UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **December 31, 2021**

OR

☐Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ____________ to ____________.

Commission File Number **0-13928**

U.S. GLOBAL INVESTORS, INC.
(Exact name of registrant as specified in its charter)

Texas (State or other jurisdiction of incorporation or organization)	**74-1598370** (IRS Employer Identification No.)
7900 Callaghan Road **San Antonio, Texas** (Address of principal executive offices)	**78229** (Zip Code)

(210) 308-1234
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A common stock, $0.025 par value per share	GROW	NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On February 4, 2022, there were 13,866,913 shares of Registrant's class A nonvoting common stock issued and 12,946,651 shares of Registrant's class A nonvoting common stock issued and outstanding; no shares of Registrant's class B nonvoting common shares outstanding; and 2,068,635 shares of Registrant's class C voting common stock issued and outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

Assets	December 31, 2021	June 30, 2021
(dollars in thousands)	(unaudited)	
Current Assets		
Cash and cash equivalents	$ 23,179	$ 14,436
Restricted cash	1,000	1,000
Investments in securities at fair value	6,291	6,322
Accounts and other receivables	2,249	2,534
Tax receivable	111	2,147
Prepaid expenses	462	350
Total Current Assets	33,292	26,789
Net Property and Equipment	1,477	1,376
Other Assets		
Investments in equity securities at fair value, non-current	9,190	11,936
Investments in available-for-sale debt securities at fair value	14,971	17,049
Investments in held-to-maturity debt securities	1,000	1,000
Other investments	3,551	3,453
Equity method investments	489	532
Right of use assets	17	43
Other assets, non-current	204	99
Total Other Assets	29,422	34,112
Total Assets	$ 64,191	$ 62,277
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 4	$ 102
Accrued compensation and related costs	1,575	1,561
Dividends payable	338	226
Lease liability, short-term	17	43
Other accrued expenses	1,389	1,345
Taxes payable	107	1,877
Total Current Liabilities	3,430	5,154
Long-Term Liabilities		
Deferred tax liability	1,732	2,799
Total Long-Term Liabilities	1,732	2,799
Total Liabilities	5,162	7,953
Commitments and Contingencies (Note 12)		
Shareholders' Equity		
Common stock (class A) - $0.025 par value; nonvoting; 28,000,000 shares authorized and 13,866,913 shares issued at December 31, 2021, and June 30, 2021; 12,948,626 and 12,967,960 shares outstanding at December 31, 2021 and June 30, 2021, respectively	347	347
Common stock (class B) - $0.025 par value; nonvoting; 4,500,000 shares authorized; no shares issued	-	-
Convertible common stock (class C) - $0.025 par value; voting; 3,500,000 shares authorized; 2,068,635 shares issued and outstanding at December 31, 2021, and June 30, 2021	52	52
Additional paid-in-capital	16,425	15,677
Treasury stock, class A shares at cost; 918,287 shares and 898,953 shares at December 31, 2021, and June 30, 2021, respectively	(2,297)	(2,172)
Accumulated comprehensive income, net of tax	5,365	6,587
Retained earnings	39,137	33,833
Total Shareholders' Equity	59,029	54,324
Total Liabilities and Shareholders' Equity	$ 64,191	$ 62,277

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

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CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Six Months Ended December 31,		Three Months Ended December 31,	
(dollars in thousands, except per share data)	2021	2020	2021	2020
Operating Revenues				
Advisory fees	$ 12,995	$ 7,864	$ 6,525	$ 4,669
Administrative services fees	100	102	49	52
	13,095	7,966	6,574	4,721
Operating Expenses				
Employee compensation and benefits	3,654	4,200	1,730	3,238
General and administrative	3,364	2,538	1,766	1,292
Advertising	167	118	83	67
Depreciation and amortization	104	98	56	49
	7,289	6,954	3,635	4,646
Operating Income	5,806	1,012	2,939	75
Other Income (Loss)				
Investment income	1,545	21,700	1,579	20,702
Income (loss) from equity method investments	(33)	484	(48)	463
Gain on forgiveness of PPP loan	-	444	-	444
Other income	115	59	59	41
	1,627	22,687	1,590	21,650
Income Before Income Taxes	7,433	23,699	4,529	21,725
Provision for Income Taxes				
Tax expense	1,453	5,094	939	5,064
Net Income	$ 5,980	$ 18,605	$ 3,590	$ 16,661
Basic Net Income per Share	$ 0.40	$ 1.23	$ 0.24	$ 1.10
Diluted Net Income per Share	$ 0.40	$ 1.23	$ 0.24	$ 1.10
Basic weighted average number of common shares outstanding	15,025,953	15,081,544	15,021,792	15,082,539
Diluted weighted average number of common shares outstanding	15,027,007	15,081,849	15,022,814	15,082,943

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Six Months Ended December 31,		Three Months Ended December 31,	
(dollars in thousands)	**2021**	**2020**	**2021**	**2020**
Net Income	$ 5,980	$ 18,605	$ 3,590	$ 16,661
Other Comprehensive Income (Loss), Net of Tax:				
Unrealized losses on available-for-sale securities arising during period	(287)	-	(140)	-
Less: reclassification adjustment for gains included in net income	(925)	-	(449)	-
Net change from available-for-sale securities, net of tax	(1,212)	-	(589)	-
Foreign currency translation adjustment	(10)	12	2	8
Other Comprehensive Income (Loss)	(1,222)	12	(587)	8
Comprehensive Income	$ 4,758	$ 18,617	$ 3,003	$ 16,669

