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Press Release: U.S. Global Investors Announces Quarterly Results Webcast

The podcast will be avaiable on Monday. We are sorry for the inconvenience.

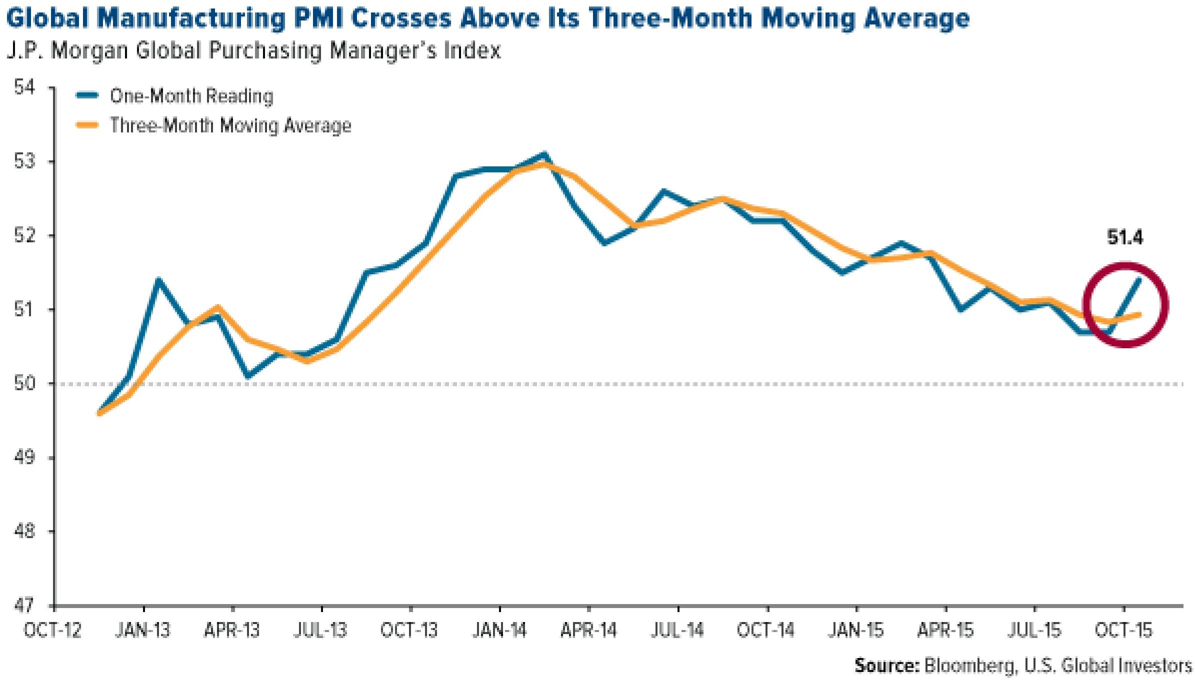
Get Ready for Commodity Liftoff: Global Manufacturing Just Made a HUGE Move!

By Frank Holmes
CEO and Chief Investment Officer
U.S. Global Investors

By most standards, October was an explosive month, with domestic equities recording their biggest monthly gains in four years.

But the most exciting news was that the global purchasing manager's index (PMI) reading for the month of October rocketed up to 51.4, almost a point higher than September's 50.7. Not only does this represent the strongest monthly surge in nearly two years, but the index shot above its three-month moving average for the first time since March.

As Donald Trump might say: This is going to be huge.



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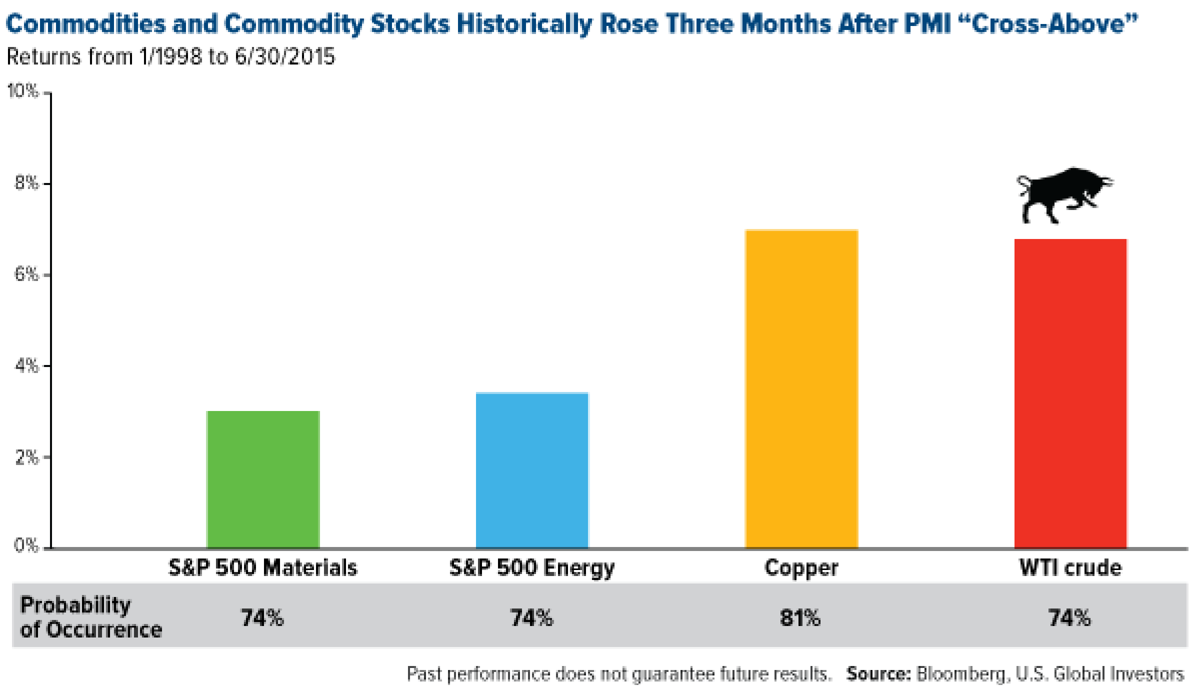
We monitor the global PMI very closely because in the past it has reliably anticipated how commodity prices might behave in later months. Our own research shows that when a PMI "cross-above" occurs—that is, when the monthly reading crosses above the three-month moving average—it has signaled a possible spike in certain commodities, materials and energy. Three months following previous breakouts, copper had an 81 percent probabilty of rising approximately 7 percent, while crude oil jumped 7 percent three quarters of the time.



