6.02 *Administrative Costs.* The Company shall pay the administrative expenses associated with the operation of the Plan (other than brokerage commissions resulting from sales of Stock directed by Participants).

Sec. 6.03 *Committee.* The Board of Directors shall appoint a Committee, which shall have the authority and power to administer the Plan and to make, adopt, construe, and enforce rules and regulations not inconsistent with the provisions of the Plan. The Committee shall adopt and prescribe the contents of all forms required in connection with the administration of the Plan, including, but not limited to, the Participation Form, payroll withholding authorizations, requests for distribution of shares, and all other notices required hereunder. The Committee shall have the fullest discretion permissible under law in the discharge of its duties. The Committee's interpretations and decisions with respect to the Plan shall be final and conclusive.

Sec. 6.04 *Withholding of Taxes.* All acquisitions and sales of Stock under the Plan shall be subject to applicable federal (including FICA), state, and local tax withholding requirements if the Internal Revenue Service or other taxing authority requires such withholding. The Company may require that Participants pay to the Company (or make other arrangements satisfactory to the Company for the payment of) the amount of any federal, state or local taxes that the Company is required to withhold with respect to the purchase of Stock or the sale of Stock acquired under the Plan, or the Company may deduct from the Participant's wages or other compensation the amount of any withholding taxes dues with respect to the purchase of Stock or the sale of Stock acquired under the Plan.

Sec. 6.05 *Amendment of the Plan.* The Board of Directors may, at any time and from time to time, amend the Plan in any respect.

Exhibit 10.25

Sec. 6.06 *Expiration and Termination of the Plan.* The Plan shall continue in effect for ten years from the Effective Date, unless terminated prior to that date pursuant to the provisions of the Plan or pursuant to action by the Board of Directors. The Board of Directors shall have the right to extend the term of or terminate the Plan at any time without prior notice to any Participant and without liability to any Participant. Upon the expiration or termination of the Plan, the balance, if any, then standing to the credit of each Participant from amounts withheld from the Participant's Compensation under section 4.05 of the Plan which has not, by such time, been applied to the purchase of Stock shall be refunded to the Participant.

Sec. 6.07 *Repurchase of Stock.* The Company shall not be required to purchase or repurchase from any Participant any of the shares of Stock that the Participant acquires under the Plan.

Sec. 6.08 *Notice.* A Participation Form and any notice that a Participant files pursuant to the Plan shall be on the form prescribed by the Committee and shall be effective only when received by the Committee. Delivery of such forms may be made by hand or by certified mail, sent postage prepaid, to the Company's corporate headquarters, or such other address as the Committee may designate. Delivery by any other mechanism shall be deemed effective at the option and discretion of the Committee.

Sec. 6.09 *Government Regulation.* Shares of Stock will not be issued under the Plan unless the issuance and delivery of such shares comply (or are exempt from) all applicable requirements of the law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulation of the Nasdaq Stock Market or any stock exchange or other securities market on which the Company's securities may then be traded. The Plan is intended to conform to the extent necessary with Rule 16b-3 of the Securities Exchange Act of 1934, as amended.

Sec. 6.10 *Headings, Captions, Gender.* The headings and captions herein are for convenience of reference only and shall not be considered as part of the text. The masculine shall include the feminine, and vice versa.

Sec. 6.11 *Severability of Provisions, Prevailing Law.* The provisions of the Plan shall be deemed severable. In the event any such provision is determined to be unlawful or unenforceable by a court of competent jurisdiction or by reason of a change in an applicable statute, the Plan shall continue to exist as though such provision had never been included therein (or, in the case of a change in an applicable statute, had been deleted as of the date of such change). The Plan shall be governed by the laws of the State of Texas to the extent such laws are not in conflict with, or superseded by, federal law.