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

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

(dollars in thousands)	Common Stock (class A) Shares	Common Stock (class A)	Common Stock (class C) Shares	Common Stock (class C)	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at June 30, 2021	13,866,913	$ 347	2,068,635	$ 52	$ 15,677	898,953	$ (2,172)	$ 6,587	$ 33,833	$ 54,324
Purchases of shares of Common Stock (class A)	-	-	-	-	-	13,647	(82)	-	-	(82)
Issuance of stock under ESPP of shares of Common Stock (class A)	-	-	-	-	8	(2,228)	6	-	-	14
Share-based compensation, net of tax	-	-	-	-	388	-	-	-	-	388
Dividends declared	-	-	-	-	-	-	-	-	(338)	(338)
Other comprehensive loss, net of tax	-	-	-	-	-	-	-	(635)	-	(635)
Net income	-	-	-	-	-	-	-	-	2,390	2,390
Balance at September 30, 2021	13,866,913	347	2,068,635	52	16,073	910,372	(2,248)	5,952	35,885	56,061
Purchases of shares of Common Stock (class A)	-	-	-	-	-	10,457	(54)	-	-	(54)
Issuance of stock under ESPP of shares of Common Stock (class A)	-	-	-	-	7	(2,542)	5	-	-	12
Share-based compensation, net of tax	-	-	-	-	345	-	-	-	-	345
Dividends declared	-	-	-	-	-	-	-	-	(338)	(338)
Other comprehensive loss, net of tax	-	-	-	-	-	-	-	(587)	-	(587)
Net income	-	-	-	-	-	-	-	-	3,590	3,590
Balance at December 31, 2021	13,866,913	$ 347	2,068,635	$ 52	$ 16,425	918,287	$ (2,297)	$ 5,365	$ 39,137	$ 59,029

(dollars in thousands)	Common Stock (class A) Shares	Common Stock (class A)	Common Stock (class C) Shares	Common Stock (class C)	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at June 30, 2020	13,866,913	$ 347	2,068,635	$ 52	$ 15,623	855,432	$ (1,879)	$ (4)	$ 2,625	$ 16,764
Purchases of shares of Common Stock (class A)	-	-	-	-	-	1,000	(2)	-	-	(2)
Issuance of stock under ESPP of shares of Common Stock (class A)	-	-	-	-	-	(267)	1	-	-	1
Dividends declared	-	-	-	-	-	-	-	-	(113)	(113)
Stock bonuses	-	-	-	-	1	(900)	1	-	-	2
Other comprehensive income, net of tax	-	-	-	-	-	-	-	4	-	4
Net income	-	-	-	-	-	-	-	-	1,944	1,944
Balance at September 30, 2020	13,866,913	347	2,068,635	52	15,624	855,265	(1,879)	-	4,456	18,600
Purchases of shares of Common Stock (class A)	-	-	-	-	-	15,096	(60)	-	-	(60)
Issuance of stock under ESPP of shares of Common Stock (class A)	-	-	-	-	1	(308)	-	-	-	1
Dividends declared	-	-	-	-	-	-	-	-	(114)	(114)
Stock bonuses	-	-	-	-	2	(6,400)	14	-	-	16
Other comprehensive income, net of tax	-	-	-	-	-	-	-	8	-	8
Net income	-	-	-	-	-	-	-	-	16,661	16,661
Balance at December 31, 2020	13,866,913	$ 347	2,068,635	$ 52	$ 15,627	863,653	$ (1,925)	$ 8	$ 21,003	$ 35,112

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended December 31,	
(dollars in thousands)	**2021**	**2020**
Cash Flows from Operating Activities:		
Net income	$ 5,980	$ 18,605
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion	(241)	98
Net recognized loss on disposal of fixed assets	-	7
Net realized gains on securities	(3,023)	(15,043)
Unrealized (gains) losses on securities	2,462	(6,460)
Net (income) loss from equity method investment	33	(484)
Provision for deferred taxes	(745)	988
Stock bonuses	-	18
Stock-based compensation expense	733	-
PPP loan forgiveness	-	(444)
Changes in operating assets and liabilities:		
Accounts and other receivables	2,321	(1,099)
Prepaid expenses and other assets	(191)	(93)
Accounts payable and accrued expenses	(1,836)	4,503
Total adjustments	(487)	(18,009)
Net cash provided by operating activities	5,493	596
Cash Flows from Investing Activities:		
Purchase of property and equipment	(206)	(23)
Purchase of equity securities at fair value, non-current	(123)	(135)
Purchase of other investments	(98)	(224)
Purchase of held-to-maturity debt securities	-	(1,000)
Proceeds on sale of equity securities at fair value, non-current	2,850	20,720
Proceeds from principal paydowns of available-for-sale debt securities at fair value	1,500	-
Return of capital on other investments	-	10
Net cash provided by investing activities	3,923	19,348
Cash Flows from Financing Activities:		
Issuance of common stock	26	2
Repurchases of common stock	(136)	(62)
Dividends paid	(563)	(226)
Net cash used in financing activities	(673)	(286)
Net increase in cash, cash equivalents, and restricted cash	8,743	19,658
Beginning cash, cash equivalents, and restricted cash	15,436	2,961
Ending cash, cash equivalents, and restricted cash	$ 24,179	$ 22,619
Supplemental Disclosures of Non-Cash Investing Activities		
Dividends declared but not paid	$ 338	$ 113
Supplemental Disclosures of Cash Flow Information		
Cash paid for income taxes	$ 1,926	$ 2

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

U.S. Global Investors, Inc. (the "Company" or "U.S. Global") has prepared the consolidated financial statements pursuant to accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the United States Securities and Exchange Commission ("SEC") that permit reduced disclosure for interim periods. The financial information included herein reflects all adjustments (consisting solely of normal recurring adjustments), which are, in management's opinion, necessary for a fair presentation of results for the interim periods presented. The Company has consistently followed the accounting policies set forth in the notes to the consolidated financial statements in the Company's Form 10-K for the fiscal year ended June 30, 2021.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, U.S. Global Investors (Bermuda) Limited, U.S. Global Investors (Canada) Limited ("USCAN"), and U.S. Global Indices, LLC.

The novel coronavirus 19 ("COVID-19") pandemic presents ongoing significant economic and societal disruption and market volatility, which have known and yet to be seen impacts to the Company's business and operating environment driven by significant volatility in the financial markets. There are no reliable estimates of how long the pandemic will last, how many people are likely to be affected by it, or its impact on the overall economy.

To limit the spread of COVID-19, governments have taken various actions including the issuance of stay-at-home orders and social distancing guidelines, causing some businesses to suspend operations, disrupting the global supply chain, and creating a reduction in demand for many products. This has negatively affected global financial markets. Assets under management ("AUM") are the primary source of the Company's revenues. Revenues and net income are significantly affected by investment performance and the total value and composition of AUM. These factors, in turn, are largely determined by overall investment market performance and investor activity.