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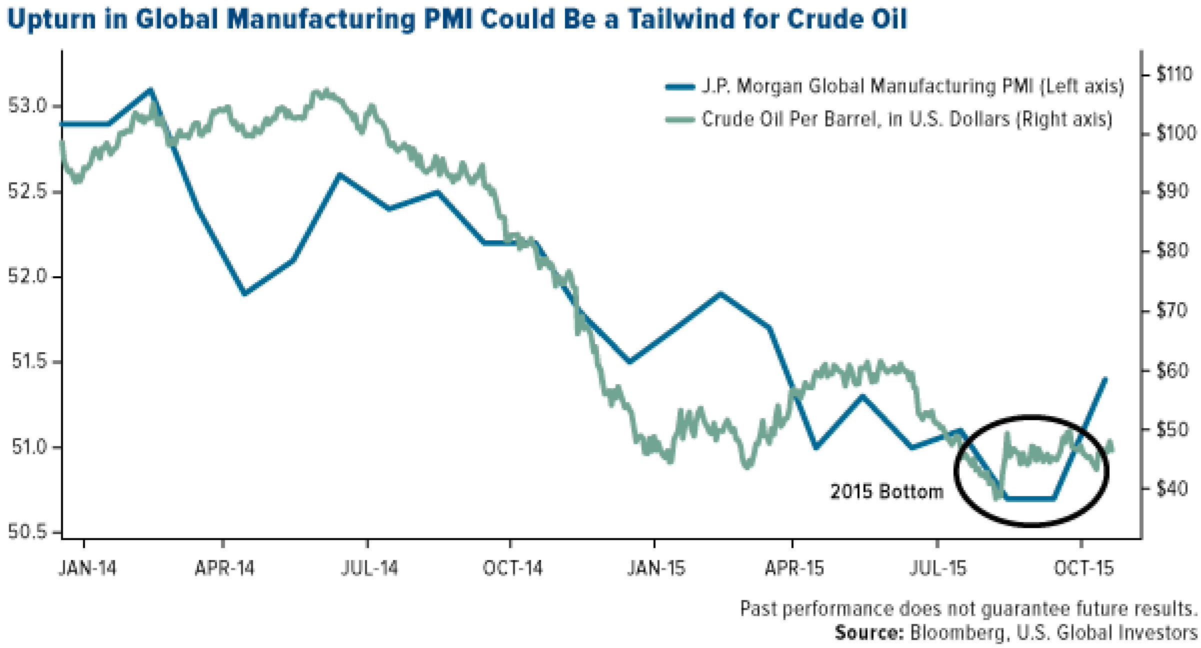
Indeed, oil prices have tended to track the global PMI pretty closely. With manufacturing exploding off the launch pad, could oil be very far behind?



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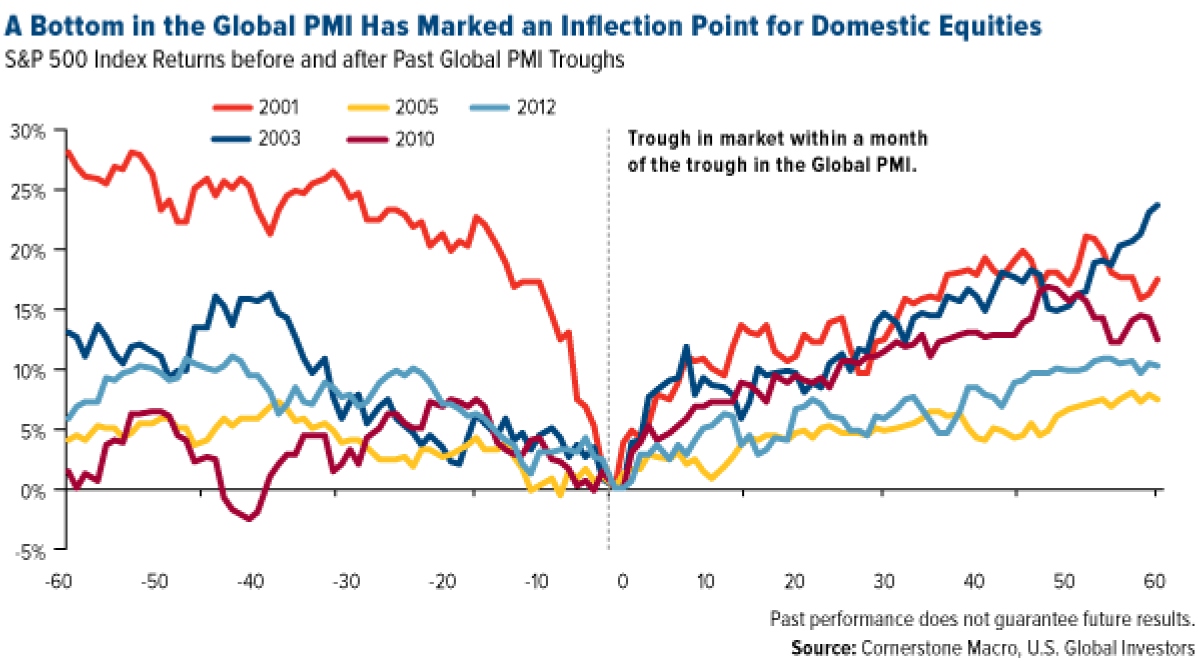
What's more, domestic equities are strongly correlated with global PMI readings. Investment research firm Cornerstone Macro shows that in five separate incidences since 2001, a PMI liftoff after hitting a bottom was soon followed by a rally in the S&P 500 Index.



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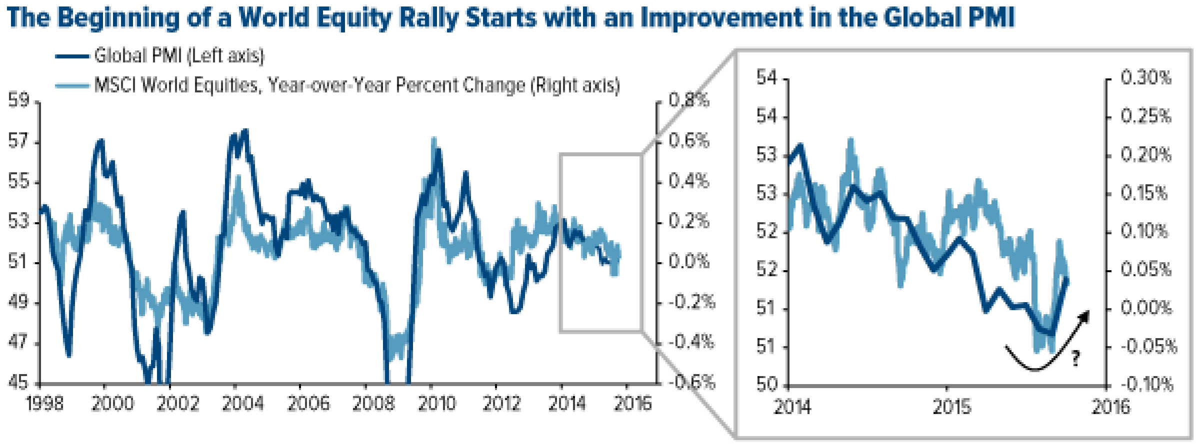
A similar trend can be observed in world equities. In the past, the MSCI World Index has rallied when the global PMI turned up.



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

click to enlarge

Brian Hicks, portfolio manager of our Global Resources Fund (PSPFX), agrees that the PMI reading is promising.

"It's definitely constructive for commodities going forward," he said.

One of our holdings in PSPFX, by the way, had a huge jump this week. British Columbia-based Sunridge Gold announced that it would be selling its 60 percent interest in the Asmara Mining Share Company, holder of the Asmara Project in northeastern Africa, to Sichuan Road & Bridge Mining Investment Development, a Chinese company, for $65 million. Sunridge jumped 41 percent this week alone and for the year is up 71 percent.

Did I mention that U.S. Global Investors is the largest holder of Sunridge stock (by a very wide margin)? That's the power of active portfolio management.

So When Will Liftoff Occur?

As exciting as this news already is, we believe the *real* commodity liftoff should occur when the U.S., Europe, China and global PMIs all score above a 50.0, with the one-month readings above the three-month trends.

Of those regions, China is the only one whose reading still trails below the 50.0 level. For the month of October, it came in at 48.3, up from 47.2 in September.

But like the global PMI, the Caixin China Manufacturing PMI crossed above its three-month moving average, suggesting that manufacturing activity is contracting at a slower pace and preparing to reverse course into expansion mode.

It's crucial that China's PMI move above 50.0, as the Asian giant is the top driver of global commodities demand. We believe that once purchases, new orders and exports gain further momentum, commodities might have the fuel they need to skyrocket.

Heading Down Under

I'm nearing the end of my worldwide conference tour, which kicked off last week at the 2015 New Orleans Investment Conference.

