



U.S. Global Investors

# Investor Alert



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## 5 Amazing Global Consumer Trends

By Frank Holmes

CEO and Chief Investment Officer

U.S. Global Investors

This weekend marks the official start of the holiday shopping season in the U.S., so for the next month, consumers will be enticed with daily deals on the latest fads, such as one-cup coffee makers, tablets, flat screens and cashmere sweaters.

According to the latest survey from the Consumer Electronic Association, about 60 percent of adults plan to shop in stores or online this holiday weekend, with the average person indicating they'll fork over \$218 for gifts and merchandise from Thanksgiving through Cyber Monday. This is a sharp increase from 2011, where shoppers said they'd spend \$159.



A \$4.2 million pure gold tree for the ultimate gold lover

For the ultimate gold lover on your shopping list, one amazing purchase you can nab is a Christmas tree complete with Disney characters and gold leaf ribbons made of 88 pounds of pure gold from a jewelry store in Tokyo, according to Reuters. The ornamental tree will set you back \$4.2 million, but there's also a smaller version available for \$243,000.

Here are 5 other amazing consumer trends that are happening around the world.

### 1. Fifth Avenue no longer the world's most expensive retail location

The New York strip boasting high-end shopping, including Tiffany's, Louis Vuitton, Hugo Boss and Fendi, has been knocked from its No. 1 position as the retail area with the top rental rates around the world. Hong Kong's Causeway Bay area commands more per square foot than any other place on the

globe, according to a report from Cushman & Wakefield, a real estate firm.

Tourists and mainland China residents have been flocking to Causeway Bay to shop at places including Burberry, Coach and Gucci that are among its Times Square's 230 shops located on 16 floors. Shoppers can also head to Causeway Bay's Fashion Walk, which features local fashion designers and trends catering to a young and fashionable crowd.



Causeway Bay commands the world's highest retail rental rates

## 2. China set to be the second largest luxury market by 2017

With sales of luxury goods including designer handbags, clothes, jewelry, fine wine and spirits growing 18 percent every year in China, the country is on track to surpass Japan, Italy and France as the biggest luxury market in the world. While the U.S. is still projected to remain the top country in luxury-goods sales, consumers in Brazil, Russia, India and China (BRIC) have been closing the gap. Luxury sales in BRIC countries made up only 4 percent of the total in 2007, but at the end of 2012, it's expected to be 11 percent.



China's growing love for luxury

## 3. Viva Macau is gaming capital of the world

The city of Macau, which is the only Chinese territory where casino gambling is legal, is the world's largest gambling town. In 2011, casinos took in \$33.5 billion, five times more than the establishments in Las Vegas.

With a population of 500,000, the city's average citizen makes more than the average person in Europe. Over the last decade, Macau has grown by 19 percent a year—twice as fast as mainland China. It continues to see a whole lot of money that's ready to burn, to quote Elvis Presley, and American casino companies have been clamoring for a piece of the action. Steve Wynn opened a casino in Macau in 2006 and now makes most of his profits there, says *The New Yorker*. Sheldon Adelson built Sands Macau in 2004, and later opened a \$2.4 billion Venetian Macau which houses the largest casino floor in the world. In September 2012, Adelson unveiled plans for The Parisian, which will have 3,000 rooms and a 50 percent scale replica of the Eiffel Tower.



Viva Macau

## 4. Inexpensive Indian Aakash 2 could revolutionize tablet industry

A 7-inch Android tablet developed in India may present stiff competition to the more expensive counterparts made by Apple and Google, potentially making all tablets a little less expensive in the future.

Datawind's Aakash 2, with 512MB of RAM and 800

x 480 pixel resolution, was developed as an affordable way to get technology, especially e-books and the Internet, into the hands of students in India. Deployed by the government in post-secondary schools, the Indian Ministry of Human Resource Development subsidizes some of the cost, making the tablet available to college students for \$35. To help students access the Internet on the tablets, the government has been working to connect 600 universities and 1,200 colleges with broadband and Wi-Fi.



A push for more affordable tablets in India

### 5. Emerging market residents don't need a bank account to pay with their mobile wallet

A lack of financial infrastructure is making phone-based payment systems attractive in some emerging markets around the world. Due to the growing number of cell phones in the Philippines along with [overseas Filipinos who send money](#) back to their families, the mobile money payment business offered by Smart Communications and Globe Telecom has been consistently growing in recent years.

M-Pesa has been successful in Kenya, allowing people without bank accounts to move funds quickly via mobile money transfers. Increased security and convenient access to money are among the biggest benefits, especially for those living in rural areas

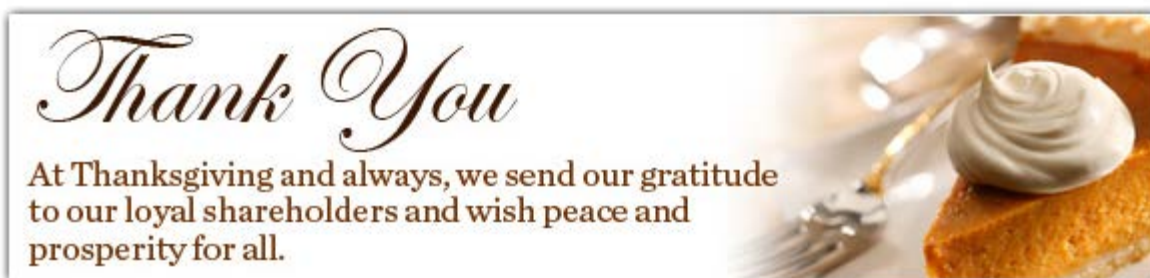
U.S. firms are making sure they aren't left out of this growing business: In 2011, San Francisco-based Visa purchased South African firm Fundamo, which provides mobile phone-based payment services in the underbanked emerging markets in Africa, Asia and Latin America.

