



GROW Second Quarter 2018 Results Webcast

Frank Holmes, CEO and Chief Investment Officer

Susan McGee, President, General Counsel
and Chief Compliance Officer

Lisa Callicotte, Chief Financial Officer



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February 12, 2018 • 18-027

Today's Presenters



Frank Holmes



Susan McGee



Lisa Callicotte



Holly Schoenfeldt

Forward-Looking Statements

During this webcast we may make forward-looking statements about our relative business outlook. Any forward-looking statements and all other statements made during this webcast that don't pertain to historical facts are subject to risks and uncertainties that may materially affect actual results. Please refer to our press release and the corresponding Form 10-Q filing for more detail on factors that could cause actual results to differ materially from any described today in forward-looking statements. Any such statements are made as of today, and U.S. Global Investors accepts no obligation to update them in the future.



About U.S. Global Investors (GROW)

- U.S. Global Investors, Inc. is an innovative investment manager with vast experience in global markets and specialized sectors.
- Founded as an investment club, the company became a registered investment adviser in 1968 and has a longstanding history of global investing and launching first-of-their-kind investment products, including the first no-load gold fund.
- U.S. Global Investors is well known for expertise in gold and precious metals, natural resources and emerging markets.



GROW Strengths



- Strive to be the “go-to” stock for exposure to emerging markets, resources and digital currencies
- Debt-free, strong balance sheet with a reflexive cost structure
- Monthly dividend and return on equity discipline



Top Institutional Holders of GROW



1. Royce and Associates 8.25%
2. Emerald Advisers, Inc. 5.56%



3. Financial & Investment Management Group 5.45%



4. The Vanguard Group, Inc. 3.31%
5. Newberg Family Trust 3.04%

Percentage of shares outstanding

Source: NASDAQ, Data as of December 2017



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GROW Dividends — Paid Monthly

Consistently paid for more than

10 years

Current yield at share price of \$3.36 as of 02/12/2018

0.89%

Monthly dividend payment of \$.0025

Approved through March 2018



Share Repurchase Program in Motion

- The board approved a repurchase of up to \$2.75 million of its outstanding common stock on the open market through calendar year 2018
- For the three months ended December 31, 2017, the Company repurchased 36,748 class A shares using cash of \$117,000
- May be suspended or discontinued at any time