This week I was in beautiful Lima, Peru—the third-largest city in the Americas—where I attended and spoke at the Mining & Investment Latin America Summit.


Downtown Lima, Peru

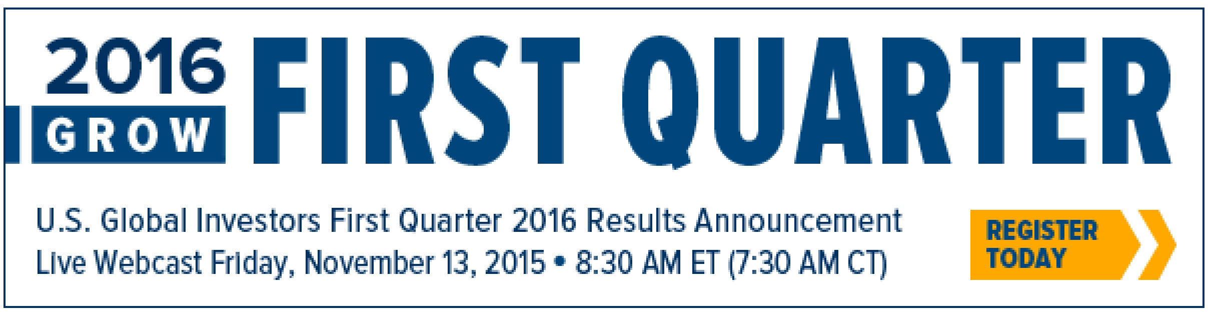
During this leg of the trip I managed to gain some tacit knowledge by visiting the Mineral Museum Andrés del Castillo as well as downtown Lima, which is currently undergoing lots of construction and rapid population growth.

Visiting the Mineral Museum Andrés del Castillo in Lima, Peru.

Right now I'm on the 12-hour red eye to Melbourne, Australia, for the International Mining and Resources Conference. Stay tuned for my thoughts and insights on what I saw and heard during my travels!

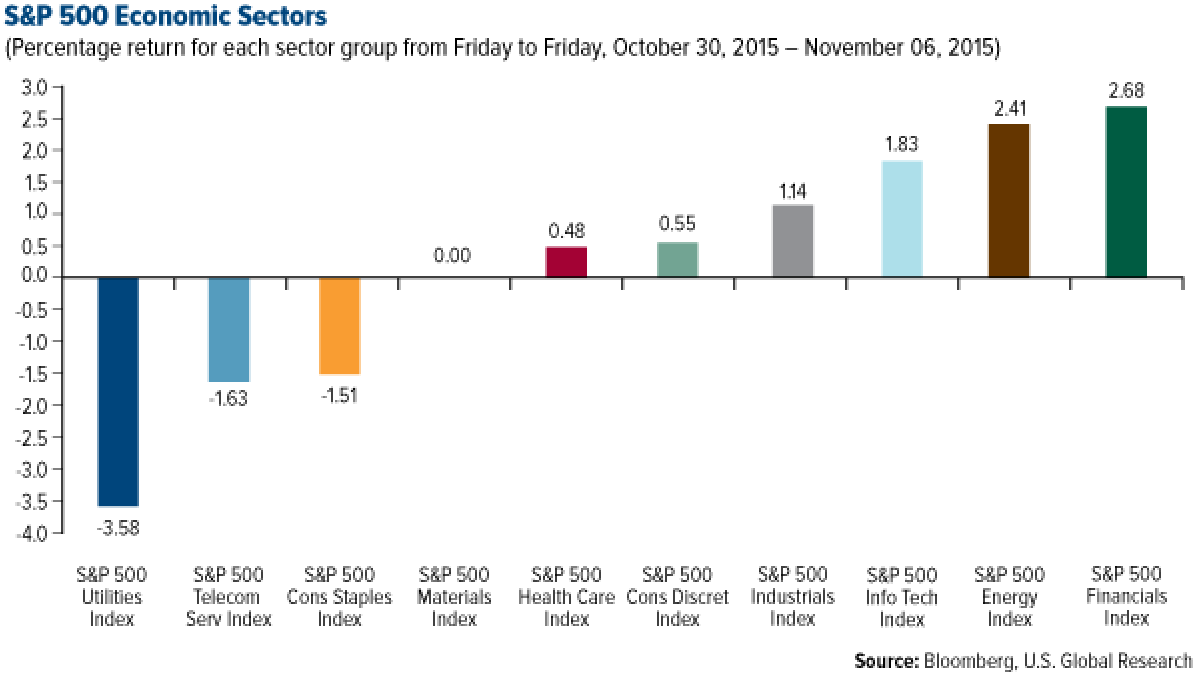
Index Summary

- The major market indices finished up this week. The Dow Jones Industrial Average gained 1.40 percent. The S&P 500 Stock Index rose 0.95 percent, while the Nasdaq Composite climbed 1.85 percent. The Russell 2000 small capitalization index gained 3.26 percent this week.
- The Hang Seng Composite gained 1.39 percent this week; while Taiwan was up 1.63 percent and the KOSPI rose 0.57 percent.
- The 10-year Treasury bond yield rose 18 basis points to 2.33 percent.



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

Domestic Equity Market



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Strengths

- Financials was the best performing sector on a relative basis, up 2.68 percent for the week versus a 0.83 percent gain for the S&P 500 Index.
- The energy, information technology, industrials, consumer discretion and health care sectors all beat the S&P 500, returning 2.41 percent, 1.83 percent, 1.14 percent, 0.55 percent and 0.48 percent respectively.
- Qorvo Inc. was the best-performing stock in the S&P 500, up 26.45 percent. It serves the mobile device, networks infrastructure and defense and aerospace markets.

Weaknesses

- The utilities sector had a tough week, ending as the worst performer with a return of -3.58 percent, due in part to the profit taking seen after the substantial gain that occurred during recent weeks.
- Telecommunication services and consumer staples also lagged the S&P 500, both returning below the S&P 500's performance of 0.73 percent.
- The worst-performing stock in the S&P 500 was Qualcomm Inc., which fell 10.10 percent. Qualcomm designs, develops, manufactures and markets digital communications products and services in China, South Korea, Taiwan and the United States.

Opportunities

- A wave of mergers and acquisitions is unlocking value in software companies, which should be supported by positive surprises in operating performance. Sales growth expectations have come down relative to the overall market, even though weak productivity growth calls for an increase in relative business investment on software. When overall corporate sector profit margins are under pressure, the incentive to invest in productivity-enhancing software with relative quick payback periods rises. The implication is that a breakout in relative share price performance is a high probability outcome as the industry surpasses depressed expectations.
- Health care facilities companies have been hit hard in the past month, but there is a good chance of a recovery. Employment is up across the health care sector, and while that will raise costs, pricing power is also improving and other costs remain under control. The cost of physician services and medical supplies outside of pharmaceuticals is also running at a low tick. As long as overall employment growth does not crumble, the trend in provisions for doubtful accounts should remain lower for the industry, as the unemployment rate leads bad debt expenses. If that happens, profit margins should not suffer the widespread contraction on the back of rising wage and drug expenses that has put the sector under pressure.

Communications equipment companies are seeing a rebound. While the latest durable goods report was weak, demand for communications equipment held steady. In fact, the new orders-to-inventory ratio has moved up, pointing to faster production growth ahead. Productivity is reaccelerating on the back of cost control, with further upside likely as output increases. Furthermore, telecommunications service capital spending is rebounding, providing a catalyst to sustain increased demand growth.