**U.S. Global Investors, Inc.
Code of Ethics for
Principal Executive and Senior Financial Officer**

**Adopted: December 15, 2003
Last Amended: February 17, 2016**

I. Covered Officers/Purpose of Code

U.S. Global Investors, Inc. (“Adviser”) is a registered investment adviser incorporated in the state of Texas, advising U.S. Global Investors Funds and U.S. Global Jets ETF (the “Funds” or the “Trusts”), open-end management investment companies registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). This Code of Ethics (“Code”) applies to the Adviser’s Principal Executive Officer and Principal Financial Officer (the “Covered Officers” each of whom are set forth in Exhibit A) for the purpose of promoting:

-) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
-) Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Adviser files with, or submits to, the Securities and Exchange Commission (“SEC”) and in other public communications made by, or on behalf of, the Adviser;
-) Compliance with applicable governmental laws, rules and regulations;
-) The prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
-) Accountability for adherence to the Code.

Each Covered Officer should adhere to a high standard of business ethics and should be sensitive to situations that may give rise to actual as well as apparent conflicts of interest.

II. Covered Officers Should Ethically Handle Actual and Apparent Conflicts of Interest

A “conflict of interest” occurs when a Covered Officer’s private interests interfere with the interests of, or his service to, the Adviser. For example, a conflict of interest would arise if a Covered Officer, or a member of his family, receives improper personal benefits as a result of his position with the Adviser.

Certain conflicts of interest arise out of the relationships between Covered Officers and the Adviser and are already subject to conflict of interest provisions in the Investment Company Act and the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”). For example, Covered Officers may not individually engage in certain transactions (such as the purchase or sale of securities or other property) with the Funds because of their status as “affiliated persons.” Compliance programs and procedures of the Trusts and the Adviser are designed to prevent, or identify and correct, violations of these provisions. This Code does not, and is not intended to, repeat or replace these programs and procedures, and such conflicts fall outside of the parameters of this Code.

Although typically not presenting an opportunity for improper personal benefit, conflicts may arise from, or as a result of, the contractual relationships between the Trusts and the Adviser. As a result, this Code recognizes that Covered Officers will, in the normal course of their duties (whether formally for the Trusts or for the Adviser, or for both), be involved in establishing policies and implementing decisions that will have different effects on the Adviser and the Trusts. The participation of the Covered Officers in such activities is inherent in the contractual relationship between the Trusts and the Adviser and is consistent with the performance by the Covered Officers of their duties as officers of the Adviser. Thus, if performed in conformity with the provisions of the Investment Company Act and the Investment Advisers Act, such activities will be deemed to have been handled ethically. In addition, it is recognized by the Adviser’s board of directors that the covered officers may also be officers or officers of one or more other investment companies covered by this or other codes.

Other conflicts of interest are covered by the Code, even if such conflicts of interest are not subject to provisions in the Investment Company Act and the Investment Advisers Act. The following list provides examples of conflicts of interest under the Code, but Covered Officers should keep in mind that these examples are not exhaustive. The overarching principle is that the personal interest of the Covered Officer should not be placed improperly before the interests of the Adviser or Trusts.

Each Covered Officer must:

-) Not use his personal influence or personal relationships improperly to influence investment decisions or financial reporting by the Adviser whereby the Covered Officer would benefit personally to the detriment of the Adviser;
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Exhibit 14.01

-) Not cause the Adviser to take action, or fail to take action, for the individual personal benefit of the Covered Officer rather than the benefit of the Adviser; and
-) Not use material non-public knowledge of portfolio transactions made or contemplated transaction for the Adviser to trade personally or cause others to trade personally in contemplation of the market effect of such transactions

Certain material conflict of interest situations require written pre-approval from the Adviser's General Counsel. Examples of material conflict of interest situations requiring pre-approval include:

-) Service as a director on the board of any public company;
-) The receipt of any non-nominal gifts;
-) The receipt of any entertainment from any company with which the Adviser has current or prospective business dealings unless such entertainment is business-related, reasonable in cost, appropriate as to time and place, and not so frequent as to raise any question of impropriety;
-) Any ownership interest in, or any consulting or employment relationship with, any of the Adviser's service providers, other than the Adviser, principal underwriter, administrator, or any affiliated person thereof; and
-) A direct or indirect financial interest in commissions, transaction charges, or spreads paid by a Fund for effecting portfolio transactions or for selling or redeeming shares other than an interest arising from the Covered Officer's employment, such as compensation or equity ownership.

