



U.S. Global Investors

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Crude Oil Is the Best-Performing Commodity of 2015 So Far

By Frank Holmes

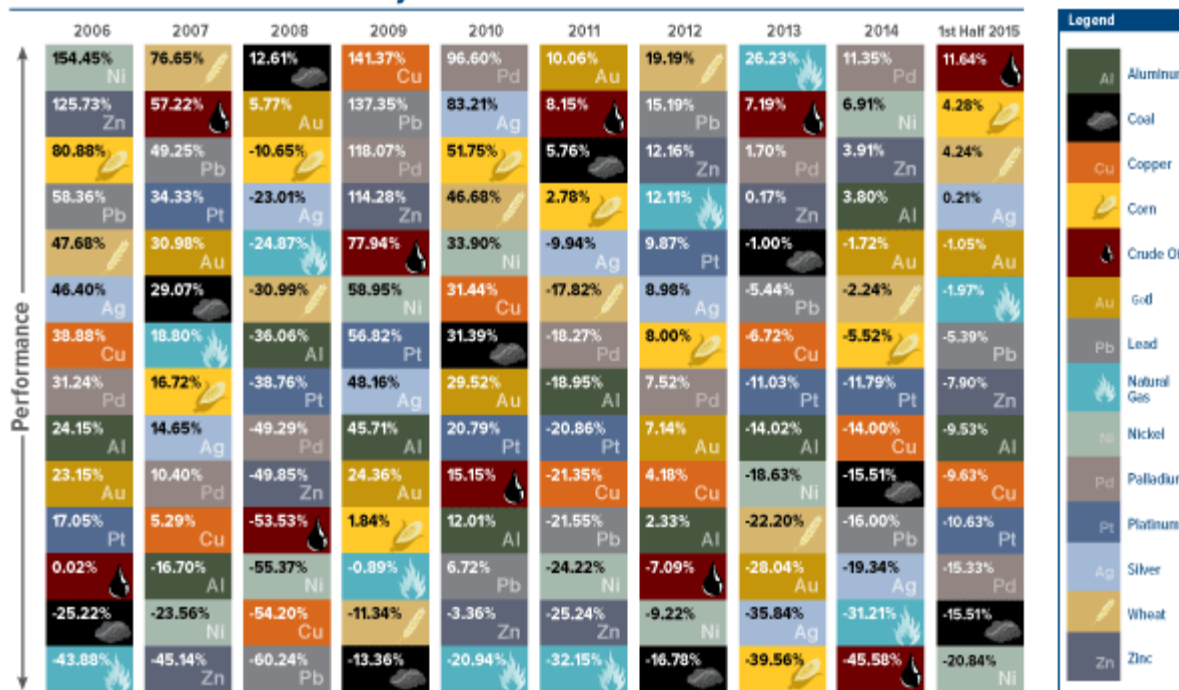
CEO and Chief Investment Officer

U.S. Global Investors

Can we really be halfway through the year? That's what my calendar tells me, which means it's time for the 2015 commodities halftime report.

The periodic table of commodity returns, consistently one of our most popular pieces, has been updated to reflect the first half of 2015. Click on the table for a larger image.

The Periodic Table of Commodity Returns



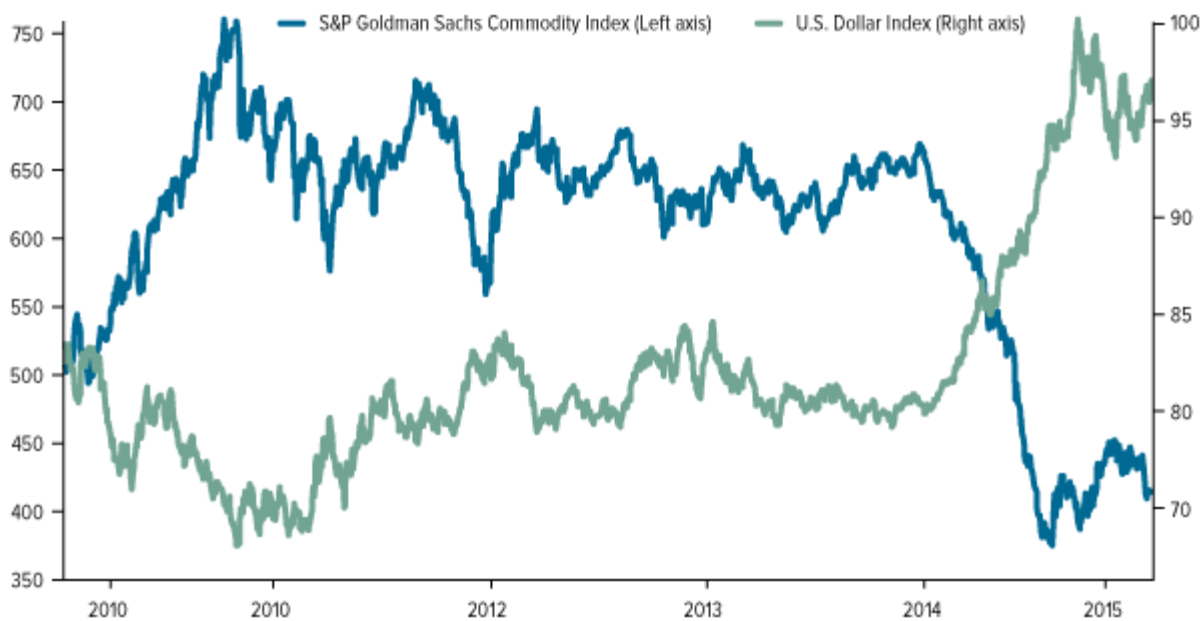
Returns are based on historical spot prices or futures prices. Past performance does not guarantee future results.

Source: Bloomberg and U.S. Global Research

[click to enlarge](#)

As an asset class, commodities continue to be a challenging space for investors, as they've faced many headwinds lately including lackluster purchasing managers' index (PMI) numbers and a strong U.S. dollar.