Just as the love of gold is intertwined throughout the East and the West these days, globalization is making [the world more connected than ever](#). Soon, "keeping up with the Joneses" may no longer refer to only the neighbors who live on our block. In emerging markets, supportive government policies, rising wealth and access to innovative technology may be an influential source for future Black Friday purchases in the U.S.



Mobile phones are changing how money transfers in Kenya

All of us at U.S. Global Investors are thankful for our shareholders' confidence and trust. We hope our readers enjoy their Thanksgiving weekend traditions safely and peacefully, whether it involves spending time with friends and family shopping, watching football, or eating turkey casserole.



## Index Summary

- The major market indices finished up this week on low holiday volume. The Dow Jones Industrial



Average gained 3.35 percent. The S&P 500 Stock Index climbed 3.62 percent, while the Nasdaq Composite rose 3.99 percent. The Russell 2000 small capitalization index closed the week with a 3.98 percent gain.

- The Hang Seng Composite rose 3.57 percent; Taiwan gained 2.75 percent, while the KOSPI increased by 2.71 percent.
- The 10-year Treasury bond yield increased 11 basis points for the week, to 1.69 percent.

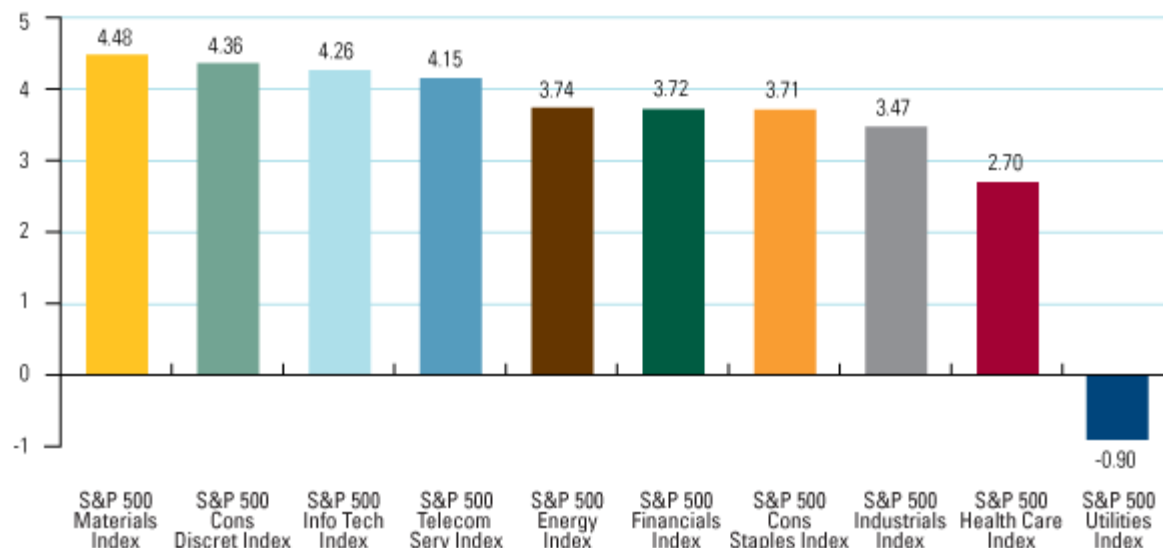
All American Equity Fund - GBTFX • Holmes Growth Fund - ACBGX • Global MegaTrends Fund - MEGAX

## Domestic Equity Market

The S&P 500 Index staged a strong rebound from oversold levels, advancing 3.62 percent this week, the largest weekly gain since June. More optimism emerged after President Obama demonstrated confidence on a budget agreement with Congress, national housing data continued to improve, and the holiday shopping season started.

### S&P 500 Economic Sectors

(Percentage return for each sector group from Friday to Friday, November 16, 2012 - November 23, 2012)



Source: Bloomberg, U.S. Global Research

## Strengths

- All S&P 500 sectors recovered for the week except utilities, with the materials sector as the best performer. Fertilizers and chemicals stocks led the materials sector because of initial signs of demand recovery due to a sharp decline in potash inventory at Chinese ports. Housing-related stocks such as Lowe's, PulteGroup, and Lennar led the consumer discretion sector, another outperformer, as October existing home sales, housing starts, and building permits all came out better than market consensus.
- The information technology sector also exhibited strength driven by a fierce rebound of Apple. The computer bellwether regained 8.30 percent this week after an almost 25 percent correction from its late September high related to concerns over its disappointing quarterly results, management reshuffle, and eroding market share of tablets.

- Tyson Foods was the best-performing stock in the S&P 500 this week, up 14.04 percent. The company gave optimistic profit and sales guidance for the next three years on growth in processed items and international sales, in addition to raising quarterly dividends by 25 percent as well as announcing a 10 cents per share special dividend.

## Weaknesses

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- In general, defensive sectors were laggards this week, a reversal from last week's trading pattern. Utilities was the only sector which finished the week in negative territory.
- The healthcare sector also underperformed, as St. Jude Medical declined 10.03 percent for the week due to an FDA query on the company's quality of design, testing, and manufacturing of its Durata cables used for defibrillators.
- Best Buy was the worst-performing stock in the S&P 500 this week, down 14.9 percent, as the company reported a larger-than-expected \$10 million loss in the quarter and saw its credit rating downgraded by both Standard & Poor's and Fitch.