Threats

- The broad market has enjoyed a powerful bounce since the September low, but only a handful of stocks and sectors are driving returns, with the value line index (an equally-weighted broad market index) significantly trailing the S&P 500 Index. This message is reaffirmed by the lagging small-cap Russell 2000 Index. Finally, high-yield spreads remain extended. These divergences are consistent with an economic/profit slowdown, and potential concerns about backlash from premature Federal Reserve interest rate hikes.

- Time Warner dealt a blow to media stocks earlier this week, warning that cord cutting would have a negative impact on next year's profit results. Consumer spending on media follows long-term cycles, which have a large influence on media profits. Macro data have demonstrated that outlays on media have downshifted, as content consumption is increasingly performed on consumer's terms. This is disruptive and should be expected to undermine operating performance. With media sales growth already close to zero, a contraction is a distinct possibility if spending patterns persist. That would be a negative surprise and argues for a rising risk premium.

- Following a near 10 percent fall compared with the broad market year-to-date, industrials stocks are trying to stabilize close to the 2011 and 2012 troughs. This is unlikely, however, as capital spending continues to be cut. The Fed's senior loan officer survey showed that bankers are less willing to extend credit for commercial & industrial (C&I) purposes. This tightening in standards for C&I loans is worrisome, given its close correlation with the ISM Manufacturing Index and is a net negative for industrials' top line growth. Meanwhile, C&I credit conditions have been a good predictor of growth slumps in the past few decades. When combined with persistent U.S. dollar strength and depressed commodity prices, industrial sector earnings are likely to remain subdued.

In the News

November 6, 2015
Frank Holmes Tells Kitco: PMI Looks Positive

November 6, 2015
Why Gold Investors Need to Pay Attention to the Lifecycle of Mines

October 29, 2015
When Investing In Resources, Patience Is Key

U.S. Government Securities Ultra-Short Bond Fund - UGSDX • Near-Term Tax Free Fund - NEARX

The Economy and Bond Market

Major global stock indices treaded water this week on mixed economic data. Growth in Europe offset weakness in China, while U.S. data was generally bullish. Asian stocks rose, with the Shanghai Composite Index gaining 20 percent since its August low, signifying a bull market. A surprisingly strong U.S. monthly payroll report pushed stocks down slightly, while boosting the U.S. dollar. U.S. Treasuries sold off on the increased likelihood of a December rate hike by the Federal Reserve. The yield on the 10-year U.S. Treasury note rose above 2.33 percent. Crude oil prices fell below $45 and $49 per barrel, respectively, for WTI and Brent after rising midweek.

Strengths

- U.S. nonfarm payrolls grew by 271,000 jobs in October, easily exceeding the median estimate of 180,000. The unemployment rate fell to 5.0 percent, the lowest since April 2008. The ISM's non-manufacturing index rose to 59.1 in October from 56.9 in September. New orders and employment sub-indices also rose. The U.S. service sector has expanded for 69 straight months.

- The U.S. trade gap narrowed to a seven-month low in September as oil imports fell to the lowest level in more than 11 years. The deficit narrowed to $40.8 billion in September from $48 billion in August. Imports decreased 1.8 percent while exports rose 1.6 percent.

- U.S. light vehicle sales increased 13.6 percent in October from a year earlier. For a second consecutive month, the annualized sales pace exceeded 18 million, the best two-month stretch in 15 years. The automobile market is on pace for its strongest annual results ever.

Weaknesses

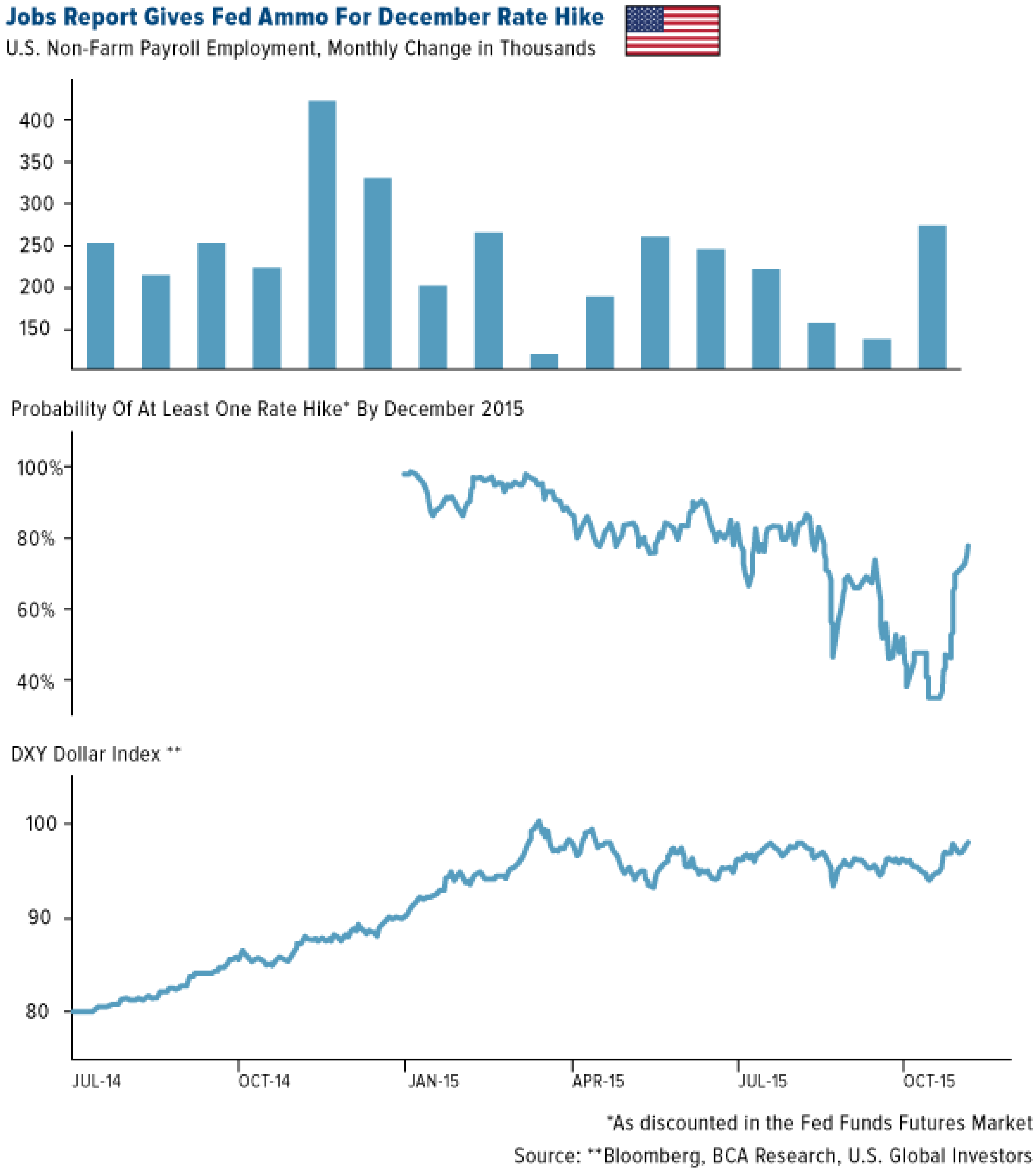
- The ISM Manufacturing Index fell from 50.2 in September to 50.1 in October, the weakest reading since May 2013.
- German industrial production fell 1.1 percent in September, while factory orders declined an unexpected 1.7 percent. The weak data were entirely caused by a slump in demand outside the eurozone. Factory orders from outside the 19-country bloc fell 8.6 percent in the third quarter.
- Initial jobless claims increased by 16,000 to 276,000 for the week ended October 31. The four-week moving average rose by 3,500 to 262,750.