The Adviser's board of directors will be provided a list of any such written pre-approvals at the next regularly scheduled Board meeting.

III. Disclosure and Compliance

-) Each Covered Officer should familiarize himself with the disclosure requirements generally applicable to the Adviser;
-) Each Covered Officer should not knowingly misrepresent, or cause others to misrepresent, facts about the Adviser to others, whether within or outside the Adviser, including to the Adviser's board of directors ("Board") and auditors, and to governmental regulators and self-regulatory organizations;
-) Each Covered Officer should, to the extent appropriate within his area of responsibility, consult with other officers and employees of the Adviser with the goal of promoting full, fair, accurate, timely and understandable disclosure in the reports and documents the Adviser files with, or submits to, the SEC and in other public communications made by, or on behalf of, the Adviser; and
-) It is the responsibility of each Covered Officer to promote compliance with the standards and restrictions imposed by applicable laws, rules, and regulations.

IV. Reporting and Accountability

Each Covered Officer must:

-) Upon adoption of the Code (or thereafter as applicable, upon becoming a Covered Officer), affirm in writing to the Board that he has received, read, and understands the Code;
-) Annually thereafter affirm to the Board that he has complied with the requirements of the Code;
-) Not retaliate against any other Covered Officer, other officer of the Adviser, any officer of the Funds, or any of their affiliated persons for reports of potential violations that are made in good faith; and
-) Notify the Adviser's General Counsel promptly if he knows of any violation of this Code. Failure to do so is itself a violation of this Code.

The Adviser's General Counsel is responsible for applying this Code to specific situations in which questions are presented under it and has the authority to interpret this Code in any particular situation. However, any waivers of any provision of this Code will be considered by the Independent Directors.

The Adviser will follow the following procedures in investigating and enforcing this Code:

-) The Adviser's General Counsel will take all appropriate action to investigate any reported potential violations;
 -) If, after such investigation, the General Counsel believes that no violation has occurred, the General Counsel is not required to take any further action;
 -) Any matter that the General Counsel believes is a violation will be reported to the Independent Directors;
 -) If the Independent Directors concur that a violation has occurred, they will consider appropriate action, which may include review of, and appropriate modifications to, applicable policies and procedures, or a recommendation to dismiss the Covered Officer;
 -) The Independent Directors will be responsible for granting waivers, as appropriate; and
 -) Any changes to or waivers of this Code will, to the extent required, be disclosed as provided by SEC rules.
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Exhibit 14.01**V. Other Policies and Procedures**

This Code shall be the sole code of ethics adopted by the Adviser for purposes of Section 406 of the Sarbanes-Oxley Act and the rules and forms applicable to registered investment advisers thereunder. Insofar as other policies or procedures of the Trusts, the Adviser, principal underwriter, or other service providers govern or purport to govern the behavior or activities of Covered Officers, they are superceded by this Code to the extent that they overlap or conflict with the provisions of this Code. The Code of Ethics under Rule 17j-1 under the Investment Company Act is a separate requirement applying to the Covered Officers and others and is not part of this Code.

VI. Amendments

Except as to Exhibit A, this Code may not be amended except in written form, which is specifically approved or ratified by a majority vote of the Board, including a majority of Independent Directors.

VII. Confidentiality

All reports and records prepared or maintained pursuant to this Code will be considered confidential and shall be maintained and protected accordingly. Except as otherwise required by law or this Code, such matters shall not be disclosed to anyone other than the Board, officers of the Adviser, Trust counsel, counsel to the Independent Trustees and counsel for the Adviser.

VIII. Internal Use

The Code is intended solely for the internal use by the Adviser and does not constitute an admission by, or on behalf of, the Adviser as to any fact, circumstance, or legal conclusion.

Exhibit 14.01

Exhibit A

Persons Covered by this Code of Ethics

Frank E. Holmes, Principal Executive Officer of U.S. Global Investors, Inc.

Lisa Callicotte, Principal Financial Officer of U.S. Global Investors, Inc.

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: May 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: May 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 March 31, 2016, 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: May 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 March 31, 2016, 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: May 12, 2016

/s/ Lisa C. Callicotte

Lisa C. Callicotte
Chief Financial Officer