## Opportunity

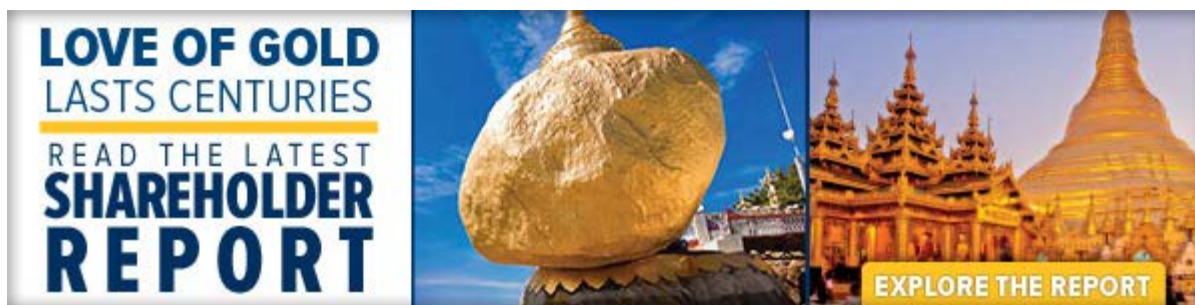
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- As fiscal cliff related recession concerns continue to recede and investors look past the immediate economic damages from Superstorm Sandy, the market may resume its historical seasonal strength into year end.

## Threat

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- Volatility in economic data attributable to Superstorm Sandy in the near term is inevitable and may negatively swing investor sentiment in the interim.

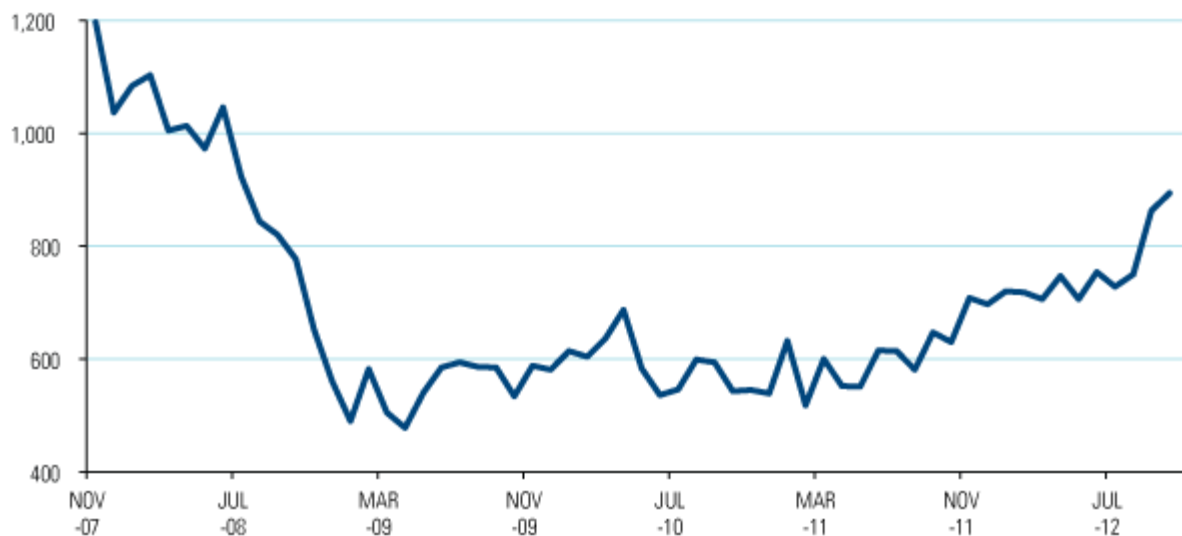


U.S. Government Securities Savings Fund - UGSXX • U.S. Treasury Securities Cash Fund - USTXX  
Near-Term Tax Free Fund - NEARX • Tax Free Fund - USUTX

## The Economy and Bond Market

Treasury bond yields moved higher this week on low holiday volume and continued strength in housing data.

## Housing Starts on the Mend – A Positive Indicator for Growth



Source: Bloomberg

### Strengths

- Housing starts rose to their highest rate in more than four years in October, suggesting the housing market recovery was gaining steam, even though permits for future construction fell.
- The index of U.S. leading economic indicators rose in September by the most in seven months, boosted in part by a jump in permits for home construction that is helping underpin the expansion.
- Consumer confidence reached a six-month high last week as more Americans said it was a good time to shop, another report today showed.

### Weaknesses

- Building permits fell 2.7 percent to an 866,000-unit pace in October after jumping 11.1 percent the prior month, in line with expectations.
- Hungary's credit rating was lowered to two steps below investment grade by Standard & Poor's on poor growth prospects, echoing further bad economic news in the region.
- European Union leaders failed to reach an agreement for the next seven-year budget, as the disagreements between rich and poor countries continues to delay an appropriate response to the euro debt crisis.

### Opportunity

- The Federal Reserve has targeted housing as a channel to boost U.S. growth, announcing in September that it would buy \$40 billion in mortgage-backed securities per month until the outlook for employment improved substantially.
- Homebuilding is expected to add to gross domestic product growth this year for the first time since 2005. Though home construction accounts for only about 2.5 percent of GDP, economists estimate that for every new house built, at least three new jobs are created.
- There remains considerable speculation about the prospects for near-term government policy action in China that would support the economy or stock market.
- Interest rates are likely to remain very low for the foreseeable future, both here in the U.S. and globally.