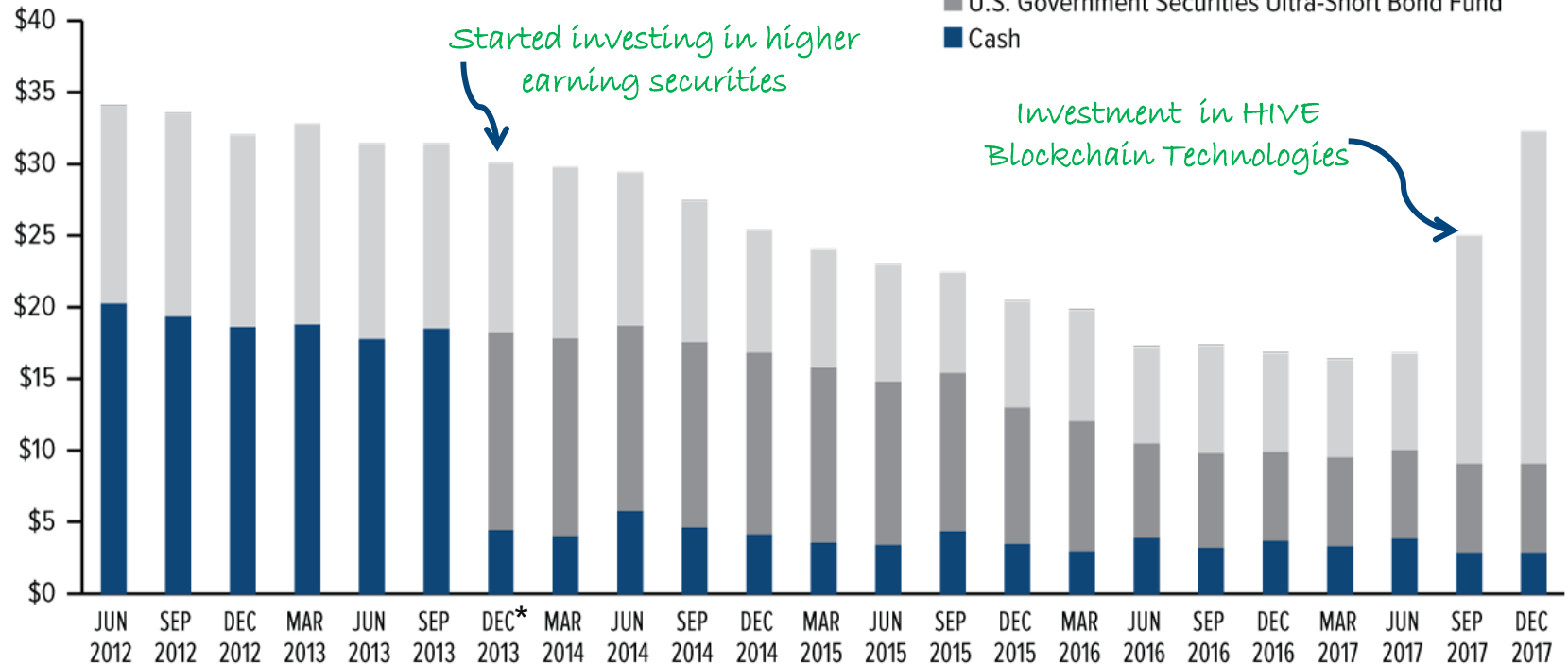


Balance Sheet Strength – No Debt



Cash, Cash Equivalents and Marketable Securities

Millions \$



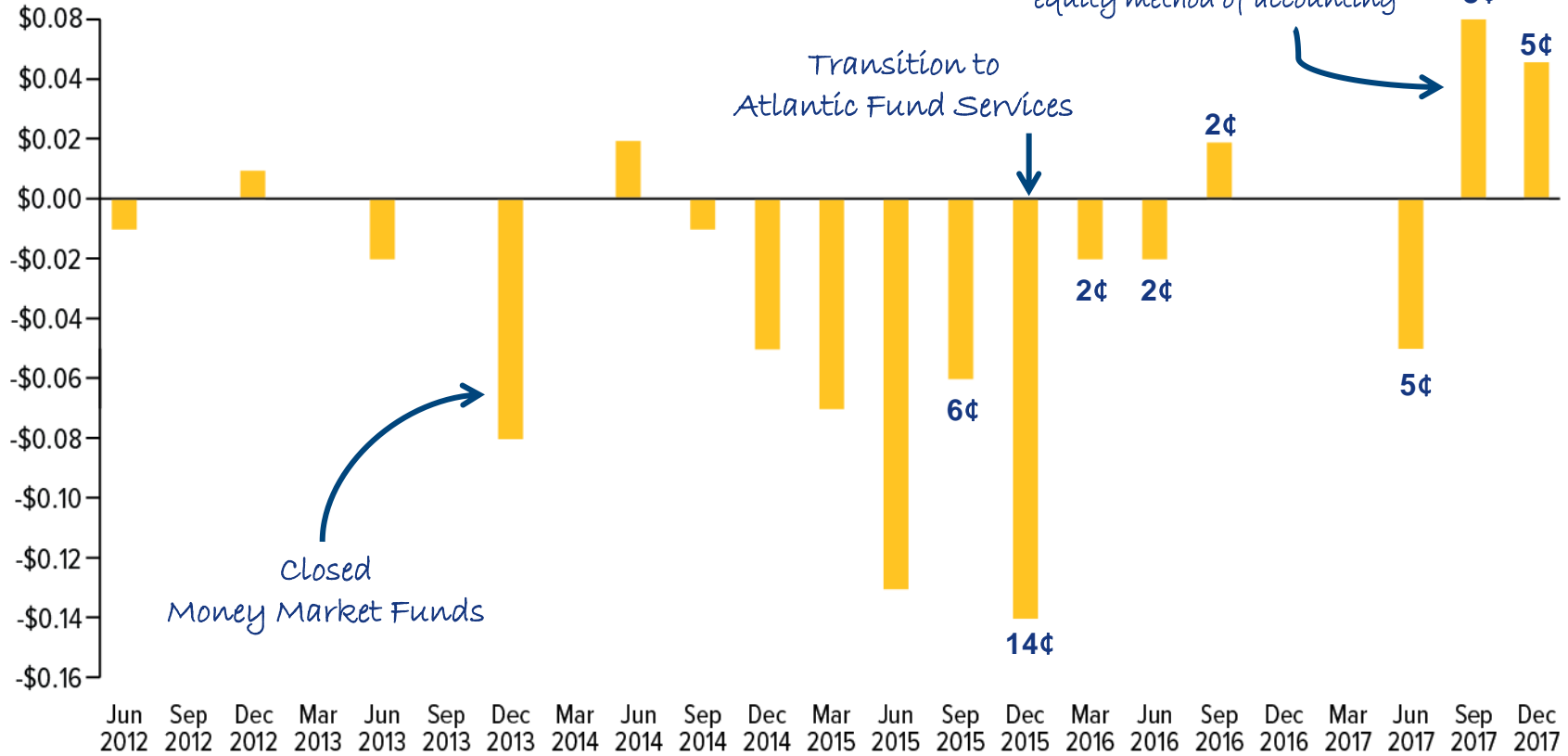
* The change in cash and cash equivalents was due to the company moving assets into the U.S. Government Securities Ultra-Short Bond Fund.



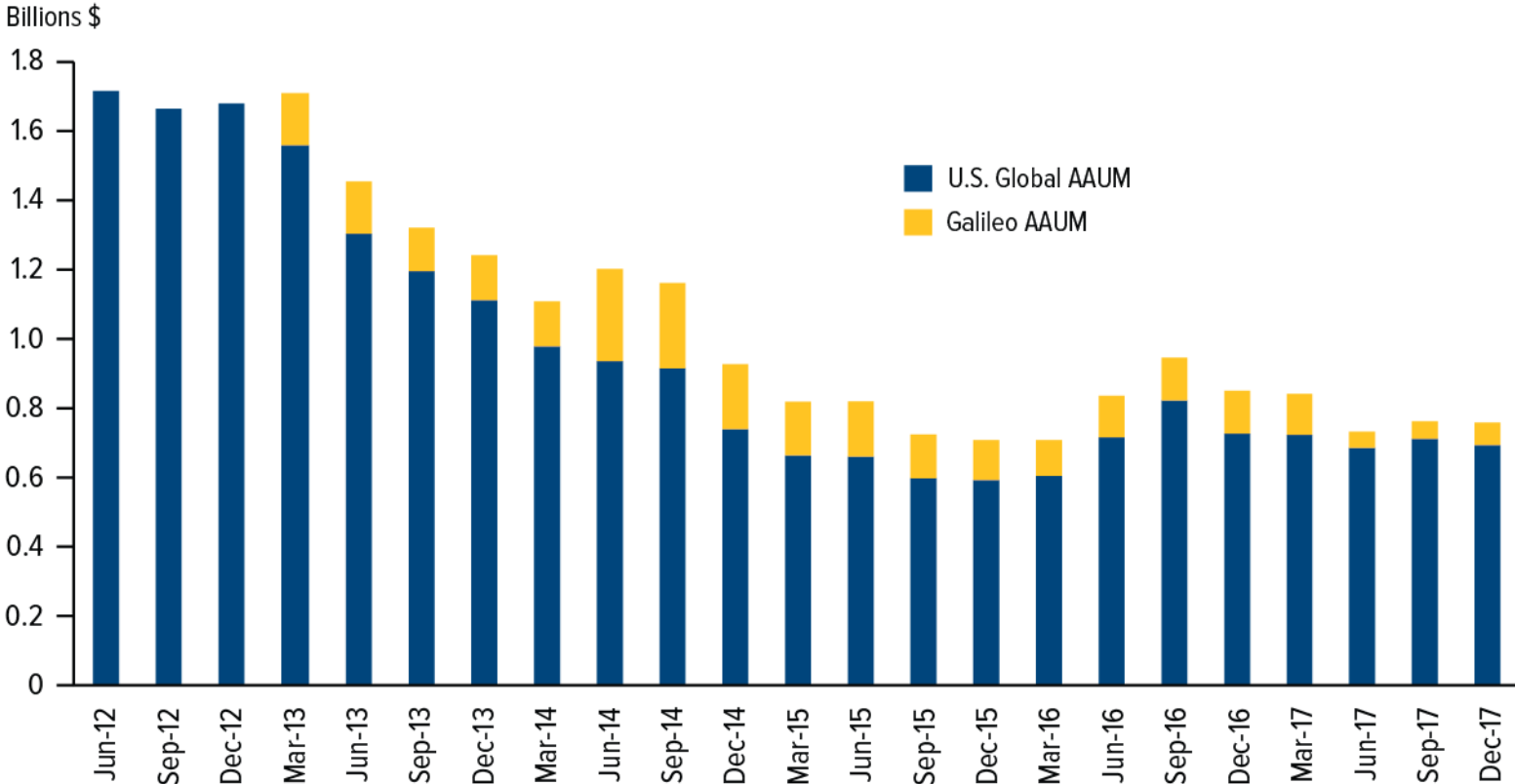
Earnings Per Share Quarterly

CORPORATE EVENTS IMPACTING EARNINGS

Earnings Per Share (Quarterly)