Should the negative effect on global financial markets continue for an extended period, there could be an adverse material financial impact on the Company's results of operations, cash flows and financial position resulting from reduced revenues earned on AUM and returns on corporate investments. At this time, the Company cannot reasonably estimate the future impact, given the uncertainty over the duration and severity of the economic crisis.

There are two primary consolidation models in U.S. GAAP, the variable interest entity ("VIE") and voting interest entity models. The Company's evaluation for consolidation includes whether entities in which it has an interest or from which it receives fees are VIEs and whether the Company is the primary beneficiary of any VIEs identified in its analysis. A VIE is an entity in which either (a) the equity investment at risk is not sufficient to permit the entity to finance its own activities without additional financial support or (b) the group of holders of the equity investment at risk lack certain characteristics of a controlling financial interest. The primary beneficiary is the entity that has the obligation to absorb a majority of the expected losses or the right to receive the majority of the residual returns and consolidates the VIE on the basis of having a controlling financial interest.

The Company holds variable interests in, but is not deemed to be the primary beneficiary of, certain funds it advises, specifically, certain funds in U.S. Global Investors Funds ("USGIF" or the "Funds"). The Company's interests in these VIEs consist of the Company's direct ownership therein and any fees earned but uncollected. See further information about these funds in Notes 2 and 3. In the ordinary course of business, the Company may choose to waive certain fees or assume operating expenses of the funds it advises for competitive, regulatory or contractual reasons (see Note 3 for information regarding fee waivers). The Company has not provided financial support to any of these entities outside the ordinary course of business. The Company's risk of loss with respect to these VIEs is limited to the carrying value of its investments in, and fees receivable from, the entities. The Company does not consolidate these VIEs because it is not the primary beneficiary. The Company's total exposure to unconsolidated VIEs, consisting of the carrying value of investment securities and receivables for fees, was $7.2 million at December 31, 2021, and $7.3 million at June 30, 2021.

Since the Company is not the primary beneficiary of the above funds it advises, the Company evaluated if it should consolidate under the voting interest entity model. Under the voting interest model, for legal entities other than partnerships, the usual condition for control is ownership, directly or indirectly, of more than 50 percent of the outstanding voting shares over an entity. The Company does not have control of any of the above funds it advises; therefore, the Company does not consolidate any of these funds.

The Company currently holds a variable interest in a fund organized as a limited partnership, but this entity does not qualify as a VIE. Since it is not a VIE, the Company evaluated if it should consolidate it under the voting interest entity model. Under the voting interest model, for legal entities other than partnerships, the usual condition for control is ownership, directly or indirectly, of more than 50 percent of the outstanding voting shares over an entity. The Company does not have control of the entity and, therefore, does not consolidate it. However, the Company was considered to have the ability to exercise significant influence. Thus, the investment has been accounted for under the equity method of accounting. See further information about this investment in Note 2.

All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts have been reclassified for comparative purposes. Certain quarterly amounts may not add to the year-to-date amount due to rounding. The results of operations for the six months ended December 31, 2021, are not necessarily indicative of the results the Company may expect for the fiscal year ending June 30, 2022 (“fiscal 2022”), particularly in light of COVID-19 and its effects on the U.S. and global economies.

The unaudited interim financial information in these condensed financial statements should be read in conjunction with the consolidated financial statements contained in the Company’s annual report; interim disclosures generally do not repeat those in the annual statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments,* and has subsequently issued several amendments (collectively, “ASU 2016-13”). ASU 2016-13 adds to U.S. GAAP an impairment model (known as the current expected credit loss model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses. ASU 2016-13 will be effective for smaller reporting companies, including U.S. Global, for fiscal years beginning after December 15, 2022. Earlier application is permitted only for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* (“ASU 2019-12”). ASU 2019-12 enhances and simplifies various aspects of the income tax accounting guidance. The amendments in ASU 2019-12 are effective for public business entities for fiscal years beginning after December 15, 2020, including interim periods therein. Early adoption of the standard is permitted. The standard became effective for the Company on July 1, 2021. The adoption of the standard did not have a material impact on the Company’s consolidated financial statements or disclosures.

NOTE 2. INVESTMENTS

As of December 31, 2021, the Company held investments carried at fair value on a recurring basis of $30.5 million and a cost basis of $22.2 million. The fair value of these investments is approximately 47.4 percent of the Company’s total assets at December 31, 2021. In addition, the Company held other investments of approximately $3.6 million, held-to-maturity debt investments of $1.0 million and investments of $489,000 accounted for under the equity method of accounting.

The cost basis of investments is adjusted for amortization of premium or accretion of discount on debt securities held or the recharacterization of distributions from investments in partnerships.

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation techniques described below maximize the use of observable inputs and minimize the use of unobservable inputs in determining fair value.

The inputs used for measuring financial instruments at fair value are summarized in the three broad levels listed below:

Level 1 – Inputs represent unadjusted quoted prices for identical assets exchanged in active markets.

Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar assets exchanged in active or inactive markets; quoted prices for identical assets exchanged in inactive markets; other inputs that may be considered in fair value determinations of the assets, such as interest rates and yield curves; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs include unobservable inputs used in the measurement of assets. The Company is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets and it may be unable to corroborate the related observable inputs. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in valuing assets.

The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with the investing in those securities. Because of the inherent uncertainties of valuation, the values reflected may materially differ from the values received upon actual sale of those investments.

The Company has established a Proprietary Valuation Committee (the "Committee") to administer and oversee the Company's valuation policies and procedures, which are approved by the Board of Directors, and to perform a periodic review of valuations provided by independent pricing services.

For actively traded securities, the Company values investments using the closing price of the securities on the exchange or market on which the securities principally trade. If the security is not traded on the last business day of the quarter, it is generally valued at the mean between the last bid and ask quotation. The fair value of a security that has a restriction is based on the quoted price for an otherwise identical unrestricted instrument that trades in a public market, adjusted for the estimated effect of the restriction. Mutual funds, which include open- and closed-end funds and exchange-traded funds, are valued at net asset value or closing price, as applicable.