Opportunities

- The House Financial Services Committee approved a bill that would allow municipal bonds to be counted as high-quality liquid assets. It will now move to the floor of the House of Representatives to be discussed. This bill would redefine certain municipal bonds to be high-quality, level 2A assets, which would count towards the new liquidity coverage ratio requirements imposed by the Fed on banks. This bill is important to ensure institutional investors such as banks can continue to have exposure to the municipal market, thereby increasing liquidity and access to capital for municipal borrowers.
- A new report by McKinsey & Company details 33 innovations that could help significantly improve energy use. These innovations span nine different categories including advanced industries, cement, consumer goods, mining, oil refining and chemicals, power, pulp and paper, steel, and those that can be used generally. Most of these technologies are already available, so the challenge for companies will be to figure out which ones to use, how to put them into practice and how to renew them so that they continue to work year-in and year-out.
- The increased odds of a December interest rate hike have sent the U.S. dollar higher again. A stronger currency should help retain foreign investment in the country.

Threats

- The stronger-than-anticipated payrolls number triggered a jump in expectations of a December rate hike to over 70 percent, while also causing the dollar to spike. Barring a flare-up in overseas financial stress, the Federal Reserve is likely to hike in December, but slow growth and a strong currency could mean that the odds of "one and done," and/or that the Fed is forced to reverse course in 2016, are high.



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- The Federal Reserve pays close attention to inflation expectations. One of the measures, the consumers' long-term inflation expectations, has been shifting down. An update to the University of Michigan's consumer survey will be provided on Friday.
- U.S. investment grade (IG) corporate bonds recovered somewhat in October, but a poor fundamental backdrop remains a major headwind. Global economic growth is slowing and corporate pricing power remains extremely depressed, meaning weak top-line growth could continue to weigh on corporate profits. The renewed strength of the U.S. dollar, driven by the growing monetary policy divergence between the U.S. and the rest of the world, will only exacerbate the current weakness in profits. The hawkish bias of the Fed should also limit any additional near-term spread tightening from current levels.

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

Gold Market

For the week, spot gold closed at $1,088.94 down $53.22 per ounce, or 4.66 percent. Gold stocks, as measured by the NYSE Arca Gold Miners Index, lost 9.68 percent. Junior miners outperformed seniors for the week as the S&P/TSX Venture Index lost 1.43 percent. The U.S. Trade-Weighted Dollar Index soared 2.29 percent for the week.

Date	Event	Survey	Actual	Prior
Nov -2	US ISM Manufacturing	50	50.1	50.2
Nov -4	US ADP Employment Change	180k	182k	200k
Nov -5	US Initial Jobless Claims	262k	276k	260k
Nov -6	US Change in Nonfarm Payrolls	185k	271k	142k
Nov -10	CH Retail Sales YoY	10.90%	--	10.90%
Nov -12	GE CPI YoY	0.30%	--	0.30%
Nov -12	US Initial Jobless Claims	270k	--	276k
Nov -13	US PPI Final Demand YoY	-1.20%	--	-1.10%

Strengths

- Gold and platinum were the strongest of the four precious metals this week with just a couple of basis points separating the two in what was a tough market for the precious metals sector as a whole. The stronger-than-expected change in nonfarm payrolls released on Friday likely sets the Federal Reserve on a path to an interest rate hike in December, unless significant economic news turns the tables.

- There was about 57 tons of gold bullion withdrawn from the Shanghai Gold Exchange into China in the latest week. This pushes the cumulative withdrawals of Shanghai gold over the 10,000 ton mark. Compared to prior years, 2015 is going to be a new record if the withdrawals maintain the pace. This continued strength in demand from China is positive for bullion's momentum and stability.

- Today's employment report illustrates U.S. economic strength. The report was underpinned by a few important factors that include a pickup in wage growth, tightening labor slack and an acceleration in retail hiring ahead of the holiday shopping season. While the price of gold suffered from the increased odds of a December rate hike, longer term it could benefit as sustained economic strength should start to push inflation higher.

Weaknesses

- Palladium fell 8.36 percent this week, significantly more than the 4.95 percent that silver suffered. Some commentators expressed concerns, that in the wake of the Volkswagen emissions scandal, automakers may look for ways to avoid reliance on palladium for cleaning the emissions of gasoline powered engines.

- Gold prices continued to fall this week, erasing all of October's gains, on the back of a stronger-than-expected jobs report that pushed up the odds of a December rate hike to over 70 percent.
- Royal Gold fell the most in 12 years after the company reported a quarterly loss and revenue that trailed analyst estimates. They were also impacted by having a streaming agreement on the Phoenix Gold Project, which another operator announced is moving to suspend underground activities until they could sort out the proper mining method to use.

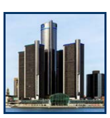
Opportunities

- Goldman Sachs warns that the S&P Volatility Index (VIX) seems low, significantly underpricing the tail risk of economic uncertainty. According to the company, the options market seems to either be anticipating an inflection higher in the economic data, no rate hike, or an extreme lack of catalysts between now and year end. With the broader market rebounding back to the highs and gold being off, this may set us up for a reversal in these gains.
- A report by Paul Donovan from UBS calls for an imminent increase in inflation. The report states that headline inflation is about to take a significant step up in most of the world's major economies. The report argues that core inflation pressures have been exhibiting modest increases which have been perhaps undermined by the relative price shift in the oil market. Thus, the fading of the oil base effect between October and January may bring the inflation argument into greater prominence.
- Another report from Paul Donovan argues that never in the history of economic thought have so many people been as wrong as they are about the dollar today. He argues that the floating exchange rate theory is a theory that is simply wrong in major economies today. Reliance on archaic economic theories means that there is a general tendency to assume that a strong dollar automatically and broadly weakens U.S. exporters' market share. However, the assumptions are wrong and the implications for inflation, economic growth and exporters' profit margins are significant.

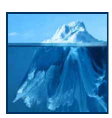
Threats

- Appetite for gold in China, which accounts for one-fifth of global investment demand, could fall in the long term as the country moves to internationalize the yuan. This would enable savers to gain direct access to foreign stocks and bonds, placing them in direct competition against bullion.
- According to UBS, India's plan to tap idle gold may exceed expectations. A survey run by the company shows a "significantly large" proportion of respondents are likely, or highly likely, to participate in the government's monetization plan and aren't resistant to temple gold being deposited with banks. Nonetheless, the plan should take time to gain traction, especially in rural areas. Also key will be the willingness of women in rural areas to participate.
- Nomura predicts gold may dip as the Federal Reserve hikes rates in March 2016, and then recovers by the second half of the year. The bank forecasts bullion at $1,150 per ounce in the fourth quarter, falling to $1,115 in the first half of 2016, and then rising to $1,235 in the second half.

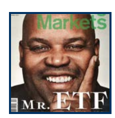
Frank Talk Insight for Investors



November 4, 2015
How Rare Are Municipal Bankruptcies? A Lot Rarer Than You Think



November 2, 2015
Have Commodities Reached an Inflection Point?