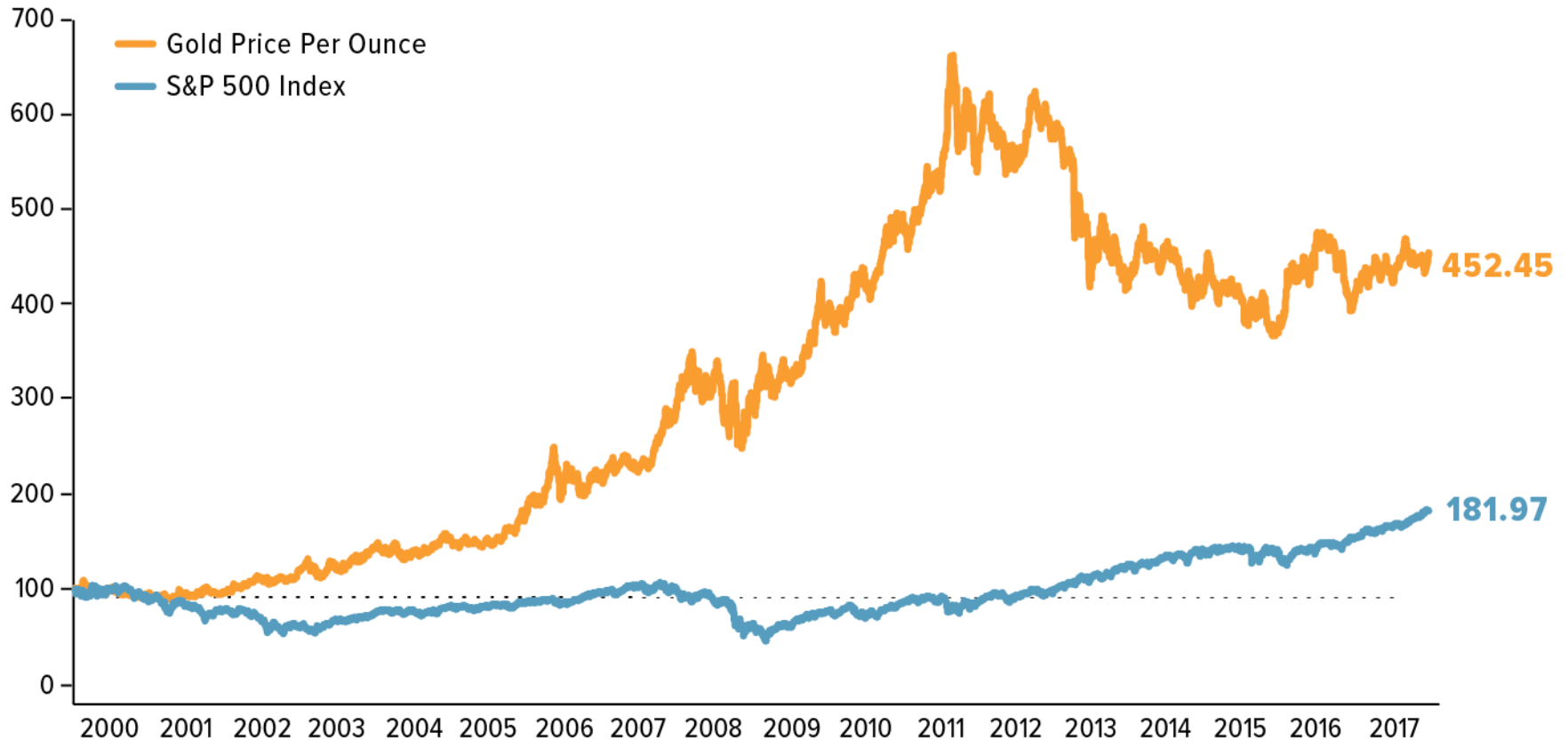
Quarterly Average Assets Under Management Remain Stable



Did You Know? For More Than a Decade, Gold Has Outperformed the Stock Market

Gold Price Has Beaten the Market So Far this Century

Indexed at 100 December 31, 1999, as of December 31, 2017



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



Sharing Insights With Financial Media, Usually Means Defending Gold and Now Cryptocurrencies Too



Gold Demand: Fear Trade vs Love Trade



Gold Demand



"Fear" Trade

"Love" Trade



Elvis Presley



Gold's Love Trade: Cultural Celebrations Prompting the Purchase of Gold

HOLIDAYS



JUNE JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY

Indian wedding season spans from September through year-end.