Inverse Relationship Between the U.S. Dollar and Commodities



Past performance does not guarantee future results.
Source: Bloomberg, U.S. Global Investors

[click to enlarge](#)

Crude Pulls off Coup but Faces Strong Downward Pressure

The widest expansion this year was made by none other than crude oil, the worst-performing commodity of 2014. As of June 30, oil posted gains of over 11 percent, rising to \$59.47 per barrel. After falling more than 50 percent since last summer, though, it had little else to go but up. That oil claimed the top spot just highlights the reality that commodities are in a depressed state right now.

Case in point: This week, West Texas Intermediate (WTI) retreated to \$50 per barrel, putting it back in the red. This move was largely in response to Greece's debt dilemma, [China's slowdown](#) and [weakening PMI numbers](#). After the JPMorgan Global Manufacturing & Services PMI was released, showing a continued downtrend in manufacturing activity, oil almost immediately dropped \$4. The lifting of sanctions on Iran, if approved by Congress, could also place downward pressure on WTI, with some analysts seeing it returning to the \$40s range.

As the 800-pound commodity gorilla, China greatly contributes to the performance of oil. Its own PMI reading remains below the key 50 threshold, indicating that its manufacturing sector is in contraction mode. This has a huge effect on the consumption of oil and other important commodities.

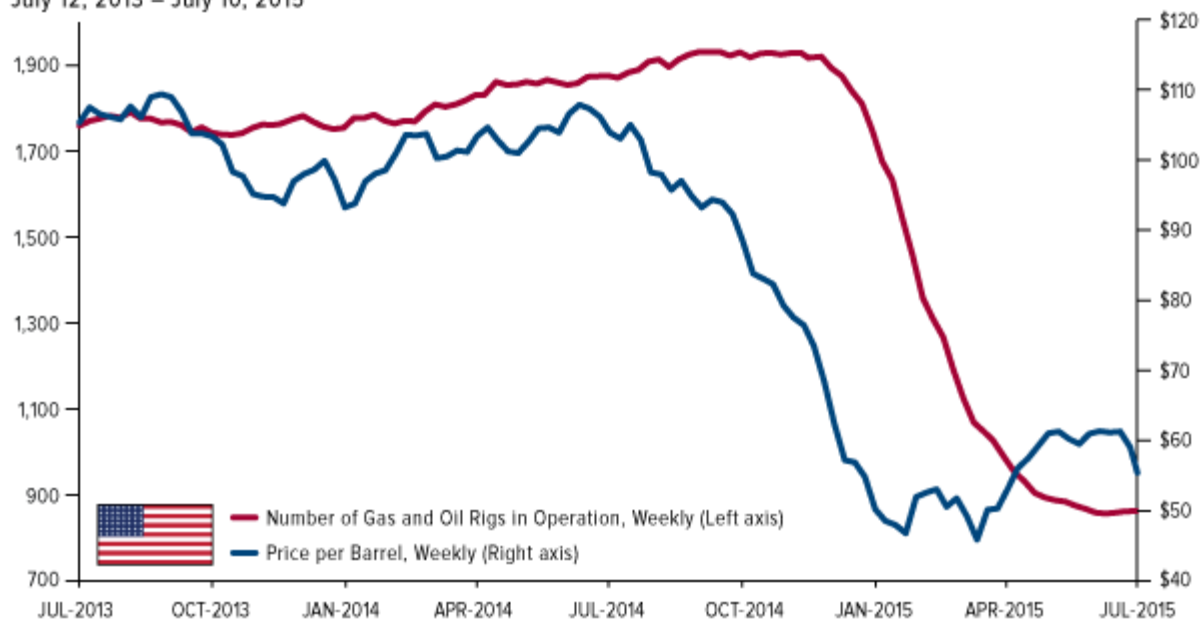
The good news is that the projected crude price for the remainder of 2015 should be high enough to support continued production in drilling areas such as the Bakken, Eagle Ford and Permian basins, according to the Energy Information Administration (EIA). The oil rig count, as reported by Baker Hughes, has advanced for the third consecutive week, after 29 straight weeks of declines.



Crude oil was 2015's best-performing commodity, as of June 30.

Number of U.S. Gas and Oil Rigs Climbs for Three Consecutive Weeks

July 12, 2013 – July 10, 2015



Past performance does not guarantee future results.

Source: Baker Hughes, U.S. Energy Information Administration, U.S. Global Investors

[click to enlarge](#)

King Corn Pops to the Top

We all know that corn is in practically everything we eat and drink, from soda to bread to salad dressing. It's fed to livestock and poultry and used to make ethanol, plastic, glue and more. The grain is so ingrained in our lives that the U.S. government subsidizes it to the tune of \$4.5 billion a year.

For this reason and more, American farmers favor the grain. In 2013, a record amount of corn was grown and sent to market, which resulted in a decline of 40 percent. That year it was the worst-performing commodity.

Since then, corn has found its footing and, as of June 30, the commodity is up 4.28 percent.

Zinc Is Flying off Car Lots

Sought for its anti-corrosive properties, zinc is staging a comeback and is set to make its longest run of gains in over a year, according to Mineweb.

The reason? Accelerating automobile sales in Europe. Zinc can be found in all parts of a car, from its tires to door handles, and because it can store six times more energy per pound than more conventional battery systems, the metal is also used in electric vehicles.

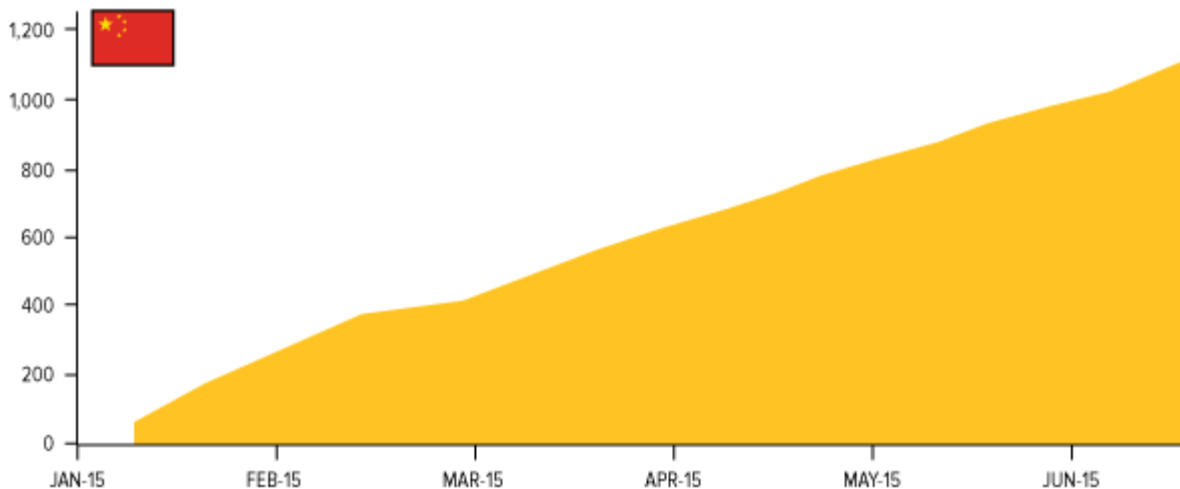
The European Automobile Manufacturers Association reports that demand for new vehicles is up 14 percent year-over-year in June, its largest increase since December 2009. New car registrations in most European markets are seeing double-digit growth, with Portugal, Spain, Ireland and the Czech Republic leading the pack.