### Threat

- The fiscal cliff is front and center on investors' radar, but significant progress is unlikely until later next month.

Europe appears to be on the verge of another crisis, but policy-makers continue to bicker, just adding to the uncertainty.

## Frank Talk *Insight for Investors*



November 20, 2012

**The Most Wonderful Time of the Year...for Stocks**



November 19, 2012

**3 Events Worth Watching**



November 15, 2012

**Rediscovering the Golden Beauty of Myanmar**

*A Blog by Frank Holmes, C.E.O. and Chief Investment Officer*

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

## Gold Market

For the week, spot gold closed at \$1,752.40, up \$38.65 per ounce, or 2.26 percent. Gold stocks, as measured by the NYSE Arca Gold Miners Index, gained 5.30 percent. The U.S. Trade-Weighted Dollar Index slumped 1.32 percent for the week.

### Strengths

- Gold and silver prices ended the week strong on renewed weakness in the U.S. dollar as holdings in gold-backed exchange-traded products rose to a record 2,605.3 metric tonnes. Data from the U.S. Mint also showed sales of 1 ounce Gold Eagles were at 67,000 ounces so far for November, exceeding October's sales of 59,000 ounces.
- Agnico-Eagle released an update of its 2012 exploration program. According to Michael Jalonon of BofA Merrill Lynch this suggests that Agnico-Eagle should record a notable year-over-year increase in total gold resources at the end of 2012. This should lend support to Agnico's shares.
- Brazil raised its gold reserves for a second month to the highest level in more than 11 years. Brazil's gold holdings expanded 17.2 tonnes last month, followed by the purchase of 1.7 tonnes in September. This brings total Brazil gold reserves to 52.52 tonnes.

### Weaknesses

- Analysts are of the opinion Osisko's shares are likely to re-rate, but the re-rating is likely to take longer than previously expected. Osisko recently announced a friendly takeover of Queenston Mining, but the acquisition is dilutive to near-term earnings and cash flow.
- Continued instability in northeastern Congo may interrupt mine supplies, particularly in the case of Banro Corporation which has mines in the region. Media sources have indicated that the rebel group M23 has seized control of parts of the city of Goma.
- The South African mining industry is facing a radical downsizing of its mature operations, which will most probably result in a significant reduction in production, according to a report on Mineweb. AngloGold Ashanti, the country's biggest producer, was first to announce a review of its asset base earlier this month. The company, in the future, would try to concentrate its efforts on higher margin, higher quality operations. Nick Holland, CEO of Gold Fields, has been vocal about the fact that recent labor unrests would result in sweeping structural changes across the industry.

### Opportunities

- MAG Silver's shares dropped 12 percent at the start of the week as a story reported local land owners decided to expel the Vancouver-based company from its Cinco de Mayo property and establish a 100-year mining moratorium. MAG is strongly of the view that the assembly meeting was called and conducted illegally as a result of the efforts of radical activists opposed to mining in the region. The share price did pick up by about 4 percent by the end of the week.
- Shares of IAMGOLD dropped more than 20 percent in the prior week after the company reported a

third quarter earnings per share miss and reduced its 2013 gold production guidance. BMO research analysis suggests that market concerns appear overdone relative to the valuation adjustment and represents a potential buying opportunity given the recent price correction.

- Concerns over the loose monetary policy, further quantitative easing and a weak U.S. dollar should support the upward trade in gold and silver. Jim Rogers, billionaire and co-founder of the Soros' Quantum Fund, says that he plans to sell federal debt and purchase more gold and silver. Rob McEwen, CEO of McEwen Mining and founder of Goldcorp, said he expects gold and silver prices to reach \$2,000 and \$50 per ounce in 2013, respectively. Longer term he sees \$5,000 gold and \$200 silver prices.

## Threats

- Since QE3 was confirmed on September 13, the Fed's balance sheet has expanded by about 2 percent, but is actually down compared to levels at the beginning of the year and generally flat for most of 2012. Gold prices have not taken off as some expected.
- India's Reserve Bank has directed commercial banks not to give loans for the purchase of gold in any form, including primary gold, bullion and jewelry. India imported nearly 1,067 tonnes of gold worth nearly \$60 billion this year. India is struggling to get its citizens to trust the value of the rupee versus gold.
- Paretosh Misra of Morgan Stanley reports that three key issues need to be addressed before investors recognize the value of Barrick Gold Corporation. There needs to be de-risking of major projects such as Pascua Lama, copper assets need to perform better and debt must be lowered. Barrick fired its CEO earlier in the year to show the market it was serious about change. However, some have argued shareholders would be better served by the retirement of Barrick's Founder and Chairman of the Board, Peter Munk.



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## Energy and Natural Resources Market



## Declining Oil Demand and Growing Production in the U.S.

Million barrels per day



Source: EIA, IEA, Raymond James estimates

## Strengths

- The price of natural gas made another 52-week high on Wednesday, reaching \$3.90 per Mmbtu on forecasts for colder-than-normal temperatures in the Northeast, which would boost demand for the commodity.
- China's coal imports rose in October for the first time in four months as maintenance on a railway and the suspension of some smaller mines ahead of the Communist Party congress curbed local supplies.
- Global crude steel output rose year-on-year in October, as a sharp increase in China's production outweighed a drop in output in Europe and the U.S., where demand remains weak, according to data from the World Steel Association.
- A positive indicator for commodities, Chinese fixed asset investment through October 2012 from the National Bureau of Statistics shows a large year-over-year rise in investment in infrastructure in October to 26 percent, compared to 12 percent for the ten months to October.