For common share purchase warrants not traded on an exchange, the estimated fair value is determined using the Black-Scholes option-pricing model. This sophisticated model utilizes a number of assumptions in arriving at its results, including the estimated life, the risk-free interest rate, and historical volatility of the underlying common stock. The Company may change the assumption of the risk-free interest rate and utilize the yield curve for instruments with similar characteristics, such as credit ratings and jurisdiction, or change the expected volatility. The effects of changing any of the assumptions or factors employed by the Black-Scholes model may result in a significantly different valuation.

Certain convertible debt securities not traded on an exchange are valued by an independent pricing service using a binomial lattice model based on factors such as yield, quality, maturity, coupon rate, type of issuance, individual trading characteristics of the underlying common shares and other market data. The model utilizes a number of assumptions in arriving at its results. The effects of changing any of the assumptions or factors utilized in the binomial lattice model, including expected volatility, credit adjusted discount rates, and discounts for lack of marketability, may result in a significantly different valuation for the securities.

For other securities included in the fair value hierarchy with unobservable inputs, the Committee considers a number of factors in determining a security's fair value, including the security's trading volume, market values of similar class issuances, investment personnel's judgment regarding the market experience of the issuer, financial status of the issuer, the issuer's management, and back testing, as appropriate. The fair values may differ from what may have been used had a broader market for these securities existed. The Committee reviews inputs and assumptions and reports material items to the Board of Directors. Securities which do not have readily determinable fair values are also periodically reviewed by the Committee.

The following summarizes the major categories of investments with fair values adjusted on a recurring basis as of December 31, 2021, and June 30, 2021, and other investments with fair values adjusted on a nonrecurring basis, with fair values shown according to the fair value hierarchy. There were no fair values adjusted on a nonrecurring basis during the six months ended December 31, 2021.

	December 31, 2021			
(dollars in thousands)	**Quoted Prices** (Level 1)	**Significant Other Inputs** (Level 2)	**Significant Unobservable Inputs** (Level 3)	**Total**
Investments carried at fair value on a recurring basis:				
Investments in equity securities:				
Equities - International	$ 993	$ -	$ 7,316	$ 8,309
Mutual funds - Fixed income	6,291	-	-	6,291
Mutual funds - Global equity	881	-	-	881
Total investments in equity securities:	$ 8,165	$ -	$ 7,316	$ 15,481
Investments in debt securities:				
Available-for-sale - Convertible debentures	-	-	14,971	14,971
Total investments carried at fair value on a recurring basis:	$ 8,165	$ -	$ 22,287	$ 30,452

(dollars in thousands)	June 30, 2021 Quoted Prices (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments carried at fair value on a recurring basis:				
Investments in equity securities:				
Equities - International	$ 2,837	$ 135	$ 8,026	$ 10,998
Mutual funds - Fixed income	6,322	-	-	6,322
Mutual funds - Global equity	938	-	-	938
Total investments in equity securities:	$ 10,097	$ 135	$ 8,026	$ 18,258
Investments in debt securities:				
Available-for-sale - Convertible debentures	-	-	17,049	17,049
Total investments carried at fair value on a recurring basis:	$ 10,097	$ 135	$ 25,075	$ 35,307
Investments carried at fair value on a nonrecurring basis:				
Other investments[1]	$ -	$ -	$ 2,554	$ 2,554

1. *Other investments include equity securities without readily determinable fair values that were adjusted as a result of the measurement alternative on dates during the fiscal year ended June 30, 2021. These securities are classified as level 3 due to the infrequency of the observable price changes and/or restrictions on the shares.*

A significant portion of the securities recorded at fair value on a recurring basis in the above tables is in investments in HIVE Blockchain Technologies Ltd. ("HIVE"), which were warrants and convertible debentures valued at $22.3 million and classified as Level 3 at December 31, 2021, and valued at $25.1 million and classified as Level 3 at June 30, 2021.

The following table is a reconciliation of investments recorded at fair value for which unobservable inputs (Level 3) were used in determining fair value during the six months ended December 31, 2021.

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis		
	Six Months Ended December 31, 2021	
(dollars in thousands)	Investments in equity securities	Investments in debt securities
Beginning Balance	$ 8,026	$ 17,049
Principal repayments	-	(1,500)
Amortization of Premium	-	(177)
Accretion of Discount	-	521
Total gains (losses) included in:		
Investment Income	(710)	612
Other Comprehensive Income (Loss)	-	(1,534)
Ending Balance	$ 7,316	$ 14,971

During the third quarter of fiscal year 2021, the Company purchased convertible securities of HIVE, a company that is headquartered and traded in Canada with cryptocurrency mining facilities in Iceland, Sweden, and Canada, for $15.0 million. The convertible securities are comprised of 8.0% interest-bearing unsecured convertible debentures, payable in quarterly installments with a final maturity in January 2026, and 5 million common share purchase warrants in the capital of HIVE. The principal amount of each debenture is convertible into common shares in the capital of HIVE at a conversion rate of $2.34, and the remaining principal amount was $12.1 million as of December 31, 2021, and $14.3 million as of June 30, 2021. Each whole warrant, expiring in January 2024, entitles the Company to acquire one common share at a price of $3.00 (Canadian). Cryptocurrency markets and related securities have been, and are expected to continue to be, volatile. There has been significant volatility in the market price of HIVE, which has materially impacted the value of the investments included on the balance sheet, unrealized gain recognized in investment income (loss), and unrealized gain recognized in other comprehensive income (loss). The investments did not represent ownership in HIVE as of December 31, 2021, or June 30, 2021. The securities are subject to Canadian securities regulations. Frank Holmes serves on the board as non-executive chairman of HIVE and held shares and options at December 31, 2021. Effective August 31, 2018, Mr. Holmes was named Interim Executive Chairman of HIVE.

The Company recorded the warrants at the estimated fair value of $5.9 million on purchase date. The debentures were recorded at the estimated fair value of $16.0 million on purchase date, and an unrealized gain of $6.9 million was recognized in other comprehensive income (loss), which will be realized in investment income (loss) ratably using the effective interest method until maturity, conversion, or other disposition. During the three and six months ended December 31, 2021, $569,000 and $1.2 million was realized in investment income (loss), and $4.5 million remains in accumulated other comprehensive income at December 31, 2021. The fair value of the warrants and debentures was $7.3 million and $15.0 million, respectively, at December 31, 2021, and $8.0 million and $17.0 million, respectively, at June 30, 2021.