Gold Demand in China Sparkles

In a much-anticipated announcement, China broke its six-year silence on the amount of gold its central bank holds. And although the number jumped nearly 60 percent from 1,054 tonnes in 2009 to 1,658 tonnes, it underwhelmed the market, as many analysts had expected almost double the amount. Bullion fell to a fresh five-year low on Friday, while stock in Barrick Gold, the world's largest producer, plunged to a level not seen since the Bush Administration—the elder Bush, that is.

But other news out of China, the largest purchaser of gold, suggests that the yellow metal is still very much on consumers' minds. Just-released gold withdrawal numbers from the Shanghai Gold Exchange (SGE) came in at 1,180 tonnes—a huge amount—setting a new record for withdrawals in the H1 period and leading many analysts to predict a new annual record.

China on Track for New Annual Record Gold Withdrawals, in Tonnes



Source: Shanghai Gold Exchange, Market Realist, U.S. Global Investors

[click to enlarge](#)

Gold demand in China normally cools around this time before picking up momentum in anticipation of the Chinese New Year. That demand has held up so well is a good sign for the second half of the year.

Even though gold's down about 3 percent year-to-date, our [Gold and Precious Metals Fund \(USERX\)](#) is holding up. USERX currently has four stars overall from Morningstar, among 71 Equity Precious Metals funds as of 6/30/2015, based on risk-adjusted returns. This is a testament to the management skills of portfolio manager Ralph Aldis and our team of analysts.

The MoneyShow San Francisco

Right now I'm in San Francisco attending the three-day MoneyShow conference, where I'll be presenting tomorrow. If the Bay Area isn't in your travel plans, you can always watch the presentation live on your computer, tablet or smartphone by registering at [eMoneyShow](#). The event will be available on-demand until August 8. I hope you can join us!

Total Annualized Returns as of 6/30/2015:

Fund	Year to Date	One-Year	Five-Year	Ten-Year	Gross Expense Ratio	Expense Cap
Gold and Precious Metals Fund	6.40%	-28.42%	-15.80%	1.62%	1.97%	1.90%

Expense ratios as stated in the most recent prospectus. The expense cap is a voluntary limit on total fund operating expenses (exclusive of any acquired fund fees and expenses, performance fees, extraordinary expenses, taxes, brokerage commissions and interest) that U.S. Global Investors, Inc. can modify or terminate at any time, which may lower a fund's yield or return. Performance data quoted above is historical. Past performance is no guarantee of future results. Results reflect the reinvestment of dividends and other earnings. For a portion of periods, the fund had expense limitations, without which returns would have been lower. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance does not include the effect of any direct fees described in the fund's prospectus which, if applicable, would lower your total returns. Performance quoted for periods of one year or less is cumulative and not annualized. Obtain performance data current to the most recent month-end at www.usfunds.com or 1-800-US-FUNDS.



Overall/71



3-Year/71



5-Year/68

★★★★ 10-Year/51

Morningstar ratings based on risk-adjusted return and number of funds

Category: Equity Precious Metals

Through: 6/30/2015

Morningstar Ratings are based on risk-adjusted return. The Morningstar Rating for a fund is derived from a weighted-average of the performance figures associated with its three-, five- and ten-year Morningstar Rating metrics. Past performance does not guarantee future results. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.)

UNCOVER THE PATTERNS IN COMMODITY RETURNS

LAUNCH THE INTERACTIVE PERIODIC TABLE

5%	Ni	19.19%	26.23%	11.35%
3%	Zn	15.19%	7.19%	6.91%
49.25%	Pb	118.07%	51.75%	5.76%
34.33%	De	-23.01%		

Index Summary

- The major market indices were up this week. The Dow Jones Industrial Average rose 1.84 percent. The S&P 500 Stock Index rose 2.41 percent, while the Nasdaq Composite rose 4.25 percent. The Russell 2000 small capitalization index rose 1.20 percent this week.
- The Hang Seng Composite rose 2.06 percent this week; while Taiwan rose 1.48 percent and the KOSPI rose 2.25 percent.
- The 10-year Treasury bond yield fell 5 basis points to 2.35 percent.

In the News



July 15, 2015
The Summer is Hot, But is Gold Still Cool?