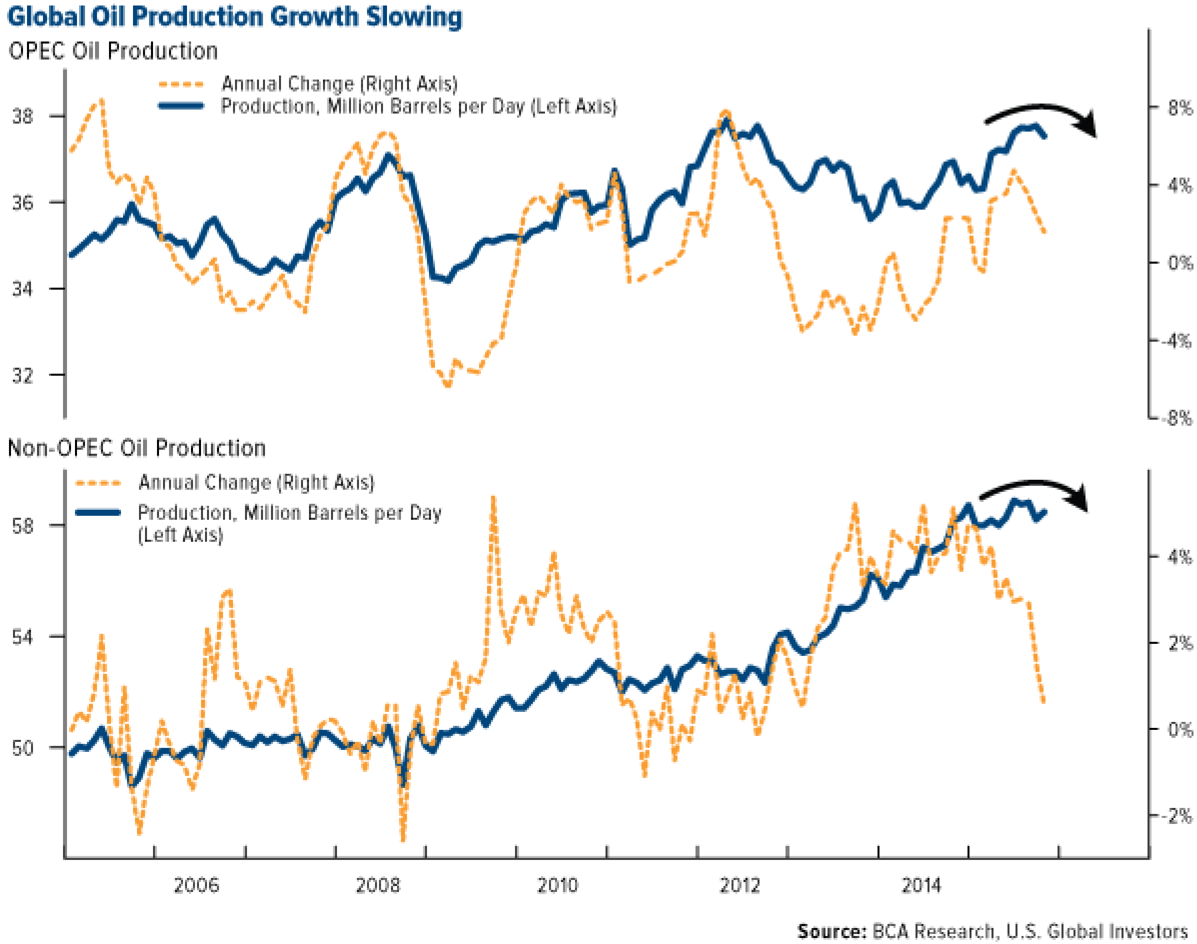


October 26, 2015
Follow the Leaders: Learning from ETFs, BCA and the New PM

A blog by Frank Holmes, CEO and Chief Investment Officer

Global Resources Fund - PSPFX

Energy and Natural Resources Market



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Strengths

- Oil & gas refiners and marketers were the best performers this week. The group experienced strong earnings per share, demand strength and crack spread improvements, all which could translate into higher margins. The S&P Supercomposite Oil & Gas Refining & Marketing Index rose 6.5 percent this week.
- Construction and engineering also outperformed this week as investors retreated into more defensive areas following forward guidance from management. The S&P Supercomposite Construction & Engineering Index rose 3.7 percent.
- Construction materials stocks rallied this week as the industry's fundamentals remain healthy. The S&P Supercomposite Construction Materials Index rose 3.0 percent this week.

Weaknesses

- Gold miners underperformed this week in response to a strong U.S. dollar and increased interest rates. The NYSE Arca Gold Miners Index fell 9.68 percent this week.
- Tanker stocks suffered this week following disappointing earnings and flattening rates. The Bloomberg Tanker Index fell 6.2 percent this week.
- Utilities stocks slumped this week following speculation that Federal Reserve officials could raise interest rates in the near future. The S&P 500 Utilities Index fell 3.58 percent this week.

Opportunities

- The Department of Energy's (DOE's) Short-Term Crude Outlook report will be released next week and could be a crucial indicator for expectations regarding declining U.S. oil production.
- China continues to stimulate its slowing economy and many analysts are expecting even larger stimulus packages to be implemented in the near future.

- Industrial production for fixed-asset investment in China will be released next week and could show signs of economic stability and/or incremental growth.

Threats

- The Federal Reserve reignited investor fears of an interest rate hike this year, following a strong U.S. employment data report. Gold and other precious metals could see further downward pressure.
- Global growth remains unimpressive and there has yet to be an effective catalyst to spur it.
- The Federal Reserve's comments this week, along with further foreign easing particularly in China and the eurozone, will likely put further upward pressure on the dollar.

China Region Fund - USCOX

China Region

Strengths

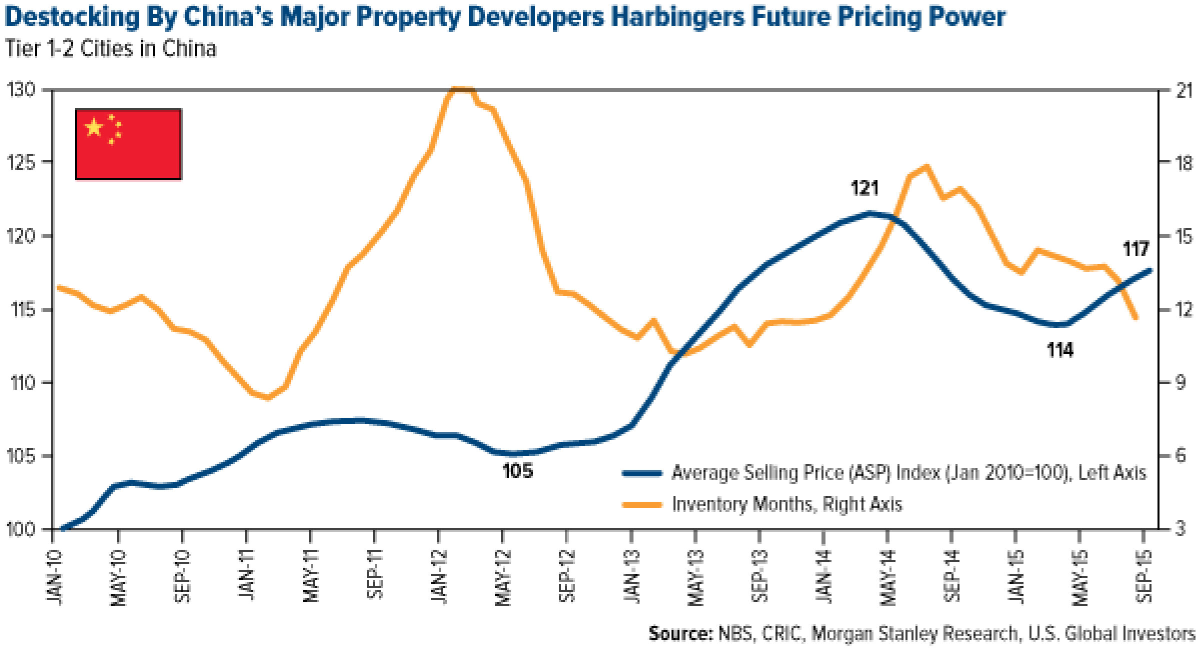
- China A-shares performed well this week, as purchasing managers' index (PMI) data improved and Asia entered a technical bull market, more than 20 percent higher from the low on August 26. The Shanghai SE Composite Index jumped 6.14 percent this week with rising volume.
- Consumer discretionary was the best performing sector in Asia this week, with automobile manufacturers, household appliances and broadcasting leading the pack. The MSCI Asia Pacific ex Japan Consumer Discretionary Index gained 3.27 percent this week.
- The Indonesian rupiah was the best performing currency this week, strengthening 0.97 percent, thanks to the largest weekly inflows into the country's local-currency sovereign bonds since early August during the previous week.