## Weaknesses

- Codelco, the world's largest copper producer, confirmed on Thursday that its output for the January-September 2012 period was down 5 percent year-over-year to 1.189 million metric tons. As a result, Codelco is expecting just under 1.7mt of copper production for 2012 as a whole, down year-over-year, a factor the company puts down to grade depletion at existing mines.
- Traders in China have defaulted on at least three Australian thermal coal shipments in recent weeks, according to a report from Reuters. A rebound in Chinese domestic coal shipments, high stocks at IPPs and further declines in thermal electricity production has reduced the need for Chinese buyers to chase seaborne prices higher during the recent rally.
- ArcelorMittal sees Europe steel demand dropping in 2013. The company told unions at a meeting on November 19 in Paris that it doesn't expect any improvement next year, Les Echos reports, citing labor representative Francois Pagano.
- Xstrata said this week that it's reassessing the viability of its coal projects in Australia because of declining prices.
- China's refined-copper imports fell to the lowest level in 15 months in October, hampered by a week-long holiday and swelling local inventories, while exports gained for the second month to a four-month high of 12,764 mt.

## Opportunities

- Growth in shale gas will have a long-term, sustainable impact on the railroad industry. Deutsche Bank estimates that fracking-related revenues will grow from \$2.7bn in 2012 to \$4.5bn in 2020.
- While the market focus shifts towards mine supply growth expectations in 2013, one of the under-the-

radar stories continues to be the lack of scrap availability in global markets. In both steel and copper, lower developed world industrial output has impacted global trade flows and thus consumption, with relative scrap price levels performing extremely well, thus supporting prices despite global growth concerns.

- China's grain imports have been rising since August. On November 10, the State General Administration of Customs released data showing that China's soybean imports were 4.03 million tons in October 2012, increasing 220,000 tons and 5.77 percent compared to the same period of last year. Total imports were 48,340,000 tons from January to October, increasing 16.6 percent year-on-year.

## Threats

- According to local media reports, China's Ministry of Industry and Information Technology (MIIT) has submitted a proposal to reduce the effective tax rate for domestic iron ore mines from the current level of about 25 percent to 10-15 percent. Should this proposal become policy, it would have a meaningful impact on cost support levels and iron ore price assumptions for the coming years, reducing marginal cost support by as much as \$14/t.
- Colombia will produce less coal than planned in 2012, with output dropping around 2 percent from its goal after labor unrest in the top-producing province halted operations earlier this year, the government's mining information system said.

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[China Region Fund - USCOX](#) • [Eastern European Fund - EUROX](#)  
[Global Emerging Markets Fund - GEMFX](#)

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## Emerging Markets

### Strengths

- HSBC November China flash PMI moved to 50.4, crossing above 50 into expansionary territory for the first time in the last 13 months and proving that China GDP growth is moving out of the trough this year. The flash PMI is supported by stronger production output and export orders. The figure suggests that further acceleration should be expected in the November official statistics when they are published in mid-December.
- Mainland brokers should benefit from lower capital requirements for risk capital reserves endorsed by the China Securities Regulatory Commission (CSRC), Shanghai Securities News reported.
- In China, passenger vehicle sales in the first two weeks of November were rising seven percent on a year-over-year basis. Chinese local brands grew 26 percent.
- Thailand third quarter GDP grew 3 percent, in line with the market consensus, but lower than the revised 4.4 percent in the second quarter. Private consumption went up 6 percent in the period, better than the 5.3 percent the previous quarter, though exports still slowed to 2.8 percent as expected external weakness slowed trade activities.
- Malaysia's October CPI was 1.3 percent, holding at a two-year low and in line with consensus.
- According to Morgan Stanley, dedicated emerging market funds reported investment inflows of \$1.1 billion for the week ended November 21, 2012. This is the eleventh consecutive week of inflows to emerging market funds. At the country level, Colombia, China and Philippines reported the largest inflows relative to assets under management in absolute terms.

### Weaknesses

- China Foreign Direct Investment (FDI) fell 0.2 percent in October to \$8.31 billion, a slowing trend after China was showing industrial overcapacity and a decreasing rate of return on invested capital in the manufacturing sector last year.
- Taiwan reported third quarter GDP up 0.98 percent, versus the consensus 1 percent, but industrial production was up 4.56 percent, better than the estimate of 2.6 percent.
- Hong Kong's inflation was unchanged in October staying at 3.8 percent year-over-year, but higher than