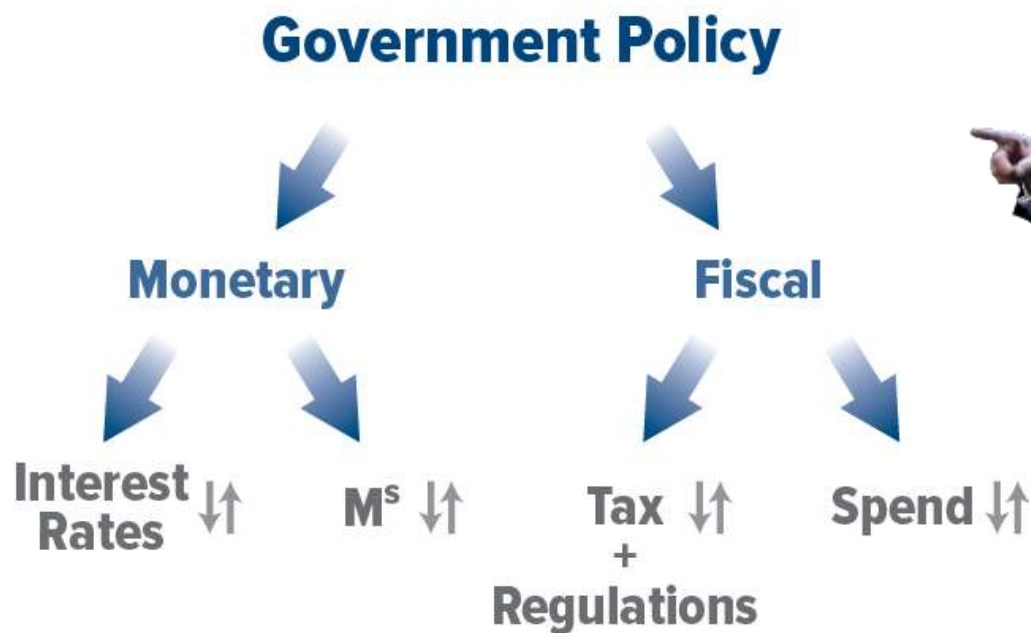
Driver: The Fear Trade



Jerome Powell, Chairman of the Federal Reserve



President Donald Trump



Two-Year Treasury's Real Yield Turned Positive

Two-Year Treasury's Real Yield Turned Positive

Two-Yield Treasury Yield Minus Consumer Price Index (CPI), Dec. 2015 – Feb. 2018



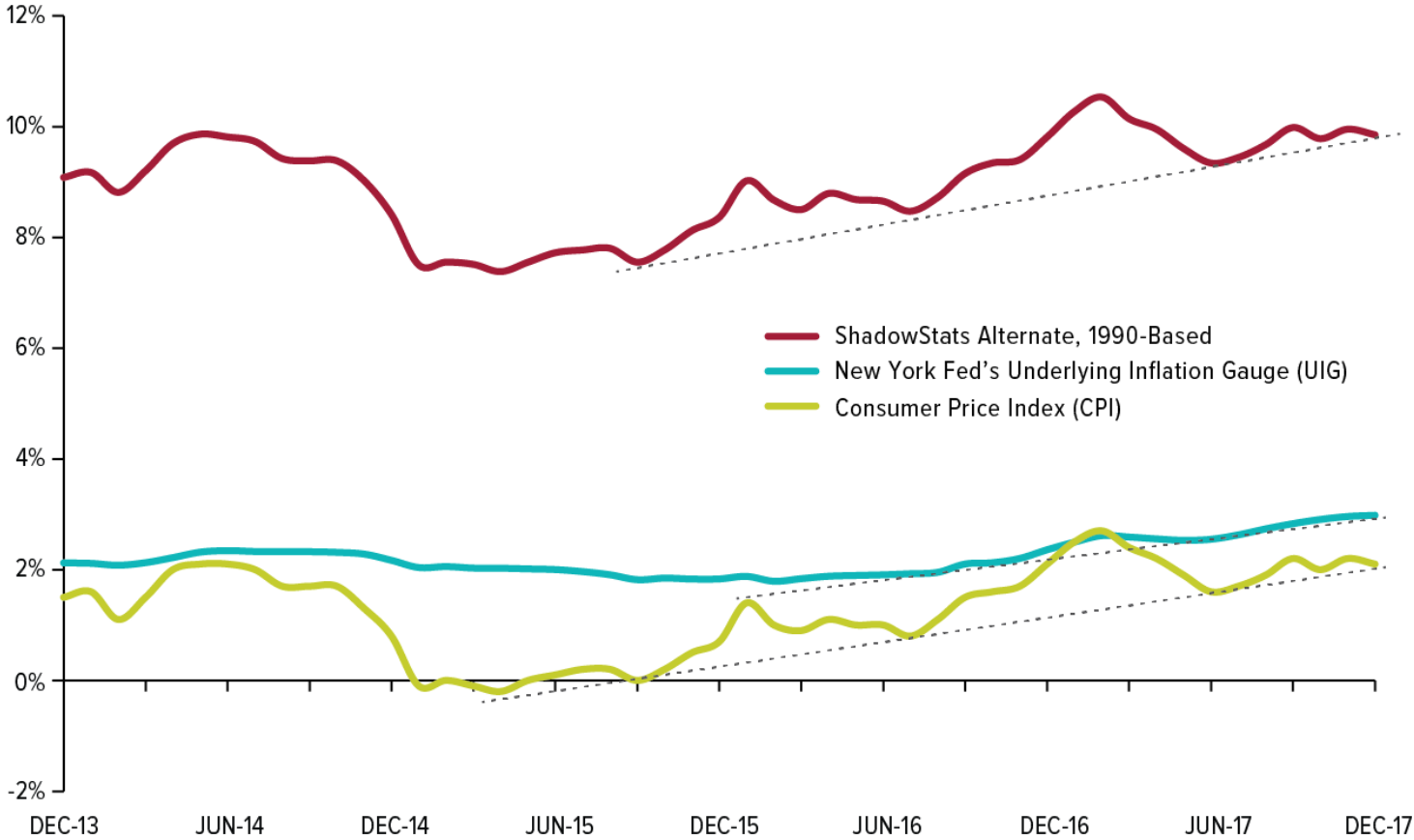
Past performance does not guarantee future results.