July 9, 2015
Oil and the Canadian Dollar are Marching in Tandem



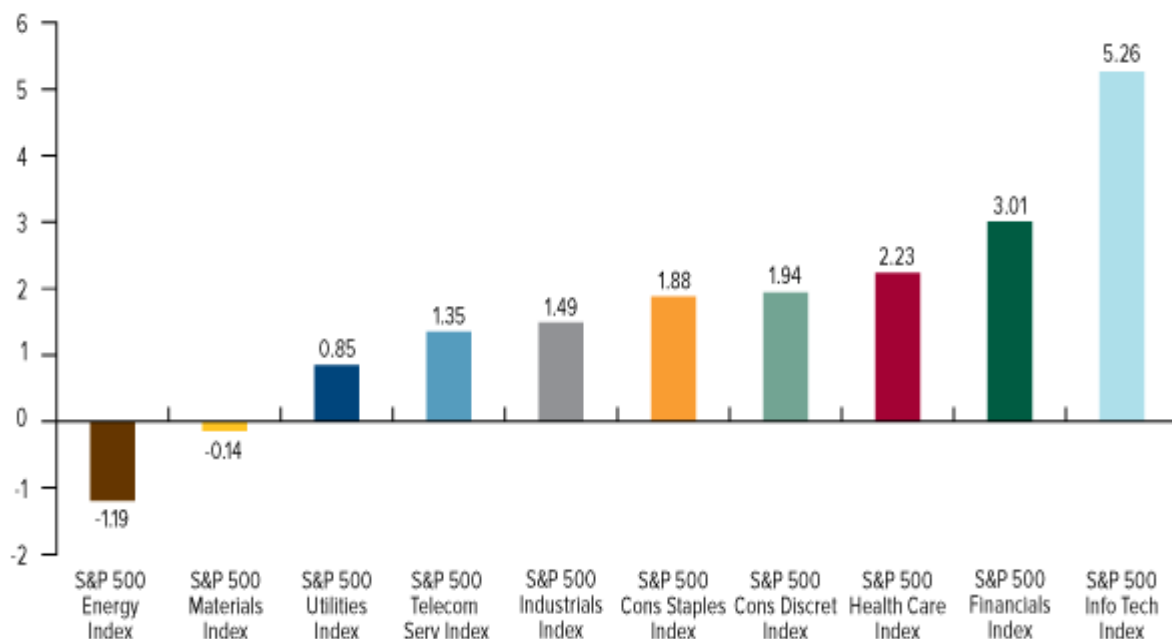
July 8, 2015
Gold and the Global Currency Market

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

Domestic Equity Market

S&P 500 Economic Sectors

(Percentage return for each sector group from Friday to Friday, July 10, 2015 – July 17, 2015)



Source: Bloomberg, U.S. Global Research

[click to enlarge](#)

Strengths

- Information technology was the best performing sector in the S&P 500 this week, led by Google which rose sharply after reporting stronger than expected earnings. The S&P 500 Technology Sector Index rose 5.26 percent this week.
- Financials also performed well this week as earnings releases pleased the markets. The S&P 500 Financials Sector Index rose 3.01 percent.
- Health care stocks rallied this week, maintaining the momentum they gained from the Obamacare ruling. The S&P 500 Healthcare Index rose 2.23 percent this week.

Weaknesses

- Energy was the worst performing sector in the S&P 500 as crude oil prices continue to slide. The S&P 500 Energy Sector Index fell 1.19 percent this week.
- Consumer's appetite is weakening, as indicated by the pullback in the University of Michigan Consumer Sentiment Index.
- Retail sales contracted between the months of May and June, creating concern over the strength and momentum of domestic consumer-based companies.

Opportunities

- Industrial production grew faster than expected for the month of June, a very positive sign following the prior month's contraction.
- The Empire Manufacturing Index, which has been particularly weak for the first half of this year, jumped up, surpassing analyst estimates.
- With the dollar still very much elevated, domestic retailers should continue to see tailwinds.

Threats

- On the other hand, companies with a great deal of foreign revenue exposure will continue to face headwinds from the strong dollar.

- The Fed seems to be committed to raising rates sometime this year, a move that could catch the market off guard given the expected rates shown by the futures market.
- China's economic woes are not over, despite the positive data releases this week. Investors are remaining cautious.



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The Economy and Bond Market

Global stocks rose broadly and with less turbulence this week as Greece accepted the new austerity plan laid out by its creditors and China reported better-than-expected second-quarter GDP growth. The U.S. housing market rebounded, while early reports of second-quarter U.S. corporate earnings surprised on the upside. Yields on 10-year U.S. Treasury notes and German bunds eased, indicating less risk aversion. The VIX, a gauge of U.S. stock market volatility, dropped back below 12 from close to 20 a week ago. The U.S. dollar index rose 1.6 percent, approaching a seven-week high, while the euro fell below \$1.09. Oil prices for U.S. West Texas Intermediate and international Brent crude oil fell below \$51 and \$57 per barrel, respectively, on higher current supply. A landmark nuclear agreement with Iran and the lifting of economic sanctions raised expectations of additional oil supply.

Strengths

- Headline and core CPI came in as expected in June, growing 0.3 percent month-over-month and 0.2 percent, respectively. This resulted in the year-over-year rate inching up a tenth, to 0.1 percent for headline and 1.8 percent for core.
- Industrial production turned positive, adding 0.3 percent month-over-month in June, up from a 0.2 percent month-over-month decline in May and above the expected 0.2 percent month-over-month increase. Capacity utilization increased to 78.4 percent from 78.2 percent in May (revised up from 78.1 percent initially). This was above expectations of 78.1 percent.
- Housing continues to build momentum as housing starts added 9.8 percent month-over-month, to 1,174,000 starts in June from 1,069,000 in May (revised up from 1,036,000). Expectations were for a more modest 6.7 percent month-over-month increase, to 1,106,000.

Housing Starts Remain Strong



Source: Bloomberg, U.S. Global Investors

[click to enlarge](#)

Weaknesses

- Disinflationary pressures from abroad continue as the import price index fell 0.1 percent month-over-month in June, down from a 1.2 percent month-over-month increase in the previous month and below the expected 0.1 percent month-over-month gain. This translates to a 10.0 percent year-over-year decline in June, down from a 9.6 percent year-over-year decline in the previous month and slightly below the expected 9.8 percent year-over-year decline.
- The Philly Fed index fell to 5.7 in July from 15.2 in June, below expectations of 12.0. On an ISM-adjusted basis, the index fell to 49.2 from 52.0 which is below the 50-level that suggests contraction in manufacturing activity. Overall, the report, along with the recent Empire Manufacturing report, flags downside risk ahead of the national ISM report for July.
- Retail sales declined 0.3 percent month-over-month in June, down from a 1.0 percent month-over-month gain in May. This was below the expected 0.3 percent month-over-month gain.

Opportunities

- The release of the monthly home price index from the Federal Housing Finance Agency should demonstrate prices continue to rise at a sustainable rate despite ultra-low interest rates.
- The National Activity index for June as well as the June leading index and July survey of activity by the Kansas City Federal Reserve are expected to maintain positive momentum.
- Notwithstanding weak PMI readings recently, the release of “flash” readings on the health of manufacturing sectors across the globe next week will be an important gauge of the global economy.