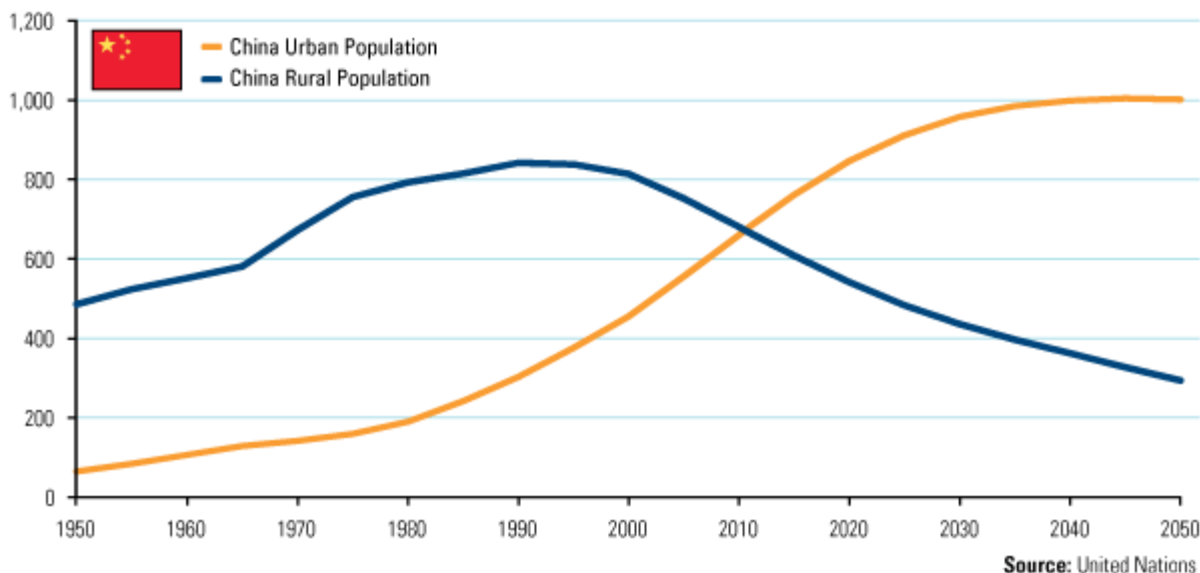
the consensus of 3.6 percent. The market is not concerned.

- Gazprombank, Russia's third-largest lender, dropped plans to build an investment bank in London after the Financial Services Authority (FSA) sought details about its shareholders. Russian investment banking is dominated by state lenders Sberbank and VTB; both have investment-banking operations in London.

## Opportunities

### China's Urban Residency Reform to Benefit Property Sales in Third Tier Cities

Urban and rural population projection in millions



- The graph above shows the urbanization trend in China. The trend should continue with the new leadership emphasizing reform policies that will facilitate the urbanizing rural population that now works in the cities. Some officials have suggested a policy to give immigrants urban status (called Hukou) faster so that they can benefit from social supports which are normally available to urban residents. Urbanization has always been a big driver for the housing market since people need to buy a house for their family.
- Poland will invest 100 billion zloty in the energy sector for the next 20 years, said Prime Minister Tusk. Upon completion of a new unit, the Kizienice power plant is going to be the largest coal-fired power plant in Europe.
- Banking stocks have underperformed during the recent economic deceleration in emerging markets. However, over the longer time horizons, they have outperformed. A Morgan Stanley global emerging market strategist argues that financial stocks can be long-run outperformers, with a more benign macro backdrop, solid balance sheets, simple business models, tight regulation, demographic change, and healthy credit demand.

## Emerging Markets Banks Attractive Relative to the MSCI Emerging Markets Index

Total Return

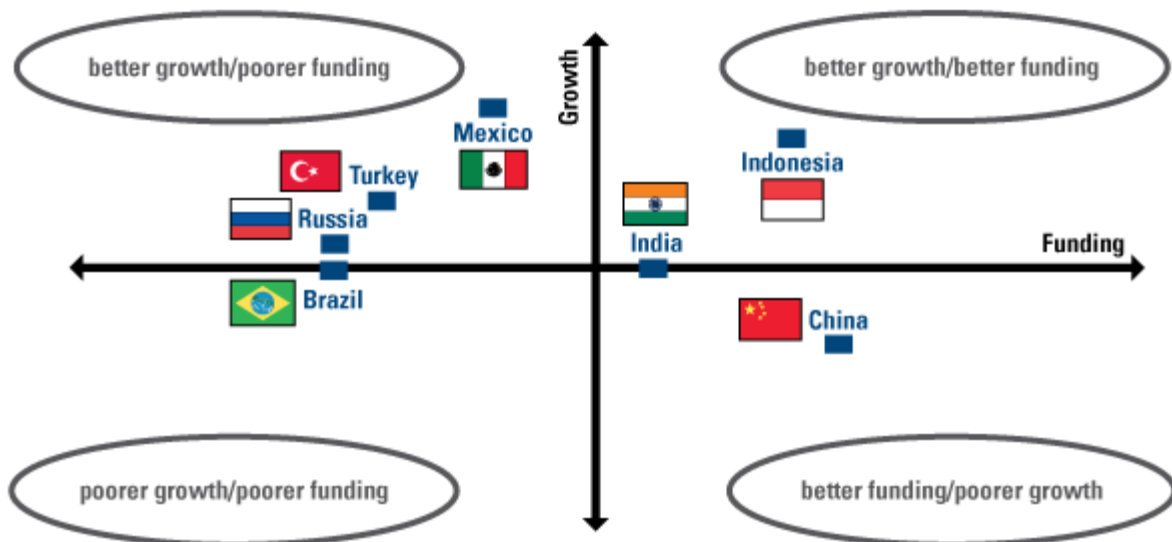


Source: MSCI, RIMES, Morgan Stanley Research

Note: Data as of Nov 12, 2012

- Among the seven largest global emerging market banking systems, Indonesia, Mexico, and Turkey have the most attractive potential for loan market development, while China, India, and Indonesia have the most comfortable deposit funding profiles, allowing at least a few years of self-funded growth.

## Growth and Funding Profiles Differentiate Emerging Markets' Banking Systems



Source: Morgan Stanley Research

## Threats

- After the HSCI Index is back to its yearly high, share placements may start by companies that are raising capital for expansions or reduction of debts. These ownership dilution events usually cause share price volatility in the short term. Investors should focus on the use of such proceeds and the fundamentals of businesses.
- Macau's visitor arrivals were down 1.2 percent year-over-year in October, though arrivals were up 8.6 percent on a month-over-month basis. Macau casino revenue growth still is expected to show mid-double-digit growth, but should be much lower than a couple of years ago when it was growing in the mid 30 percent range. As such, investors should focus on cash flow of the business which is one of the most profitable and stable businesses in the greater China region.