Source: Federal Reserve, Bureau of Labor Statistics, U.S. Global Investors



No Matter Which Gauge You Look At, Inflation Is Trending Up

Year-over-Year Percent Change, Through January 12

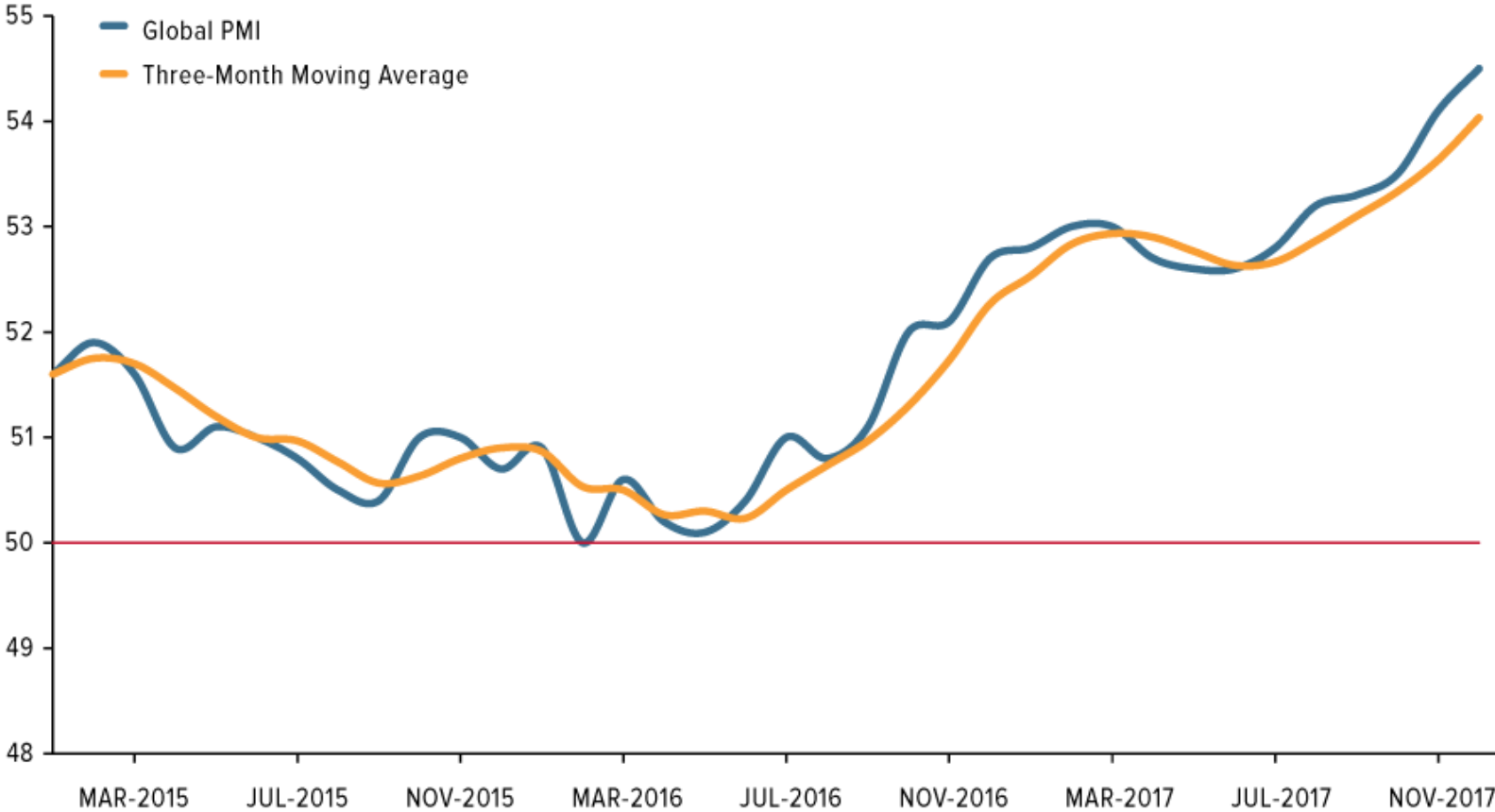


Source: New York Fed, ShadowStats.com, U.S. Global Investors



Global PMI Ended 2017 at Near Seven-Year High

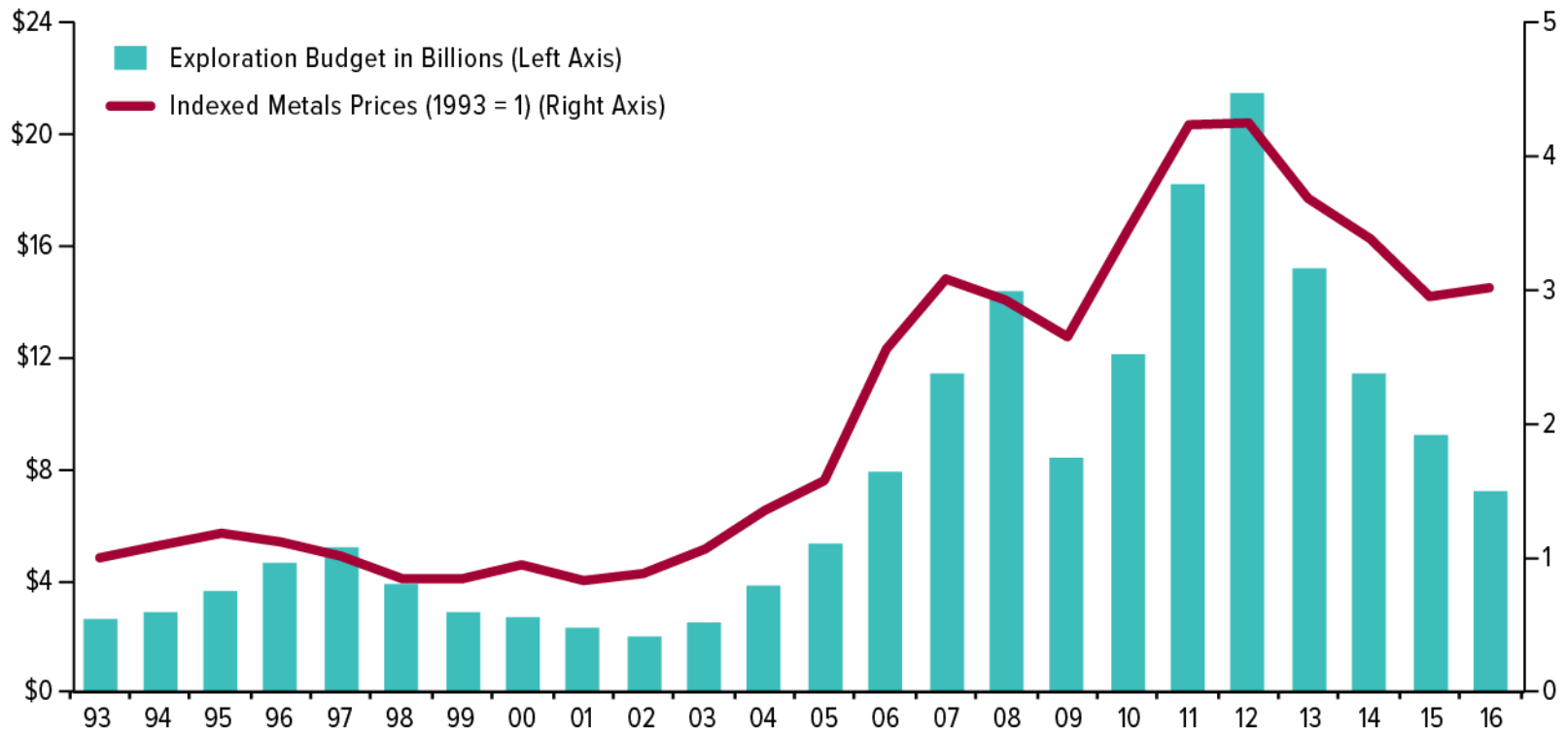
JPMorgan Global Manufacturing Purchasing Manager's Index (PMI)



Source: Bloomberg, U.S. Global Investors



Peak Gold Supply: Exploration Budgets Have Collapsed



Source: S&P Global Market Intelligence, U.S. Global Investors



Managing Expectations

See Our Managing
Expectations
Whitepaper at
usfunds.com



Understanding Volatility of Asset Classes

Standard deviation based on 10-year daily data as of 12/31/2017

	Daily	Rolling 1 Year
NYSE Arca Exchange Gold BUGS Index	±3%	±40%
MSCI Emerging Markets (HUI)	±1%	±27%
S&P 500 Index (SPX)	±1%	±18%
Gold Bullion	±1%	±18%
WTI Crude Oil	±2%	±38%

Source: Bloomberg, U.S. Global Investors



For One-Year Period, Bitcoin Is More Volatile Than The Stock Market

10-Day Standard Deviation For One Year, as of 02/05/18

S&P 500 Index (S&P)