The Company currently considers the related fair value measurements to contain Level 3 inputs. The following is quantitative information as of December 31, 2021, with respect to the securities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3):

	December 31, 2021			
(dollars in thousands)	Fair Value	Principal Valuation Techniques	Unobservable Inputs	
Investments in equity securities:				
Common share purchase warrants	$ 7,316	Option pricing model		
			Volatility	97.2%
Investments in debt securities:				
Available-for-sale - Convertible debentures	$ 14,971	Binomial lattice model		
			Volatility	64.0%
			Credit Adjusted Discount Rate	2.2%

The Company had an investment in Thunderbird Entertainment Group Inc. (“Thunderbird”), a company headquartered and traded in Canada, which was valued at approximately $2.7 million at June 30, 2021, and classified as Level 1 in the fair value hierarchy. During the three and six months ended December 31, 2021, the Company realized gains on sales of this investment in the amount of $43,000 and $1.9 million, respectively. The Company did not have ownership of Thunderbird as of December 31, 2021. Frank Holmes served on the board of this company as a director from June 2014 to March 2021.

Equity Investments at Fair Value

Investments in equity securities with readily determinable fair values are carried at fair value, and changes in unrealized gains or losses are reported in current period earnings.

The following details the components of the Company’s equity investments carried at fair value as of December 31, 2021, and June 30, 2021.

	December 31, 2021		
(dollars in thousands)	Cost	Unrealized Gains (Losses)	Fair Value
Equity securities at fair value			
Equities - International	$ 6,201	$ 2,108	$ 8,309
Equities - Domestic	45	(45)	-
Mutual funds - Fixed income	6,313	(22)	6,291
Mutual funds - Global equity	929	(48)	881
Total equity securities at fair value	$ 13,488	$ 1,993	$ 15,481

	June 30, 2021		
(dollars in thousands)	Cost	Unrealized Gains (Losses)	Fair Value
Equity securities at fair value			
Equities - International	$ 7,076	$ 3,922	$ 10,998
Equities - Domestic	45	(45)	-
Mutual funds - Fixed income	6,313	9	6,322
Mutual funds - Global equity	929	9	938
Total equity securities at fair value	$ 14,363	$ 3,895	$ 18,258

Included in the above table was $7.2 million and $7.3 million as of December 31, 2021, and June 30, 2021, respectively, at fair value invested in USGIF.

Debt Investments

Investments in debt securities are classified on the acquisition dates and at each balance sheet date. Securities classified as held-to-maturity are carried at amortized cost, reflecting the ability and intent to hold the securities to maturity. Debt securities classified as trading are acquired with the intent to sell in the near term and are carried at fair value with changes reported in earnings. All other debt securities are classified as available-for-sale and are carried at fair value.

Investment gains and losses on available-for-sale debt securities are recorded when the securities are sold, as determined on a specific identification basis, and recognized in current period earnings. Changes in unrealized gains on available-for-sale debt securities are reported net of tax in accumulated other comprehensive income (loss).

For debt securities in an unrealized loss position, a loss in earnings is recognized for the excess of amortized cost over fair value if the Company intends to sell before the price recovers. Otherwise, the Company evaluates as of the balance sheet date whether the unrealized losses are attributable to credit losses or other factors. The severity of the decline in value, creditworthiness of the issuer and other relevant factors are considered. The portion of unrealized loss the Company believes is related to a credit loss is recognized earnings, and the portion of unrealized loss the Company believes is not related to a credit loss is recognized in other comprehensive income.

The following details the components of the Company's available-for-sale debt investments as of December 31, 2021, and June 30, 2021.

	December 31, 2021			
(dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains in Other Comprehensive Income**	**Gross Unrealized Losses in Earnings**	**Fair Value**
Available-for-sale - Convertible debentures[1]	$ 8,755	$ 6,775	$ (559)	$ 14,971

	June 30, 2021			
(dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains in Other Comprehensive Income**	**Gross Unrealized Losses in Earnings**	**Fair Value**
Available-for-sale - Convertible debentures[1]	$ 8,741	$ 8,308	$ -	$ 17,049

1. *Changes in unrealized gains and losses are included in the statement of comprehensive income (loss), except for embedded derivatives. Changes in unrealized and realized gains and losses for embedded derivatives are included in earnings in the statement of operations.*

The following details the components of the Company's held-to-maturity debt investments as of December 31, 2021, and June 30, 2021.

	December 31, 2021			
(dollars in thousands)	**Amortized Cost**	**Gross Unrecognized Holding Gains**	**Gross Unrecognized Holding Losses**	**Fair Value**
Held-to-maturity - Debentures[1]	$ 1,000	$ -	$ (22)	$ 978

	June 30, 2021			
(dollars in thousands)	**Amortized Cost**	**Gross Unrecognized Holding Gains**	**Gross Unrecognized Holding Losses**	**Fair Value**
Held-to-maturity - Debentures[1]	$ 1,000	$ 3	$ -	$ 1,003

1. *Held-to-maturity debt investments are carried at amortized cost.*

Investments in debt securities classified as held-to-maturity are carried at amortized cost. The following summarizes the net carrying amount and estimated fair value of debt securities at December 31, 2021, by contractual maturity dates. Actual maturities may differ from final contractual maturities due to principal repayment installments or prepayment rights held by issuers.

	December 31, 2021	
	Available-for-sale debt securities	Held-to-maturity debt securities
(dollars in thousands)	Convertible debentures (1)	Due after one year through five years
Net Carrying Amount	$ 8,755	$ 1,000
Fair Value	$ 14,971	$ 978

1. *Principal payments are due quarterly with a final maturity date in January 2026.*

Certain derivatives embedded in other financial instruments, such as the conversion option in a convertible bond, are reported at fair value, and changes in fair value are recorded through earnings within investment income (loss). The host contract continues to be accounted for in accordance with the appropriate accounting standard. The embedded derivative and the related host contract represent one legal contract and are combined on the Consolidated Balance Sheets and the preceding tables. The Company held one financial instrument containing an embedded derivative, which represents an investment in HIVE, at December 31, 2021, and June 30, 2021.