Weaknesses

- The Philippines was the worst performing market in Asia this week, as the country's largest telecommunications carrier failed to live up to investor expectations in its third-quarter earnings release. The Philippines Stock Exchange Index retreated 0.23 percent this week.
- Health care was the worst performing sector this week, with pharmaceutical companies from India being hit the hardest. The MSCI Asia Pacific ex Japan Healthcare Index lost 0.8 percent this week.
- The Singapore dollar was the worst performing currency in Asia this week, weakening by another 1.22 percent, as its October PMI reading remained sluggish thanks to weaker global demand.

Opportunities

- Recovering new home sales, in the context of a continued decline of land purchases and housing starts in major Chinese cities, should bode well for the future pricing power of Chinese property developers. This is due to shrinking market supply, given the lengthy lead time from land acquisition to new supply launches. Relaxed approval of local corporate bond issuance for developers should also help reduce funding costs for developers, given falling interest rates domestically and less risk associated with foreign currency debt. Quality Chinese property developers could continue to benefit from tighter supply expectations and favorable government policy.



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- China's decision to resume initial public offerings in its domestic A-share market by year-end, and after a five-month freeze due to the summer market rout, could directly benefit local investment banks and brokers by restarting deal flows. Higher trading volume has already resulted in a 74-percent sequential jump in net earnings for 23 listed brokers in October. Investor sentiment could also continue to improve towards equity-market-sensitive industries such as brokers, asset managers and insurers, should there be any positive surprises from next week's release of China's October macro data.

- South Korea's better-than-expected GDP growth of 2.6 percent in the third quarter, thanks to a strong rebound in private consumption and government spending, should reinforce investors' preference for Korean sectors geared toward domestic demand rather than global demand. Financials, consumer staples and pharmaceuticals may continue to outperform electronics and industrials exporters.

Threats

- Federal Reserve Chairwoman Janet Yellen's indication of a December interest rate hike as a "live possibility" during her congressional testimony this week, coupled with a stronger-than-expected October nonfarm payroll report, significantly increased investor expectations of higher interest rates in the U.S. by year end. This dynamic could add to the positive momentum of a strengthening U.S. dollar in the short term, and rekindle volatility in emerging Asian currencies and equities as a result of further liquidity exodus from the region.

- Resurgence of two-year U.S. Treasury yields to the highest level since May 2010 this week, and a visible pullback of more commodity-driven Southeast Asian markets such as Malaysia in the past month, might be an early sign of exhaustion for the global countertrend rally in October. Lower quality companies, especially in energy and materials, with leveraged balance sheets and inferior cash flow, remain vulnerable after the earnings season.

- Hong Kong's larger-than-expected, year-over-year contraction in retail sales, and its continued slowdown in overall tourist arrivals in September, could reinforce investor perception that a secular decline in Hong Kong's popularity as a leisure travel destination is becoming unambiguous for China's middle class who increasingly prefer visiting different cultures farther away from home. This ongoing trend bodes especially ill for Hong Kong retailers and hotels.

Emerging Europe Fund - EUROX

Emerging Europe

Strengths

- Hungary was the best performing market this week, gaining 3.38 percent. Manufacturing purchasing managers' index (PMI) data for October was reported at 55.3 versus the prior reading of 55.8, and well above the 50 level that separates growth from contraction. Industrial production expanded by 7.8 percent versus the prior year, and was above expectations of 5.6 percent. Retail sales data improved as well.

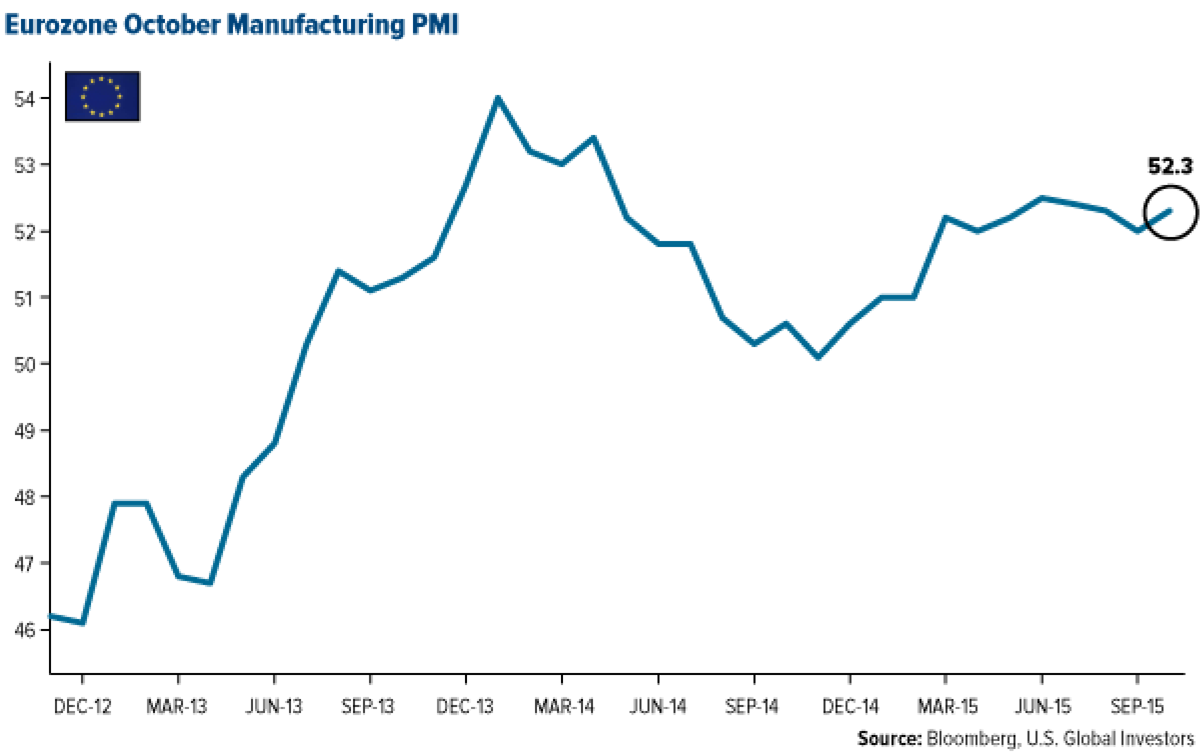
- The Turkish lira was the best relative performing currency this week, losing 20 basis points against the U.S. dollar. It was a volatile week for the lira; the currency appreciated more than 3 percent against the dollar on Monday after Sunday's parliamentary election results were announced. The lira lost most of its gains at the end of the week on expectations that Federal Reserve may hike interest rates by year end.
- Industrials was the best performing sector among eastern European markets this week.

Weaknesses

- Greece was the worst performing market this week, losing 3.4 percent. The Athens Stock Exchange Index was dragged down by Piraeus Bank and the National Bank of Greece, losing 39.7 percent and 22.6 percent, respectively, in the past five days.
- The Hungarian forint was the worst performing currency, losing 3.7 percent against the dollar. The central bank of Hungary announced new incentives for banks to increase lending, including partial credit risk via interest-rate swaps along with lowering capital requirements for banks that intensify credit activity. Gergely Palffy, an economist at Raiffeisen International Bank, expects the forint to weaken further as the central bank has no exchange rate target.
- Consumer discretionary was the worst performing sector among eastern European markets this week.