Threats

- The Fed and the bond market still seem to disagree about the expected path of monetary normalization. While Fed Chair Yellen’s testimony to Congress made it clear the Fed intends for an initial rate hike later in the year if the economy keeps on progressing as it is, the market’s expectation as measured by the “months to hike” indicator below is still around 7 months. This could pose a threat to the short end of the Treasury curve as it would likely correct upwards if the initial rate hike unfolds as the Fed intends.

Federal Reserve and Bond Market Seem to Disagree

U.S. Fed Funds Rate: Months to Hike* (Inverted)



*As discounted in overnight index swap curve

** Number of hikes priced in to first year of rate hike cycle, as discounted in overnight index swap curve

Note: Horizontal lines denote median Federal Open Market Committee forecasts

Source: BCA Research, U.S. Global Investors

[click to enlarge](#)

- Second quarter earnings announcements will ramp up next week. Expectations are low, with the market discounting a low hurdle of 1 percent earnings growth for the second quarter, so there shouldn't be any major negative surprises. Forward guidance will be more key, with the unlikelihood of an imminent profit rebound ahead.
- Monetary easing among the dollar-block commodity producers will probably not end with this week's rate cut from the Bank of Canada. Amid a worsening economy and falling dairy prices, the Reserve Bank of New Zealand looks poised to cut rates again at its upcoming meeting on Wednesday.



CURIOUS ABOUT THE **GOLD MARKET** ?

READ **FRANK HOLMES'** LATEST INSIGHTS 

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

Gold Market

For the week, spot gold closed at \$1,134.47 down \$29.23 per ounce, or 2.51 percent. Gold stocks, as measured by the NYSE Arca Gold Miners Index, lost 7.50 percent. The U.S. Trade-Weighted Dollar Index gained 1.91 percent for the week.

Date	Event	Survey	Actual	Prior
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July -14	Germany CPI YoY	0.30%	0.30%	0.30%
July -14	Germany ZEW Survey Current Situation	60	63.9	62.9
July -14	Germany ZEW Survey Expectations	29	29.7	31.5
July -14	China Retail Sales YoY	10.20%	10.60%	10.10%
July -14	U.S. PPI Final Demand YoY	-0.90%	-0.70%	-1.10%
July -15	Eurozone CPI Core YoY	0.80%	0.80%	0.80%
July -16	Eurozone ECB Main Refinancing Rate	0.05%	0.05%	0.05%
July -16	U.S. Initial Jobless Claims	285K	281K	297K
July -16	U.S. Housing Starts	1106K	1174K	1036K
July -17	U.S. CPI YoY	0.10%	0.10%	0.00%
July -23	U.S. Initial Jobless Claims	278K	--	281K
July -23	Caixin China PMI Mfg	49.8	--	49.4
July -24	U.S. New Home Sales	541K	--	546K

Strengths

- U.S. Mint gold coin sales achieved a second straight monthly gain, reaching 82,000 in sales month to date versus 76,000 for all of June.
- The U.S. Mint announced 2015 American Eagle Silver coins are sold out and is planning to resume sales in two weeks. Oddly, the announcement came on the same day the price of silver plunged to 2015 lows.
- India is meeting stiff resistance in its drive to make buying of gold jewelry more transparent and to channel demand into paper gold to stop the metal being used to hide billions of dollars of undeclared money. The jewelry trade says Modi's plans won't deter Indians from buying gold to keep their wealth away from the authorities. Furthermore, dealers are set to boycott tax requirements for bigger purchases.

Weaknesses

- Gold traders turned bearish for the second time in three weeks after Fed Chair Yellen's testimony reaffirmed speculation that the Fed will raise interest rates this year. Further, gold fell for five straight days this week on anticipation of higher interest rates.
- Gold is down more than 10 percent from its 2015 highs and the pervading negative sentiment is evident in the position of speculators in the futures market. The net long positioning is now the lowest since at least 2006 when gold was worth less than \$600/oz.
- Gold retreated after Greece secured a deal paving the way to a new bailout, agreeing with creditors on the reforms needed to start formal negotiations over a third bailout program in five years. The deal takes some of the luster off the need for a "safe haven" asset.

Opportunities

- China's gold reserves touched a record 1,658 tons by June 2015, increasing by nearly 60 percent since April 2009, according to China's central bank. The report seems to indicate that Chinese consumers have purchased more gold than estimated over the past six years, reaffirming consumer demand for the metal remains robust. While the total gold reserves came in lower than many had expected, Ross

Norman from Sharps Pixley noted that perhaps other government agencies in China may have large holdings that haven't been disclosed. Bloomberg's Intelligence service had expected central bank holdings to be roughly 3,000 to 3,500 tonnes. The lower number for central bank holdings leaves a clear path for further accumulation by the central bank as the Chinese government fulfills its goal to position the renminbi as a reserve currency.