The following table summarizes the fair values of embedded derivatives on the Consolidated Balance Sheet, categorized by risk exposure, at December 31, 2021, and June 30, 2021.

	December 31, 2021	June 30, 2021
	Other Assets	Other Assets
(dollars in thousands)	Investments in available-for-sale debt securities	Investments in available-for-sale debt securities
Embedded Derivatives:		
Equity price risk exposure	$ 1,983	$ 2,542

The following table presents the effect of embedded derivatives on the Consolidated Statements of Operations, categorized by risk exposure, for the three and six months ended December 31, 2021, and 2020.

	Six Months Ended December 31, 2021	Six Months Ended December 31, 2020	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020
	Other Income (Loss)	Other Income (Loss)	Other Income (Loss)	Other Income (Loss)
(dollars in thousands)	Investment income (loss)	Investment income (loss)	Investment income (loss)	Investment income (loss)
Embedded Derivatives:				
Equity price risk exposure	$ (559)	$ -	$ (121)	$ -

Other Investments

Other investments consist of equity investments in entities over which the Company is unable to exercise significant influence and which do not have readily determinable fair values. For these securities, the Company generally elects to value using the measurement alternative, under which such securities are measured at cost, less impairment, if any. If the Company identifies observable price changes for identical or similar securities of the same issuer, the equity security is measured at fair value as of the date the observable transaction occurred, with such changes recorded in investment income (loss).

The following table presents the carrying value of equity securities without readily determinable fair values held as of December 31, 2021, and 2020, that are measured under the measurement alternative and the related adjustments recorded during the periods presented for those securities with observable price changes or impairments. These securities are included in the nonrecurring fair value hierarchy tables when applicable price changes are observable, or when impairments occur.

	Six Months Ended December 31,		Three Months Ended December 31,	
(dollars in thousands)	**2021**	**2020**	**2021**	**2020**
Other Investments				
Carrying value	$ 3,551	$ 1,385	$ 3,551	$ 1,385
Upward carrying value changes	-	-	-	-
Downward carrying value changes/impairment	-	(123)	-	(6)

The carrying value of equity securities without readily determinable fair values was approximately $3.5 million as of June 30, 2021. The period-end carrying values reflect cumulative purchases and sales in addition to upward and downward carrying value changes. The cumulative amount of upward adjustments to all equity securities without readily determinable fair values total $2.3 million since their respective acquisitions through December 31, 2021. The cumulative amount of impairments and other downward adjustments, which include return of capital distributions and observable price changes, to all equity securities without readily determinable fair values total $1.5 million since their respective acquisitions through December 31, 2021.

Investments Classified as Equity Method

During fiscal years 2021 and 2022, the Company had an equity method investment in Galileo New Economy Fund LP. The Company owns approximately 22 percent of the LP as of December 31, 2021, and the Company is considered to have the ability to exercise significant influence. Thus, the investment is accounted for under the equity method of accounting. Included in other income (loss) for the three and six months ended December 31, 2021, is ($48,000) and ($33,000), respectively, for this investment. Included in other income (loss) for the three and six months ended December 31, 2020, is $463,000 and $484,000 respectively, for this investment. The Company's investment in the LP had a carrying value of approximately $489,000 and $532,000 at December 31, 2021, and June 30, 2021, respectively. The LP is in the process of dissolution, and the carrying value at December 31, 2021, reflects the distribution the Company expects to receive, which includes cash and common shares of an investment held in the LP. Frank Holmes also directly held an investment in the LP at December 31, 2021. This investment has a concentration in technology and blockchain companies, which may result in volatility in its valuation.

Investment Income

Investment income from the Company's investments includes:

- realized gains and losses on sales of securities;
- realized gains and losses on principal payment proceeds;
- unrealized gains and losses on securities at fair value;
- realized foreign currency gains and losses;
- impairments and observable price changes on equity investments without readily determinable fair values; and
- dividend and interest income.

The following summarizes investment income reflected in earnings for the periods presented.

(dollars in thousands)	Six Months Ended December 31,		Three Months Ended December 31,	
Investment Income	**2021**	**2020**	**2021**	**2020**
Unrealized gains (losses) on fair valued securities	$ (1,903)	$ 6,573	$ 455	$ 5,466
Unrealized losses on embedded derivatives	(559)	-	(121)	-
Unrealized losses on equity securities without readily determinable fair values	-	(113)	-	-
Realized gains on principal payment proceeds	1,170	-	569	-
Realized gains on sales of fair valued securities	1,853	15,043	43	15,043
Realized foreign currency gains (losses)	(120)	176	26	175
Dividend and interest income	1,104	21	607	18
Total Investment Income	$ 1,545	$ 21,700	$ 1,579	$ 20,702

For the three and six months ended December 31, 2021, realized gains on principal payment proceeds in the amount of $569,000 and $1.2 million, respectively, was released from other comprehensive income (loss).

Unrealized gains and losses recognized on equity investments held as of the end of each three and six months ended December 31, 2021, and 2020 are as follows:

	Six Months Ended December 31,		Three Months Ended December 31,	
(dollars in thousands)	**2021**	**2020**	**2021**	**2020**
Net gains (losses) recognized during the period on equity securities	$ (50)	$ 21,503	$ 498	$ 20,509
Less: Net gains (losses) recognized during the period on equity securities sold during the period	(183)	(18,284)	1	(18,013)
Net unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date[1]	$ (233)	$ 3,219	$ 499	$ 2,496

1. *Included $(113,000) for the six months ended December 31, 2020, of net gains (losses) as a result of the measurement alternative. There were no net gains (losses) as a result of the measurement alternative for the six months ended December 31, 2021, or for the three months ended December 31, 2021, and 2020.*

Investment income (loss) can be volatile and varies depending on market fluctuations, the Company's ability to participate in investment opportunities, and timing of transactions. The Company expects that gains and losses will continue to fluctuate in the future.