## Leaders and Laggards



The tables show the performance of major equity and commodity market benchmarks of our family of funds.

### Weekly Performance

Index	Close	Weekly Change(\$)	Weekly Change(%)
DJIA	13,009.68	+421.37	+3.35%
S&P 500	1,409.15	+49.27	+3.62%
S&P Energy	533.58	+19.23	+3.74%
S&P Basic Materials	229.21	+9.82	+4.48%
Nasdaq	2,966.85	+113.72	+3.99%
Russell 2000	807.18	+30.90	+3.98%
Hang Seng Composite Index	2,977.47	+96.88	+3.36%
Korean KOSPI Index	1,911.33	+50.50	+2.71%
S&P/TSX Canadian Gold Index	318.98	+10.99	+3.57%
XAU	174.34	+8.67	+5.23%
Gold Futures	1,752.10	+37.40	+2.18%
Oil Futures	88.27	+1.60	+1.85%
Natural Gas Futures	3.90	+0.11	+2.96%
10-Yr Treasury Bond	1.69	+0.11	+6.96%

### Monthly Performance

Index	Close	Monthly Change(\$)	Monthly Change(%)
DJIA	13,009.68	-67.66	-0.52%
S&P 500	1,409.15	+0.40	+0.03%
S&P Energy	533.58	-1.40	-0.26%
S&P Basic Materials	229.21	+0.98	+0.43%
Nasdaq	2,966.85	-14.84	-0.50%
Russell 2000	807.18	-6.47	-0.80%
Hang Seng Composite Index	2,977.47	-332.01	-14.83%
Korean KOSPI Index	1,911.33	-2.63	-0.14%
S&P/TSX Canadian Gold Index	318.98	-8.65	-2.64%
XAU	174.34	-4.96	-2.77%
Gold Futures	1,752.10	+50.50	+2.97%
Oil Futures	88.27	+2.54	+2.96%
Natural Gas Futures	3.90	+0.45	+13.10%
10-Yr Treasury Bond	1.69	-0.10	-5.53%

### Quarterly Performance

Index	Close	Quarterly Change(\$)	Quarterly Change(%)
DJIA	13,009.68	-47.78	-0.37%
S&P 500	1,409.15	+7.07	+0.50%
S&P Energy	533.58	-0.56	-0.10%
S&P Basic Materials	229.21	+2.93	+1.29%
Nasdaq	2,966.85	-86.55	-2.83%
Russell 2000	807.18	+1.18	+0.15%

Hang Seng Composite Index	2,977.47	+256.27	+9.42%
Korean KOSPI Index	1,911.33	-31.21	-1.61%
S&P/TSX Canadian Gold Index	318.98	+3.74	+1.19%
XAU	174.34	+5.93	+3.52%
Gold Futures	1,752.10	+79.30	+4.74%
Oil Futures	88.27	-8.00	-8.31%
Natural Gas Futures	3.90	+1.10	+39.26%
10-Yr Treasury Bond	1.69	+0.01	+0.71%

*Please consider carefully a fund's investment objectives, risks, charges and expenses. For this and other important information, obtain a fund prospectus by visiting [www.usfunds.com](http://www.usfunds.com) or by calling 1-800-US-FUNDS (1-800-873-8637). Read it carefully before investing. Distributed by U.S. Global Brokerage, Inc.*

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

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

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

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

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

Gold, precious metals, and precious minerals funds may be susceptible to adverse economic, political or regulatory developments due to concentrating in a single theme. The prices of gold, precious metals, and precious minerals are subject to substantial price fluctuations over short periods of time and may be affected by unpredicted international monetary and political policies. We suggest investing no more than 5 percent to 10 percent of your portfolio in these sectors. Investing in real estate securities involves risks including the potential loss of principal resulting from changes in property value, interest rates, taxes and changes in regulatory requirements.

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

Past performance does not guarantee future results.

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

Holdings as a percentage of net assets as of 9/30/12:

Walt Disney Co.: 0.0%  
Tiffany & Co.: 0.0%  
LVMH Moet Hennessy Louis Vuitton: 0.0%  
Hugo Boss: 0.0%  
Burberry Group plc: 0.0%  
Coach, Inc.: 0.0%  
Gucci Group N.V.: 0.0%  
Wynn Resorts Ltd: All American Equity Fund, 1.19%  
Las Vegas Sands Corp.: All American Equity Fund, 2.65%; Holmes Growth Fund, 2.70%  
Datawind: 0.0%  
Smart Communications: 0.0%  
Globe Telecom, Inc.: 0.0%  
M-Pesa: 0.0%  
Visa, Inc.: Global MegaTrends Fund, 2.58%  
Lowe's: 0.0%