Opportunities

- Eurozone manufacturing growth strengthened in October. The PMI data was reported at 52.3, higher than the September reading of 52. The eurozone's PMI reading has been above the 50 mark that separates growth from contraction for more than two years now.



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- The European Central Bank (ECB) announced results of the Greek banking system's stress test. The total capital needs for the four systemic banks stand at EUR 14.4 billion, and the results are in line with recent press reports. Alpha Bank and Eurobank do not need to raise as much capital as Piraeus Bank and the National Bank of Greece. The recapitalization process has started and Greek banks, once recapitalized, may attract investors.
- Election-led uncertainties have ended in Turkey after the APK Party, which is the socially conservative party of President Recep Tayyip Erdogan, unexpectedly won more than the 276 seats needed to form a single majority

government. Recent polls suggested that the AKP Party received 40 to 43 percent of votes in Sunday's election, but the group had actually won 49.4 percent of votes. Turkey has a long history of single party government, which was lost in June but now regained.

Threats

- The Central Bank of Russia forecasts that the economy won't return to annual growth until 2017, meaning Russia is on track for the longest recession in two decades. GDP will contract from 3.9 percent to 4.4 percent this year, and it may shrink 1 percent next year. The central bank projects oil staying at $50 in 2016 until 2018.
- James Ferguson, in his October 29 Macro Strategy publication, wrote that Mario Draghi, President of the ECB, will double the quantitative easing (QE) program and the euro will fall. He commented that the euro area needs not only 18 months of the bond-buying program, but instead needs five years at its current monthly rates.
- Emerging market currencies sank on Friday with the news of better-than-expected U.S. employment growth that supports the case for the Fed to increase interest rates. Futures traders see the odds of the Fed hiking rates in December at 70 percent, up from 56 percent on Thursday. Emerging Europe currencies declined more than 1 percent against the dollar in one day, with the Turkish lira losing as much as 2 percent against the dollar in one day.

Leaders and Laggards

Weekly Performance

Index	Close	Weekly Change($)	Weekly Change(%)
DJIA	17,910.33	+246.79	+1.40%
S&P 500	2,099.20	+19.84	+0.95%
S&P Energy	514.21	+12.10	+2.41%
S&P Basic Materials	284.65	+0.01	+0.00%
Nasdaq	5,147.12	+93.37	+1.85%
Russell 2000	1,199.75	+37.88	+3.26%
Hang Seng Composite Index	3,160.97	+43.32	+1.39%
Korean KOSPI Index	2,041.07	+11.60	+0.57%
S&P/TSX Canadian Gold Index	121.79	-12.20	-9.11%
XAU	46.01	-5.44	-10.57%
Gold Futures	1,087.40	-54.00	-4.73%
Oil Futures	44.51	-2.08	-4.46%
Natural Gas Futures	2.35	+0.03	+1.12%
10-Yr Treasury Bond	2.33	+0.19	+8.63%

Monthly Performance

Index	Close	Monthly Change($)	Monthly Change(%)
DJIA	17,910.33	+998.04	+5.90%
S&P 500	2,099.20	+103.37	+5.18%

S&P Energy	514.21	+13.80	+2.76%
S&P Basic Materials	284.65	+11.11	+4.06%
Nasdaq	5,147.12	+355.97	+7.43%
Russell 2000	1,199.75	+47.14	+4.09%
Hang Seng Composite Index	3,160.97	+62.67	+2.02%
Korean KOSPI Index	2,041.07	+35.23	+1.76%
S&P/TSX Canadian Gold Index	121.79	-14.72	-10.78%
XAU	46.01	-7.97	-14.76%
Gold Futures	1,087.40	-61.30	-5.34%
Oil Futures	44.51	-3.30	-6.90%
Natural Gas Futures	2.35	-0.13	-5.13%
10-Yr Treasury Bond	2.33	+0.26	+12.57%

Quarterly Performance

Index	Close	Quarterly Change($)	Quarterly Change(%)
DJIA	17,910.33	+536.95	+3.09%
S&P 500	2,099.20	+21.63	+1.04%
S&P Energy	514.21	+23.86	+4.87%
S&P Basic Materials	284.65	+1.14	+0.40%
Nasdaq	5,147.12	+103.58	+2.05%
Russell 2000	1,199.75	-7.15	-0.59%
Hang Seng Composite Index	3,160.97	-188.86	-5.64%
Korean KOSPI Index	2,041.07	+30.84	+1.53%
S&P/TSX Canadian Gold Index	121.79	+1.07	+0.89%
XAU	46.01	+0.31	+0.68%
Gold Futures	1,087.40	-6.70	-0.61%
Oil Futures	44.51	+0.64	+1.46%
Natural Gas Futures	2.35	-0.45	-16.12%
10-Yr Treasury Bond	2.33	+0.17	+7.63%

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.

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

Stock markets can be volatile and share prices can fluctuate in response to sector-related and other risks as described in the fund prospectus.

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. Though the Near-Term Tax Free Fund seeks minimal fluctuations in share price, it is subject to the risk that the credit quality of a portfolio holding could decline, as well as risk related to changes in the economic conditions of a state, region or issuer. These risks could cause the fund's share price to decline. Tax-exempt income is federal income tax free. A portion of this income may be subject to state and local taxes and at times the alternative minimum tax. 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.

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 9/30/15:

Alpha Bank (Emerging Europe Fund 0.19%)
Eurobank 0.00%
National Bank of Greece 0.00%
Piraeus Bank (Emerging Europe Fund 0.06%)
Qorvo Inc. 0.00%
Qualcomm Inc. 0.00%
Royal Gold 0.00%
Sichuan Road & Bridge Mining Investment Development 0.00%
Sunridge Gold (Global Resources Fund 1.59%, World Precious Minerals Fund 0.76%)
Time Warner Cable Inc. (All American Equity Fund 0.74%, Holmes Macro Trends Fun d 1.00%)
Volkswagen 0.00%

*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 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 J.P. Morgan Global Purchasing Manager's Index is an indicator of the economic health of the global manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.
MSCI World Index is a capitalization weighted index that monitors the performance of stocks from around the world.
The Shanghai Composite Index (SSE) is an index of all stocks that trade on the Shanghai Stock Exchange.
The ISM manufacturing composite index is a diffusion index calculated from five of the eight sub-components of a monthly survey of purchasing managers at roughly 300 manufacturing firms from 21 industries in all 50 states.
The S&P Supercomposite Oil & Gas Refining & Marketing Index is a capitalization-weighted index. The index is comprised of the stocks in the oil & gas refining & marketing sub-industry.
The S&P Supercomposite Construction & Engineering Index is a capitalization-weighted index. The index is comprised of the stocks in the construction & engineering sub-industry.
The S&P Supercomposite Construction Materials Index is a capitalization-weighted index. The index is comprised of the stocks in the construction materials sub-industry.
The S&P Volatility Index (VIX) shows the market's 30-day volatility, and is a widely used measure of market risk.
The Bloomberg Tanker Index is a capitalization weighted index of the leading oil tanker companies traded on the New York Stock Exchange. The index was developed with a base value of 100 as of December 31, 1998.
The MSCI Asia ex-Japan Index is a free float-adjusted, capitalization-weighted index measuring the performance of all stock markets of China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand, India and Pakistan.
The Philippine Stock Exchange PSEi Index is composed of stocks representative of the industrial, properties, services, holding firms, financial and mining & oil sectors of the Philippines Stock Exchange.
The Athens Stock Exchange General Index is a capitalization-weighted index of Greek stocks listed on the Athens Stock Exchange.