1.2%

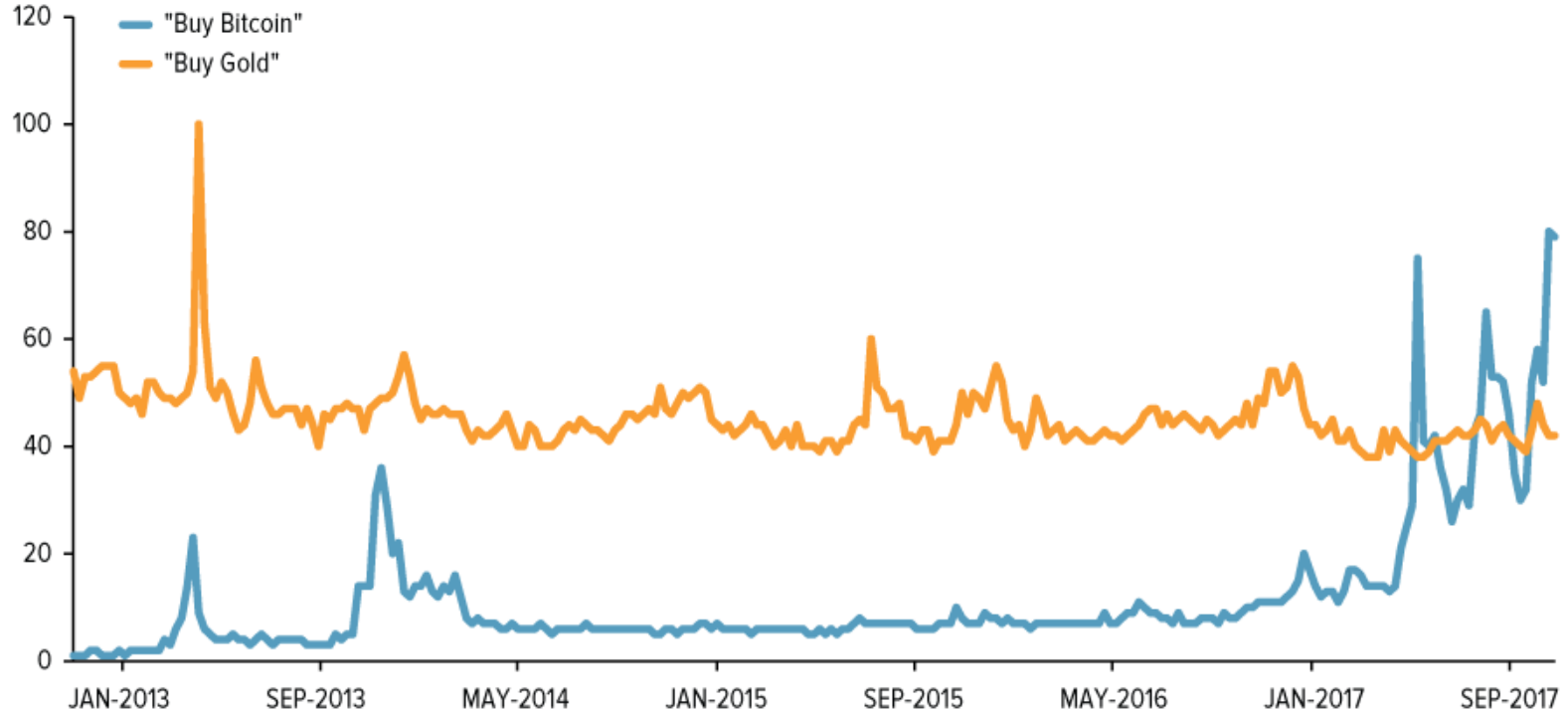
Bitcoin

20.1%



Search Queries for “Buy Bitcoin” Surged Past “Buy Gold”

Search Queries for “Buy Bitcoin” Surged Past “Buy Gold”



Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. Likewise, a score of 0 means the term was less than 1% as popular as the peak.

Source: Google Trends, U.S. Global Investors



SOMETHING INTERESTING IS HAPPENING



AIRBNB

The world's largest accommodation provider, owns no real estate.

The world's most valuable retailer, has no inventory.

ALIBABA



BITCOIN

The world's biggest bank with no actual cash.

The world's most popular media owner, creates no content.

FACEBOOK



UBER

The world's largest taxi company, owns no vehicles.

BUSINESS
INSIDER

Bitcoin exchange Coinbase reportedly made more than \$1 billion in revenues last year



Frank Chaparro

🕒 Jan. 22, 2018, 5:10 PM 🔥 7,043

Source: Business Insider

Coinbase 2017 Revenue Topped \$1B: Recode

By [Daniel Liberto](#) | Updated January 23, 2018 — 5:26 AM EST

Source: Investopedia.com

Jan 23, 2018 | [Kai Sedgwick](#) | 👁 36040 | 💬 59

Coinbase Is Making \$2.7 Million a Day

Source: Bitcoin.com



Fidelity Is Mining Bitcoin Says CEO Abigail Johnson

THE WALL STREET JOURNAL.

Bitcoin's Unlikely Evangelist: Fidelity CEO Abigail Johnson

In a rare public speech, she urges making digital currency more accessible for individuals and institutions



USAA & Fidelity Members Are Tracking Their Bitcoin Wallets Online



My Accounts Summary ? Collapse

[Add a Non-USAA Account](#) ⚙️ Reorder and Customize Groups and Accounts

My Non-USAA Accounts		Balance	Amount Owed
	BTC WALLET ****9018 I want to ▾	\$16,506.80 49.2M bits	n/a
	BTC VAULT ****6254 I want to ▾	\$335.84 80,126 bits	
	WELLS FARGO ****1245 I want to ▾	\$512.36 as of 5 min ago	

Banking (1)		Balance	Amount Owed
	USAA SECURE CHECKING ****9018 I want to ▾	\$2,105	n/a

Services (0)

[Home Value Monitoring](#)

ROLLOVER IRA 106443689	\$12,272.15
Non-Fidelity Digital Currency	\$444.33
LTC Wallet	\$18.33 0.62214738 LTC AS OF 06/14/2017 2:28 PM ET
ETH Wallet	\$359.70 0.97743112 ETH AS OF 06/14/2017 2:28 PM ET
BTC Wallet	\$66.30 0.02565621 BTC AS OF 06/14/2017

Source: www.usaa.com



Who Accepts Bitcoins As Payment?



AND MANY MORE..

Source: ZeroHedge, 99Bitcoins.com, U.S. Global Investors

In September 2017, U.S. Global Announced Strategic Investment in HIVE Blockchain Technologies Ltd. with Frank Holmes Becoming Chairman of Board