PulteGroup, Inc.: Global MegaTrends Fund, 2.88%  
Lennar Corp. : Global MegaTrends Fund, 2.67%  
Apple, Inc.: All American Equity Fund, 5.73%; Holmes Growth Fund, 6.19%; Global MegaTrends Fund, 2.62%  
Tyson Foods, Inc.: Global Resources Fund, 1.80%  
St. Jude Medical, Inc.: 0.0%  
Best Buy Co., Inc.: All American Equity Fund, 0.70%  
Agnico-Eagle Mines Ltd: Gold and Precious Metals Fund, 4.42%; World Precious Minerals Fund, 5.18%; All American Equity Fund, 1.48%; Holmes Growth Fund, 1.38%  
Osisko Mining Corp.: 0.0%  
Queenston Mining, Inc.: World Precious Minerals Fund, 0.37%  
Banro Corp.: 0.0%  
AngloGold Ashanti Ltd: Gold and Precious Metals Fund, 0.01%  
Gold Fields Ltd: 0.0%  
MAG Silver Corp.: World Precious Minerals Fund, 2.30%  
IAMGOLD Corp.: Gold and Precious Metals Fund, 1.40%; World Precious Minerals Fund, 0.79%  
McEwen Mining Inc.: Gold and Precious Metals Fund, 0.71%  
Goldcorp, Inc.: Gold and Precious Metals Fund, 2.68%; World Precious Minerals Fund, 2.05%  
Barrick Gold Corp.: Gold and Precious Metals Fund, 4.33%; World Precious Minerals Fund, 1.38%  
Codelco: 0.0%  
ArcelorMittal: 0.0%  
Xstrata plc: 0.0%  
Gazprombank: 0.0%  
Sberbank: Eastern European Fund, 9.42%  
VTB Bank: Eastern European Fund, 0.67%

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

The Dow Jones Industrial Average is a price-weighted average of 30 blue chip stocks that are generally leaders in their industry.

The S&P 500 Stock Index is a widely recognized capitalization-weighted index of 500 common stock prices in U.S. companies.

The Nasdaq Composite Index is a capitalization-weighted index of all Nasdaq National Market and SmallCap stocks.

The S&P BARRA Growth Index is a capitalization-weighted index of all stocks in the S&P 500 that have high price-to-book ratios.

The S&P BARRA Value Index is a capitalization-weighted index of all stocks in the S&P 500 that have low price-to-book ratios.

The Russell 2000 Index® is a U.S. equity index measuring the performance of the 2,000 smallest companies in the Russell 3000®, a widely recognized small-cap index.

The Hang Seng Composite Index is a market capitalization-weighted index that comprises the top 200 companies listed on Stock Exchange of Hong Kong, based on average market cap for the 12 months.

The Taiwan Stock Exchange Index is a capitalization-weighted index of all listed common shares traded on the Taiwan Stock Exchange.

The Korea Stock Price Index is a capitalization-weighted index of all common shares and preferred shares on the Korean Stock Exchanges.

The Philadelphia Stock Exchange Gold and Silver Index (XAU) is a capitalization-weighted index that includes the leading companies involved in the mining of gold and silver.

The U.S. Trade Weighted Dollar Index provides a general indication of the international value of the U.S. dollar.

The MSCI Russia Index is a free-float weighted equity index developed in 1994 to track major equities traded in the Russian market.

The S&P/TSX Canadian Gold Capped Sector Index is a modified capitalization-weighted index, whose equity weights are capped 25 percent and index constituents are derived from a subset stock pool of S&P/TSX Composite Index stocks.

The S&P 500 Energy Index is a capitalization-weighted index that tracks the companies in the energy sector as a subset of the S&P 500.

The S&P 500 Materials Index is a capitalization-weighted index that tracks the companies in the material sector as a subset of the S&P 500.

The S&P 500 Financials Index is a capitalization-weighted index. The index was developed with a base level of 10 for the 1941-43 base period.

The S&P 500 Industrials Index is a Materials Index is a capitalization-weighted index that tracks the companies in the industrial sector as a subset of the S&P 500.

The S&P 500 Consumer Discretionary Index is a capitalization-weighted index that tracks the companies in the consumer discretionary sector as a subset of the S&P 500.

The S&P 500 Information Technology Index is a capitalization-weighted index that tracks the companies in the information technology sector as a subset of the S&P 500.

The S&P 500 Consumer Staples Index is a Materials Index is a capitalization-weighted index that tracks the companies in the consumer staples sector as a subset of the S&P 500.

The S&P 500 Utilities Index is a capitalization-weighted index that tracks the companies in the utilities sector as a subset of the S&P 500.

The S&P 500 Healthcare Index is a capitalization-weighted index that tracks the companies in the healthcare sector as a subset of the S&P 500.

The S&P 500 Telecom Index is a Materials Index is a capitalization-weighted index that tracks the companies in the telecom sector as a subset of the S&P 500.

The Bloomberg Gold Bear/Bull Sentiment Indicator charts the percent of respondents in a weekly Bloomberg News survey of traders, investors, and analysts predicting gold prices will rise the following week. The number of participants in the survey, which is completed every Friday, may vary.

The NYSE Arca Gold Miners Index is a modified market capitalization weighted index comprised of publicly traded companies involved primarily in the mining for gold and silver.

The S&P/TSX Global Gold Index is an international benchmark tracking the world's leading gold companies with the intent to provide an investable representative index of publicly-traded international gold companies.

The NYSE Arca Gold BUGS (Basket of Unhedged Gold Stocks) Index (HUI) is a modified equal dollar weighted index of companies involved in gold mining. The HUI Index was designed to provide significant exposure to near term movements in gold prices by including companies that do not hedge their gold production beyond 1.5 years.

The Consumer Price Index (CPI) is one of the most widely recognized price measures for tracking the price of a market basket of goods and services purchased by individuals. The weights of components are based on consumer spending patterns.

The Producer Price Index (PPI) measures prices received by producers at the first commercial sale. The index measures goods at three stages of production: finished, intermediate and crude.

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