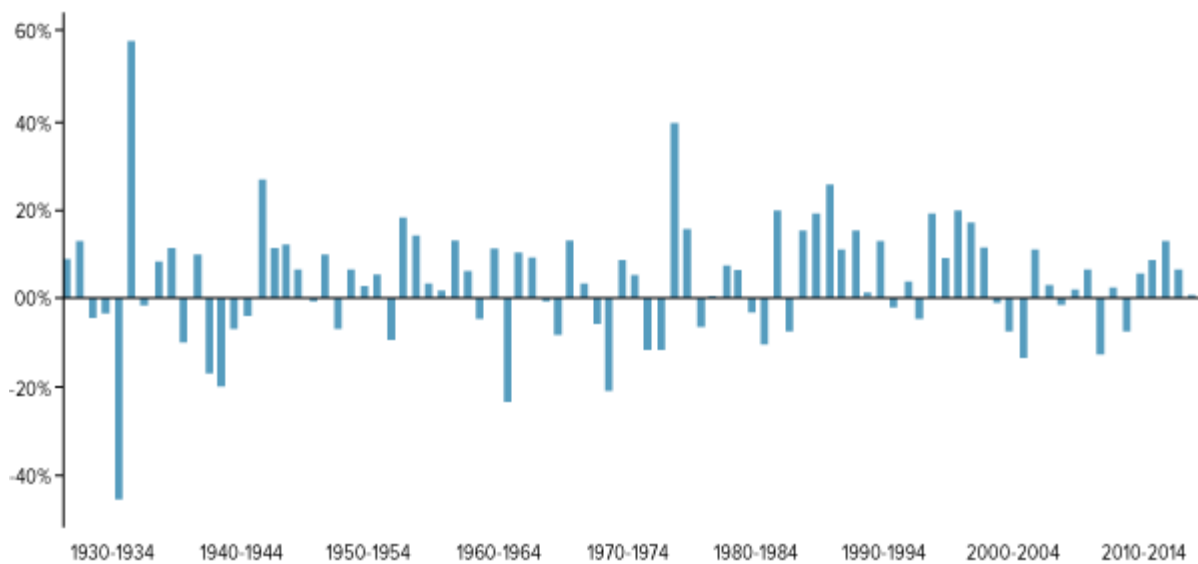
- According to Ross Norman, CEO of Sharps Pixley and London Bullion Market Association's top forecaster for the past 15 years, somebody big is sitting on the gold price and a relief rally when the Fed raises interest rates is a distinct possibility. He also noted that "either 5,000 years of safe haven buying has just become bunk, or there is a desire to portray what is evidently a financial and economic crisis as nothing to be concerned about." Mr. Norman forecast a peak gold price of \$1,450/oz. for 2015.
- Over the last decade U.S. gold production has been dropping relatively consistently. 2014 was the lowest production year for that span as U.S. mine supply hit a new decade low. For the U.S., 2015 year to date has been even worse for mined gold supply as production has dropped 7.5 percent from the low levels in 2014. Thus, gold bulls may have the last laugh as the supply/demand imbalance is bound to catch up at some point, forcing prices higher.

Threats

- Following strong housing data and mediocre CPI, wage growth and retail sales data, an unknown speculator decided to dump \$1.4 billion notional in gold futures markets, sending silver prices plunging according to data presented on Zero Hedge.

S&P 500 Sees Smallest Moves Up or Down Since 1927

First-Half Returns, as of July 10, 2015

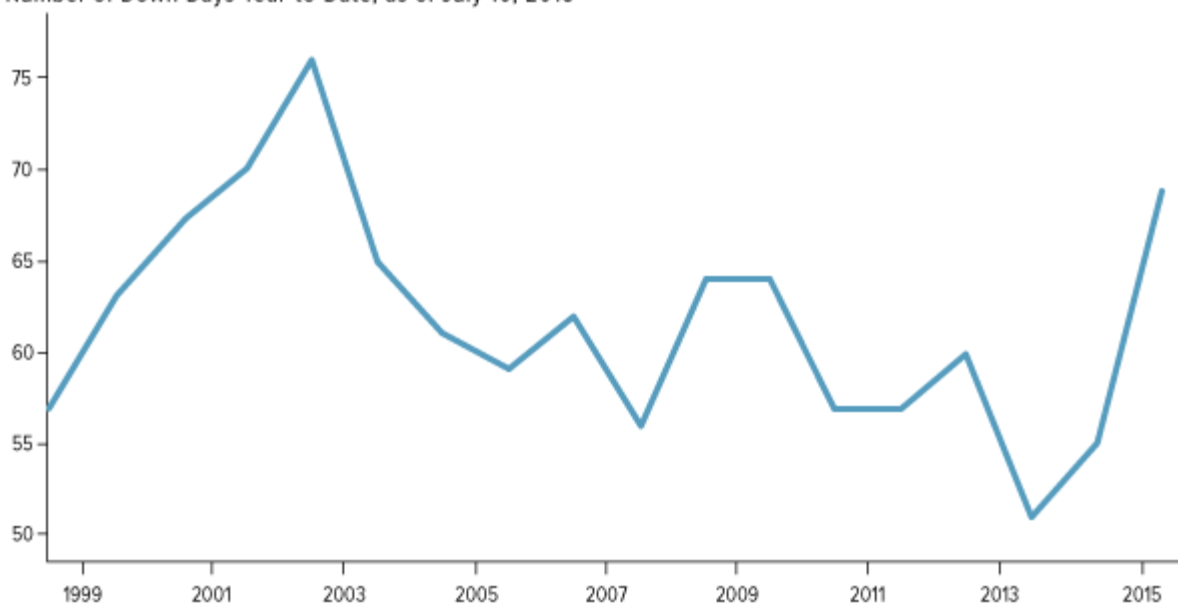


Source: Bloomberg, U.S. Global Investors

[click to enlarge](#)

2015 Sees More Down Days in the S&P 500 Since 2002

Number of Down Days Year-to-Date, as of July 10, 2015



Source: Bloomberg, U.S. Global Investors

[click to enlarge](#)

- It seems like the “buy the dip” mantra has stopped working on U.S. equities. 2015 has had more down days in the S&P 500 Index than any year since 2002. Declines have gotten longer, averaging 1.9 days and rebounds are weakening. Another sign of weak market data, shows that the first half gain in the S&P 500 Index, was the smallest first half move in the index since 1927. Further, clients have pulled more money from mutual and exchange-traded funds tracking U.S. shares than any time since at least 2000. Weakening resilience has been a bad sign for investors in the past, when it often preceded broader selloffs.
- Fed Vice Chairman Stanly Fischer said that reducing the Fed’s \$4 trillion balance sheet without disrupting the markets will be a challenge. Keep in mind that all maturing securities in the Fed’s bond portfolio are being reinvested in the bond market to keep rates lower than market forces would dictate.