HIVE



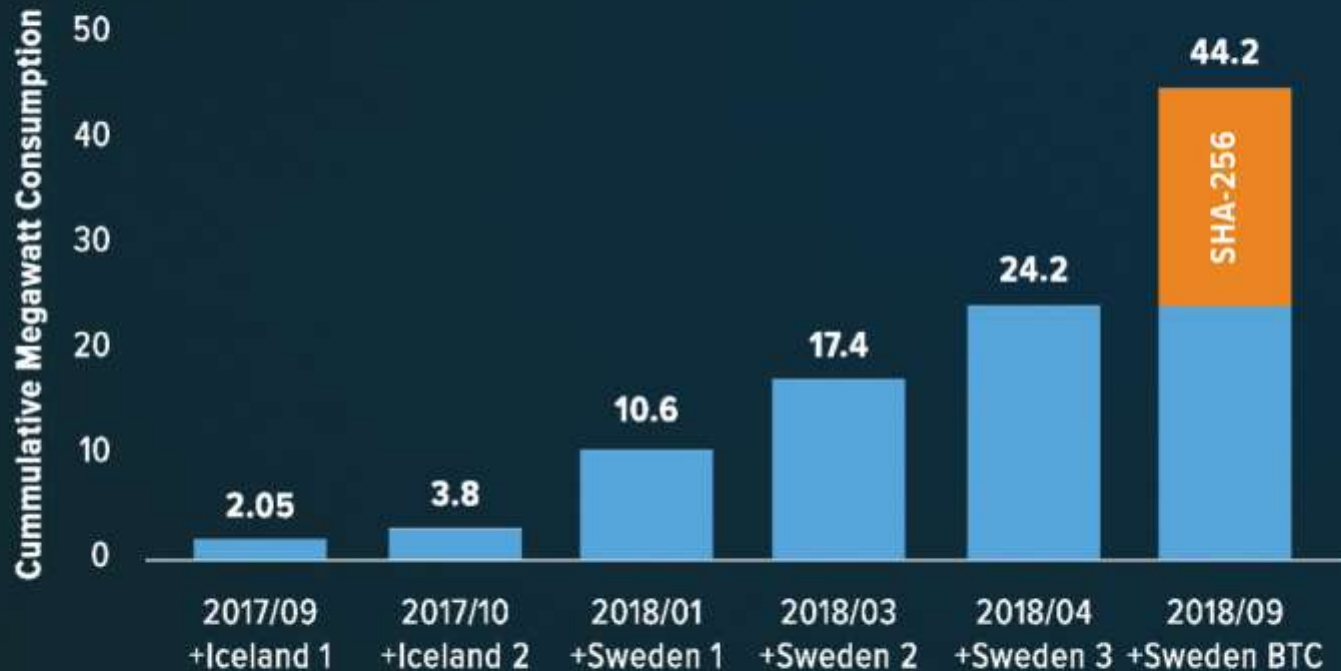
**Genesis
Mining**



Frank Holmes has been appointed non-executive chairman of the Board of Directors of HIVE Blockchain Technologies. Both Mr. Holmes and U.S. Global Investors own shares of HIVE, directly and indirectly.

HIVE Announces Major Expansion in Sweden, Including New Bitcoin Mining Facility

HIVE Path For Growth



MileStone Data

(Listed In Canada)
TSX.V:HIVE

HIVE Blockchain Closes Final Tranche of \$115 Million Financing

DEC 29, 2017: “This financing provided us with a highly accretive growth opportunity – increasing our overall computing power by more than 150% with just 11% dilution to shareholders,”

– **Harry Pokrandt, President, CEO and Director of HIVE**



GMP Securities: HIVE Is A “Leader Among New Class of Blockchain Miners”



Equity Research

HIVE Blockchain Technologies

SPECULATIVE BUY

HIVE-TSXV

Last: **C\$2.84**

Target: **C\$5.35**

Initiating coverage: Building an industrial-scale blockchain miner with high cash flow and ROI



Marco Streng, Co-Founder & CEO of Genesis Group Gives TEDx Talk on Bitcoin





**Genesis
Mining**



VIDEO

U.S. Global Investors, Inc. (GROW) Income Statement – Financial Analysis



Lisa Callicotte
CFO

- **Direct Investment**
 - USGI (Canada) owns 10 Million Shares
 - Investment Securities - Available-for-Sale

- **Indirect Investment**
 - Galileo Partners Fund owns 6.5 million shares of HIVE
 - USGI (Canada) owns 30% of Galileo Partners Fund
 - Equity Method Investment

Consolidated Statements of Operations (Unaudited)

(dollars in thousands, except per share data)

Operating Revenues	Quarter Ended December 31,	
	2017	2016
Advisory fees	\$ 1,929	\$ 1,569
Administrative service fees	64	73
	<u>\$ 1,993</u>	<u>\$ 1,642</u>
Operating Expenses		
Employee compensation and benefits	\$ 1,140	\$ 899
General and administrative	914	863
Advertising	27	51
Depreciation and amortization	61	63
	<u>\$ 2,142</u>	<u>\$ 1,876</u>
Operating Income (Loss)	(149)	(234)



Consolidated Statements of Operations (Unaudited)

(dollars in thousands, except per share amounts)

	Quarter Ended December 31,	
	2017	2016
Operating Income (Loss)	\$ (149)	\$ (234)
Investment income	243	249
Income from equity method investment	1,218	-
Other income	14	-
	<u>1,475</u>	<u>249</u>
Income Before Income Taxes	1,326	15
Provision for Income Taxes		
Tax expense (benefit)	442	(10)
	<u>884</u>	<u>25</u>
Net Income		
Less: Net Income Attributable to Non-Controlling Interest	135	17
	<u>\$ 749</u>	<u>\$ 8</u>
Earnings Per Share Attributable to U.S. Global Investors, Inc.		
Basic	\$ 0.05	-
Diluted	\$ 0.05	-
Basic weighted average number of common shares outstanding	15,160,589	15,218,734
Diluted weighted average number of common shares outstanding	15,160,589	15,218,734



Consolidated Balance Sheets

(dollars in thousands)

Assets	December 31, 2017 (Unaudited)	June 30, 2017
Current Assets		
Cash and cash equivalents	\$ 2,977	\$ 3,958
Restricted cash	1,000	1,000
Investment securities – trading, at fair value	7,433	9,720
Accounts and other receivables	1,177	520
Note receivable	1,977	1,952
Prepaid expenses	399	315
Total Current Assets	14,963	17,465
Net Property and Equipment	2,092	2,212
Other Assets		
Investment securities – available-for-sale, at fair value	22,372	3,401
Other investments	2,109	2,130
Equity method investment	3,252	-
Note receivable, long term	234	234
Other assets, long term	53	78
Total Other Assets	28,020	5,843
Total Assets	\$ 45,075	\$ 25,520



Consolidated Balance Sheets

(dollars in thousands)

Liabilities	December 31, 2017 (Unaudited)	June 30, 2017
Current Liabilities		
Accounts payable	\$ 198	\$ 118
Accrued compensation and related costs	425	390
Dividends payable	114	114
Other accrued expenses	827	544
Total Current Liabilities	1,564	1,166
Long-Term Liabilities		
Deferred tax liability	3,923	-
Total Long-Term Liabilities	3,923	-
Total Liabilities	5,487	1,166
Commitments and Contingencies (Note 11)		



Consolidated Balance Sheets

(dollars in thousands)

Shareholders' Equity	December 31, 2017 (Unaudited)	June 30, 2017
Shareholders' Equity		
Common stock (class A) - \$0.025 par value; nonvoting; authorized, 28,000,000 shares; issued, 13,866,691 shares and 13,866,601 shares at December 31, 2017, and June 30, 2017, respectively	347	347
Common stock (class B) - \$0.025 par value; nonvoting; authorized, 4,500,000 shares; no shares issued	-	-
Convertible common stock (class C) - \$0.025 par value; voting; authorized, 3,500,000 shares; issued, 2,068,857 shares and 2,068,947 at December 31, 2017, and June 30, 2017, respectively	52	52
Additional paid-in-capital	15,647	15,646
Treasury stock, class A shares at cost; 790,421 and 751,303 shares at December 31, 2017, and June 30, 2017, respectively	(1,876)	(1,760)
Accumulated other comprehensive income, net of tax	13,703	264
Retained Earnings	11,112	9,321
Total U.S. Global Investors Inc. Shareholders' Equity	38,985	23,870
Non-Controlling Interest in Subsidiary	603	484
Total Shareholders' Equity	39,588	24,354
Total Liabilities and Shareholders' Equity	\$ 45,075	\$ 25,520