NOTE 3. INVESTMENT MANAGEMENT AND OTHER FEES

The following table presents operating revenues disaggregated by performance obligation:

	Six Months Ended December 31,		Three Months Ended December 31,	
(dollars in thousands)	**2021**	**2020**	**2021**	**2020**
USGIF advisory fees	$ 1,898	$ 1,803	$ 932	$ 907
USGIF performance fees earned	329	124	141	115
ETF advisory fees	10,768	5,937	5,452	3,647
Total Advisory Fees	12,995	7,864	6,525	4,669
USGIF administrative services fees	100	102	49	52
Total Operating Revenue	$ 13,095	$ 7,966	$ 6,574	$ 4,721

The Company serves as investment adviser to USGIF and receives a fee based on a specified percentage of average assets under management. The advisory agreement for the equity funds within USGIF provides for a base advisory fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months.

The Company has agreed to contractually limit the expenses of the Near-Term Tax Free Fund and the Global Luxury Goods Fund through April 2022. The Company has voluntarily waived or reduced its fees and/or agreed to pay expenses on the remaining USGIF funds. These caps will continue on a voluntary basis at the Company's discretion. The aggregate fees waived and expenses borne by the Company for USGIF were $161,000 and $319,000 for the three and six months ended December 31, 2021, respectively, compared with $185,000 and $401,000, respectively, for the corresponding period in the prior fiscal year. Management cannot predict the impact of future waivers due the number of variables and the range of potential outcomes.

The Company receives administrative service fees from USGIF based on an annual rate of 0.05 percent on the average daily net assets of each fund.

The Company serves as investment advisor to two U.S.-based exchange-traded funds (ETFs): U.S. Global Jets ETF (ticker JETS) and U.S. Global GO GOLD and Precious Metal Miners ETF (ticker GOAU). The Company receives a unitary management fee of 0.60 percent of average net assets and has agreed to bear all expenses of the ETFs. The Company also serves as investment advisor to one European-based ETF, the U.S. Global Jets UCITS ETF. The Company receives a unitary management fee of 0.65 percent of average net assets and has agreed to bear all expenses of the ETF.

As of December 31, 2021, the Company had $2.0 million in receivables from fund clients, of which $315,000 was from USGIF and $1.7 million was from the ETFs. As of June 30, 2021, the Company had $2.4 million in receivables from fund clients, of which $432,000 was from USGIF and $2.0 million was from ETFs.

NOTE 4. RESTRICTED CASH

Restricted cash represents cash invested in a money market account as collateral for credit facilities that is not available for general corporate use. A reconciliation of cash, cash equivalents, and restricted cash reported from the consolidated balance sheets to the statements of cash flows is shown below:

(dollars in thousands)	December 31, 2021	June 30, 2021
Cash and cash equivalents	$ 23,179	$ 14,436
Restricted cash	1,000	1,000
Total cash, cash equivalents, and restricted cash	$ 24,179	$ 15,436

NOTE 5. LEASES

The Company has lease agreements on a continuing operations basis for office equipment that expire in fiscal year 2022. Lease expense totaled $49,000 and $88,000 for the three and six months ended December 31, 2021, and $38,000 and $77,000 for the three and six months ended December 31, 2020, respectively.

The components of lease expense included in general and administrative expense on the Consolidated Statements of Operations and qualitative information concerning the Company's operating leases were as follows:

	Six Months Ending December 31,		Three Months Ending December 31,	
(dollars in thousands)	2021	2020	2021	2020
Operating lease cost	$ 26	$ 26	$ 13	$ 13
Short-term lease cost	62	51	36	25
Total lease cost	$ 88	$ 77	$ 49	$ 38
Cash paid for amounts included in measurement of lease liabilities:				
Operating cash flows from operating leases	$ 26	$ 26	13	$ 13
Right-of-use assets obtained in exchanged for:				
Net operating lease liabilities	$ -	$ -		
Weighted-average remaining lease term (in years)	0.33	1.33		
Weighted-average discount rate	4.11%	4.11%		

Maturities of lease liabilities from continuing operations as of December 31, 2021, are as follows:

(dollars in thousands) Fiscal Year	Operating Leases
2022 (excluding the six months ended December 31, 2021)	$ 18
Total lease payments	18
Less imputed interest	(1)
Total	$ 17

The Company is the lessor of certain areas of its owned office building under operating leases expiring in various years through fiscal year 2023. At the commencement of an operation lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Lease income included in other income on the Consolidated Statements of Operations for the three and six months ended December 31, 2021, was $29,000 and $55,000, respectively. Lease income included in other income on the Consolidated Statements of Operations for the three and six month ended December 31, 2020, was $23,000 and $46,000, respectively. The cost of obtaining lessor contracts, which is included in other assets on the Consolidated Balance Sheets, was $3,000 and $4,000 at December 31, 2021, and June 30, 2021, respectively.

A summary analysis of annual undiscounted cash flows to be received on leases as of December 31, 2021, is as follows:

(dollars in thousands) Fiscal Year	Operating Leases
2022 (excluding the six months ended December 31, 2021)	$ 32
2023	34
Total lease payments	$ 66

The Company may terminate the building leases with one hundred eighty days written notice if it sells the property. If the Company terminates the lease, the Company will pay the tenant a termination fee of the lesser of six months of the base monthly rent or the base monthly rent times the number of months remaining in the initial term.

NOTE 6. BORROWINGS

The Company has access to a $1 million credit facility for working capital purposes. The credit agreement requires the Company to maintain certain covenants; the Company has been in compliance with these covenants during the current fiscal year. The credit agreement will expire on May 31, 2022, and the Company intends to renew annually. The credit facility is collateralized by approximately $1 million at December 31, 2021, included in restricted cash on the balance sheet, held in deposit in a money market account at the financial institution that provided the credit facility. As of December 31, 2021, the credit facility remains unutilized by the Company.

Effective April 12, 2020, the Company was approved for a loan of approximately $442,000 under the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Company has under 25 employees and is considered a small business. The Company was granted forgiveness of the entire PPP loan and any accrued interest during the year ended June 30, 2021; thus, there was no balance remaining on the loan as of December 31, 2021, or June 30, 2021.

NOTE 7. STOCKHOLDERS' EQUITY

Payment of cash dividends is within the discretion of the Company's Board of Directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions. The dividend rate per share was $0.0025 per month for July 2020 through January 2021, $0.0050 per month for February 2021 through September 2021, and $0.0075 per month for October 2021 through December 2021.