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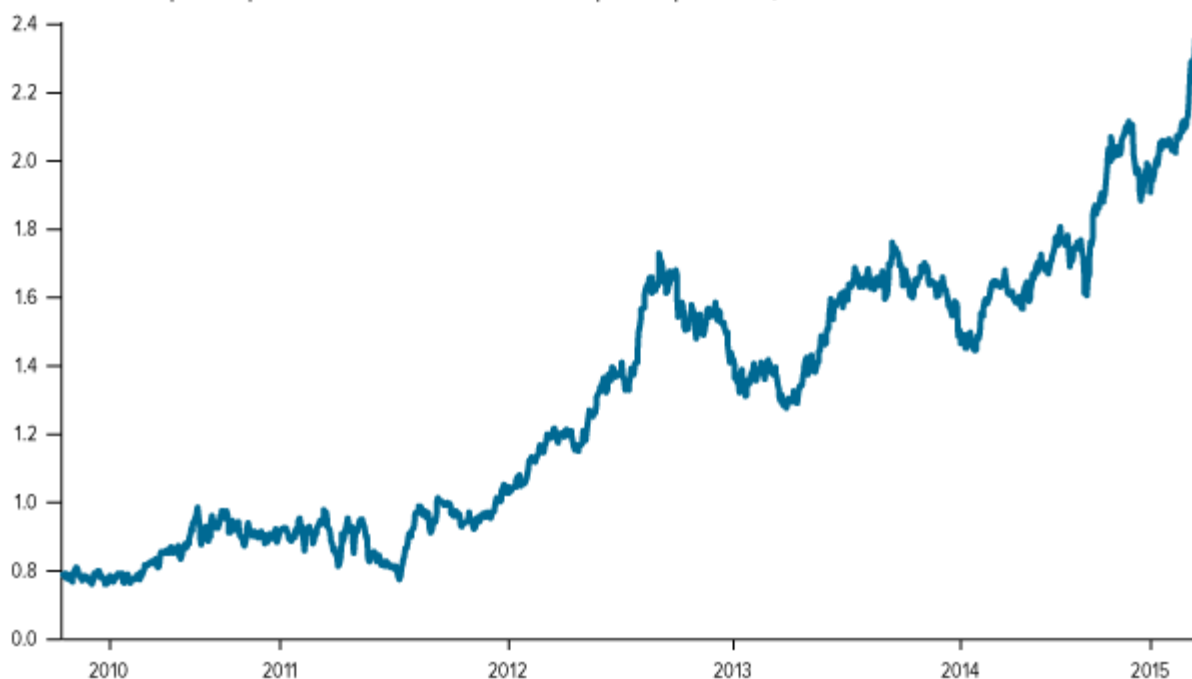
Energy and Natural Resources Market

Strengths

- Refiners continue to show considerable strength on the back of strong margins and high capacity utilization. The S&P Supercomposite Oil & Gas Refining & Marketing Index rose 3.72 percent this week.

Oil Refiners Outperforming Broader Energy Space

Ratio of S&P Supercomposite Oil & Gas Refiners / S&P Supercomposite Oil, Gas and Consumables Fuels Index



Source: Bloomberg, U.S. Global Investors

[click to enlarge](#)

- Tanker stocks outperformed this week on the prospect that more oil will flood the markets. The Bloomberg News Tanker Index rose 2.77 percent this week.
- Dry Ships rose sharply this week on the back of a more optimistic outlook for China. The Bloomberg Dry Ships Index rose 8.67 percent this week.

Weaknesses

- With WTI crude breaking down for another week, oil and gas drillers suffered. The S&P Supercomposite Oil & Gas Drilling Index fell 6.90 percent this week.
- Gold and other precious metals stocks slumped this week as Fed Chair Janet Yellen emphasized the likelihood of a rate hike this year.
- The dollar continues to remain elevated, putting significant pressure on commodities.

Opportunities

- China M2 money supply growth and productivity growth came in higher than expected. Perhaps the Chinese economy is beginning to turn around.
- The July preliminary reading for the Markit United States Manufacturing Purchasing Manager's Index will be released next week and is expected to increase.
- Refiners are undoubtedly benefiting from the wider margins and should continue to show relative strength in the near future.

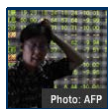
Threats

- Iran and the United States reached an agreement this week, causing many to fear that Iran will flood the market with more oil, fueling supply concerns.
- Federal Reserve Chair Janet Yellen emphasized the likelihood of a rate hike this year. Higher rates would create headwinds for gold.
- Copper inventories rose the most since March, fueling supply concerns. Furthermore, China's recent economic troubles are causing concerns on the demand side of the equation as well.

Frank Talk Insight for Investors



July 15, 2015
China's Market Correction in Three Easy Charts



July 13, 2015
Global Investors: You Should Be Paying Attention to this Economic Indicator



July 6, 2015
Home of the Free, Land of the Entrepreneur

A blog by Frank Holmes, CEO and Chief Investment Officer

[China Region Fund - USCOX](#) • [Emerging Europe Fund - EUROX](#)

Emerging Markets

Strengths

- Czech equities outperformed this past week as political tensions ease in the region. The Prague Stock Exchange Index rose 3.37 percent this week.
- Chinese stocks continued their rebound this week as the country's productivity grew more than expected in the second quarter and the money supply continues to expand. The Shanghai Stock Exchange Composite Index rose 2.05 percent this week.
- Egyptian equities rose sharply this week as oil prices collapsed, saving the government billions in energy subsidies. The Egyptian Exchange EGX 30 Price Index rose 5.32 percent this week.