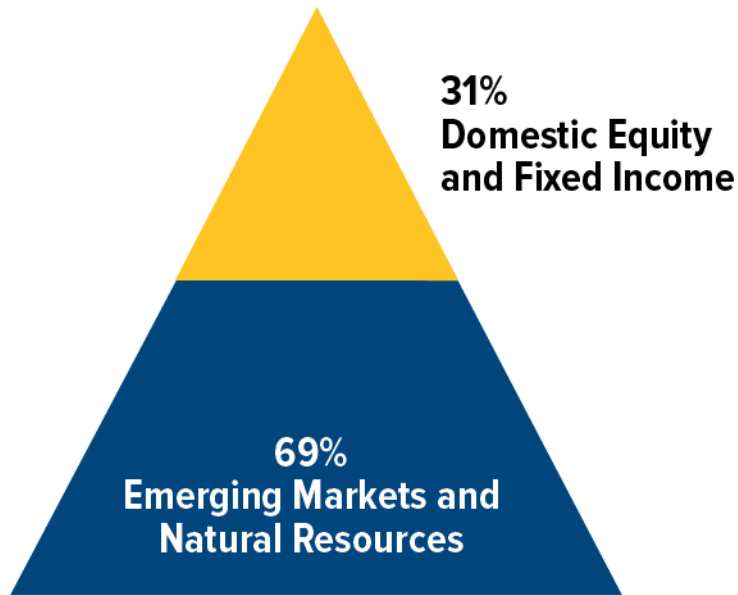
Significant Events



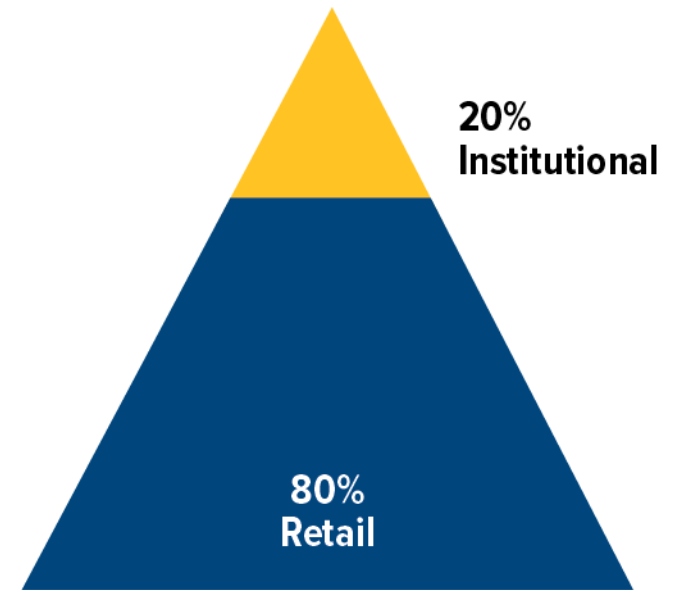
Susan McGee
President, General Counsel
and Chief Compliance Officer

Asset Breakdown — U.S. Global Investors Funds

Assets by Investment Objective



Assets by Distribution Channel



Data for SEC-registered mutual funds as of December 31, 2017



RECOGNIZED FOR ACTIVE MANAGEMENT

BY **THOMSON REUTERS LIPPER** WITH TWO LIPPER FUND AWARDS

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Viral Publicity Gained Through Media Interviews



Newsletter Recommendations for U.S. Global Investors Funds

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No-Load Mutual Fund Selections
& Timing Newsletter

 THE MUTUAL FUND
STRATEGIST



Branding and Marketing of GROW



- 15 TV/Radio/Podcasts
- 36 Total Interviews
- 507 Web Mentions
- 21 Frank Talk Blog Entries
- 67 Newsletter Recommendations

Data from October 2017 – December 2017



Thought Leadership

Speaking Engagements and Research Around the World



New “Frank Talk Live” Video Series Launches



**FRANK
TALK
LIVE!**

A man with glasses is speaking in front of a large screen displaying a line graph. The graph shows two data series: 'Bets on Rising Crude Oil and Copper Prices Surged to Record High' and 'Total Crude Oil and Copper Prices Surged to Record High'. The graph shows a significant upward trend in prices starting around 2014, peaking in 2017. A red circle highlights the peak in 2017.

Bets on Rising Crude Oil and Copper Prices Surged to Record High

Oil And Copper Prices Surged in 2017



GLOBAL VISITORS TO USFUNDS.COM

500,375 Total Visitors

from December 31, 2016 - December 31, 2017



WE GET VISITORS
FROM 218 COUNTRIES
AND TERRITORIES

Source: Google Analytics

Recognition As an Industry Leader in Investor Education



83 Mutual Fund Education Alliance STAR Awards

The Mutual Fund Education Alliance (MFEA) is a national industry association committed to investor education, and its STAR Awards program recognizes marketing communications efforts in the mutual fund industry. The awards competition is judged by industry professionals, and based on criteria including educational value, content, design and functionality.



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5 Reasons Why Short-Term Munis

In The News



Gold Is Closely Tracking Last Year's Price Action

Watch the Kitco interview.



Gold Moves Ahead of Trump Inauguration

Watch the Kitco News interview.



Gold Looks Undervalued Says Frank Holmes

Watch the CNBC Asia interview.



U.S. Global Investors' Gold-Oriented Funds Earn 5-Star Ratings from Morningstar

Read more.

Frank Talk

A blog by Frank Holmes, CEO and Chief Investment Officer, discussing current topics in global investing.



It Might Be Time to Grab the Commodities Bull by the Horns

Commodity investors have had to endure a dry spell for a while now, but those days are starting to look as if they might be behind us. We see encouraging... Read more.



"America Works... Never Bet Against America"

And like that, it happened. Despite the polls, despite what anyone believed was possible, including many of his own supporters, billionaire developer Donald J. Trump...

← CLICK HERE

Q & A

Disclosures

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

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

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

Standard deviation is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is also known as historical volatility.

There is no guarantee that the issuers of any securities will declare dividends in the future or that, if declared, will remain at current levels or increase over time. Note that stocks and Treasury bonds differ in investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, and tax features.

Holdings may change daily. Holdings are reported as of the most recent quarter-end. None of the securities mentioned in the presentation were held by any accounts managed by U.S. Global Investors as of 12/31/18.

Frank Holmes has been appointed non-executive chairman of the Board of Directors of HIVE Blockchain Technologies. Both Mr. Holmes and U.S. Global Investors own shares of HIVE, directly and indirectly.