Weaknesses

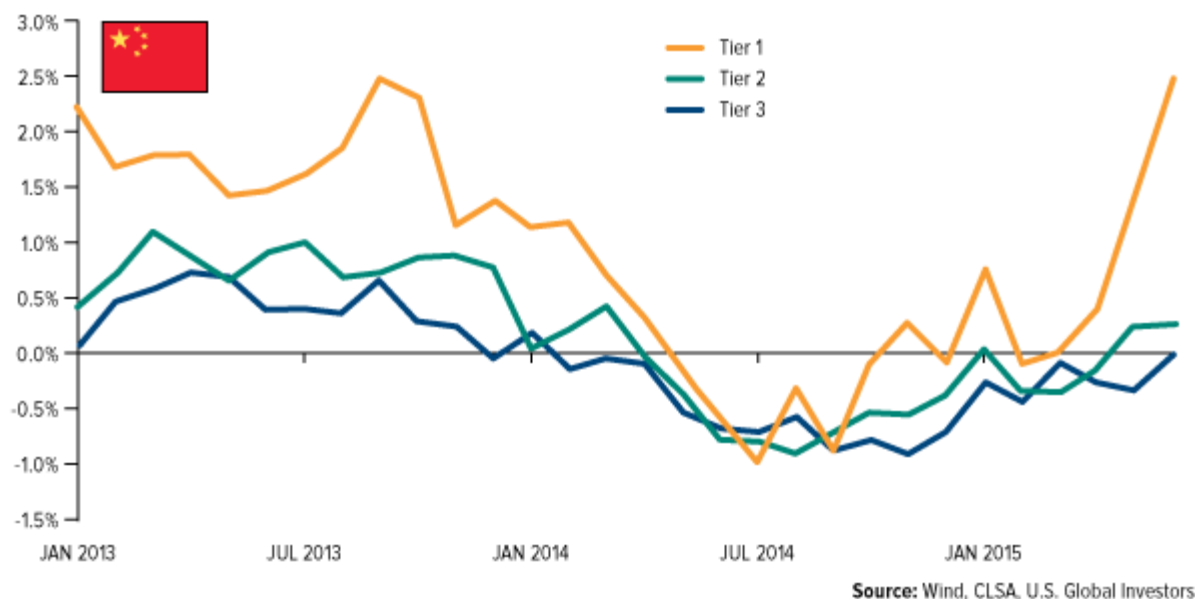
- The Colombian peso, along with other emerging market currencies, weakened this week as oil prices continue to fall. The peso fell 3.03 percent against the dollar this week.
- Ukrainian equities fell this week as the country's economic and geopolitical crises remain unresolved. The Ukraine PFTS Index fell 1.03 percent this week.
- Despite a temporary resolution to the Greek crisis being formed this week, the euro fell against the dollar. The euro depreciated 2.85 percent this week.

Opportunities

- Recent stock market volatility in China might again shift investor attention towards real assets, including property. Home prices have been recovering sequentially since April, especially in top tier cities where inventories remain lower and new supply is limited because of land scarcity. Given the sector's significance in generating economic activity, unchanged path of falling interest rates, and historically cheap valuation, quality Chinese property developers with more exposure to major metropolises should outperform going forward.

Property Regaining Attention in China as Stock Market Volatility Returns

100-City Property Price Index, Month-over-Month



[click to enlarge](#)

- One-year corporate rates in India reached their lowest level since 2010, flushing the economy with ample liquidity, which should boost economic activity.
- The Greek government accepted the bailout proposal from the nation's creditors. The worst appears to have been avoided and equities should rally, at least slightly, once the markets reopen.

Threats

- Russian industrial production disappointed for the month of June. The Russian economy is slowing substantially.

Contraction in Russia's Industrial Production



[click to enlarge](#)

- China M2 money supply growth came in higher than expected, indicating that the government's easing policies are having the desired effect.

- The latest rebound in Macau casinos on the back of potentially relaxed transit visa regulation and looser implementation of a smoking ban may not be sustainable, as industry fundamentals have deteriorated faster than valuation. Despite a nearly 60 percent correction since February 2014, industry valuation remains above the five-year average. With anticorruption movements unabated and at least a portion of middle class mainland Chinese discouraged by the stock market rout, a swift turnaround of casino revenues in Macau is a small probability event.



Leaders and Laggards

Due to a technical difficulty, the table data is not available at time of publication. Please check back on Monday.

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

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

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

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

Gold, precious metals, and precious minerals funds may be susceptible to adverse economic, political or regulatory developments due to concentrating in a single theme. The prices of gold, precious metals, and precious minerals are subject to substantial price fluctuations over short periods of time and may be affected by unpredicted international monetary and political policies. We suggest investing no more than 5 percent to 10 percent of your portfolio in these sectors.

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

Investing in real estate securities involves risks including the potential loss of principal resulting from changes in property value, interest rates, taxes and changes in regulatory requirements.

Past performance does not guarantee future results.

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

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

Fund portfolios are actively managed, and holdings may change daily. Holdings are reported as of the most recent quarter-end. Holdings as a percentage of net assets as of 6/30/2015:

Barrick Gold Corp.: Gold and Precious Metals Fund, 0.03%; World Precious Minerals Fund, 0.03%

Google, Inc.: 0.0%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Purchasing Manager's Index is an indicator of the economic health of the manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

The University of Michigan Confidence Index is a survey of consumer confidence conducted by the University of Michigan. The report, released on the tenth of each month, gives a snapshot of whether or not consumers are willing to spend money.

The New York Empire State Manufacturing Survey is sent out to companies in the manufacturing industry in New York State. The survey provides an early indication of business conditions, such as price levels and employment trends, and it gives an indication of changes in sentiment. The survey is produced by the Federal Reserve Bank of New York and is released around the middle of the month.

The Chicago Board Options Exchange (CBOE) Volatility Index (VIX) shows the market's expectation of 30-day volatility. An import price index measures changes in the prices of imports of merchandise into a country. The index numbers for each reference period relate to prices of imports landed into the country during the period.

The Philadelphia Federal Index is a regional federal-reserve-bank index measuring changes in business growth. The index is constructed from a survey of participants who voluntarily answer questions regarding the direction of change in their overall business activities. The survey is a measure of regional manufacturing growth. When the index is above 0 it indicates factory-sector growth, and when below 0 indicates contraction. Also known as the "Business Outlook Survey."

The S&P Supercomposite Oil & Gas Refining & Marketing Index is a capitalization-weighted index.

The Bloomberg Tanker Index is a capitalization weighted index of the leading oil tanker companies traded on the New York Stock Exchange.

The Bloomberg Dry Ships Index is a capitalization weighted index.

The S&P Supercomposite Oil & Gas Drilling Index is a capitalization-weighted index.

The PX-50 Index is a capitalization-weighted index comprising 50 companies listed on the Prague Stock Exchange, into which only issues from the main and secondary market can be incorporated.

The Shanghai Composite Index (SSE) is an index of all stocks that trade on the Shanghai Stock Exchange.

The EGX 30 Index is a major stock market index which tracks the performance of 30 most liquid stocks traded on the Egyptian Exchange.

The Ukraine PFTS Index is a formal indicator of PFTS Stock Exchange. The index is calculated based on the common shares of companies, which have been put on the PFTS Listing.