In December 2021, the Board authorized the continuance of the monthly dividend of $0.0075 per share from January through March 2022, at which time it will be considered for continuation by the Board.

The Company has a share repurchase program, approved by the Board of Directors, authorizing the Company to annually purchase up to $2.75 million of its outstanding common shares, as market and business conditions warrant, on the open market in compliance with Rule 10b-18 of the Securities Exchange Act of 1934 through December 31, 2022. The repurchase program has been in place since December 2012, and the Board of Directors has annually renewed the repurchase program each calendar year. The acquired shares may be used for corporate purposes, including shares issued to employees in the Company's stock-based compensation programs. For the three and six months ended December 31, 2021, the Company repurchased 10,457 and 24,104 class A shares using cash of $54,000 and $136,000, respectively. For the three and six months ended December 31, 2020, the Company repurchased 15,096 and 16,096 class A shares using cash of $60,000 and $62,000, respectively.

The Company's stock option plans provide for the granting of class A shares as either incentive or nonqualified stock options to employees and non-employee directors. Options are subject to terms and conditions determined by the Compensation Committee of the Board of Directors. At December 31, 2021, there were 231,000 options outstanding and exercisable under the 1989 Plan at a weighted average exercise price of $6.05, and 2,000 options outstanding and exercisable under the 1997 Plan at a weighted average exercise price of $2.74. At December 31, 2020, there were no options outstanding and exercisable under the 1989 Plan, and 2,000 options outstanding and exercisable under the 1997 Plan at a weighted average exercise price of $2.74. There were no options granted, forfeited, or exercised for the six months ended December 31, 2021, or 2020.

Stock-based compensation expense is measured at the grant date based on the fair value of the award, and the cost is recognized as expense ratably over the award's vesting period. For the three and six months ended December 31, 2021, $345,000 and $733,000, respectively, was recognized as compensation expense. There was no stock-based compensation expense for the three and six months ended December 31, 2020. As of December 31, 2021, and 2020, there was no unrecognized share-based compensation cost related to share-based awards granted under the plans.

NOTE 8. EARNINGS PER SHARE

The basic earnings per share ("EPS") calculation excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of EPS that could occur if options to issue common stock were exercised.

The following table sets forth the computation for basic and diluted EPS:

	Six Months Ended December 31,		Three Months Ended December 31,	
(dollars in thousands, except per share data)	**2021**	**2020**	**2021**	**2020**
Net Income	$ 5,980	$ 18,605	$ 3,590	$ 16,661
Weighted average number of outstanding shares				
Basic	15,025,953	15,081,544	15,021,792	15,082,539
Effect of dilutive securities				
Employee stock options	1,054	305	1,022	404
Diluted	15,027,007	15,081,849	15,022,814	15,082,943
Earnings Per Share				
Basic Net Income per Share	$ 0.40	$ 1.23	$ 0.24	$ 1.10
Diluted Net Income per Share	$ 0.40	$ 1.23	$ 0.24	$ 1.10

The diluted EPS calculation excludes the effect of stock options when their exercise prices exceed the average market price for the period, as their inclusion would be anti-dilutive. For the three and six months ended December 31, 2021, employee stock options for 231,000 were excluded from diluted EPS. For the three and six months ended December 31, 2020, no employee stock options were excluded from diluted EPS.

During the three and six months ended December 31, 2021, and 2020, the Company repurchased class A shares on the open market. Upon repurchase, these shares are classified as treasury shares and are deducted from outstanding shares in the earnings per share calculation.

NOTE 9. INCOME TAXES

The Company and its non-Canadian subsidiaries file a consolidated U.S. federal income tax return. USCAN files a separate tax return in Canada. Provisions for income taxes include deferred taxes for temporary differences in the bases of assets and liabilities for financial and tax purposes resulting from the use of the liability method of accounting for income taxes.

For U.S. federal income tax purposes at December 31, 2021, the Company has no U.S. federal net operating loss carryovers and no capital loss carryovers. For Canadian income tax purposes, USCAN has no net operating loss carryovers and no capital loss carryovers.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax amount will not be realized. There was no valuation allowance included at December 31, 2021, or June 30, 2021.

NOTE 10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the change in accumulated other comprehensive income (loss) ("AOCI") by component:

(dollars in thousands)	Unrealized gains (losses) on available-for-sale investments	Foreign currency translation adjustment [1]	Total
Six Months Ended December 31, 2021			
Balance at June 30, 2021	$ 6,564	$ 23	$ 6,587
Other comprehensive loss before reclassifications	(363)	(10)	(373)
Tax effect	76	-	76
Amount reclassified from AOCI	(1,170)	-	(1,170)
Tax effect	245	-	245
Net other comprehensive loss	(1,212)	(10)	(1,222)
Balance at December 31, 2021	$ 5,352	$ 13	$ 5,365
Six Months Ended December 31, 2020			
Balance at June 30, 2020	$ -	$ (4)	$ (4)
Other comprehensive income before reclassifications	-	12	12
Net other comprehensive income	-	12	12
Balance at December 31, 2020	$ -	$ 8	$ 8

1. *Amounts include no tax expense or benefit.*

NOTE 11. FINANCIAL INFORMATION BY BUSINESS SEGMENT

The Company operates principally in two business segments: providing investment management services to USGIF and ETF clients; and investing for its own account in an effort to add growth and value to its cash position. The following schedule details total revenues and income by business segment:

(dollars in thousands)	Investment Management Services	Corporate Investments	Consolidated
Six months ended December 31, 2021			
Net operating revenues	$ 13,095	$ -	$ 13,095
Investment income	$ -	$ 1,545	$ 1,545
Loss from equity method investments	$ -	$ (33)	$ (33)
Other income	$ 115	$ -	$ 115
Income before income taxes	$ 6,138	$ 1,295	$ 7,433
Depreciation and amortization	$ 104	$ -	$ 104
Gross identifiable assets at December 31, 2021	$ 23,386	$ 40,805	$ 64,191
Deferred tax asset			$ -
Consolidated total assets at December 31, 2021			$ 64,191
Six months ended December 31, 2020			
Net operating revenues	$ 7,966	$ -	$ 7,966
Investment income	$ -	$ 21,700	$ 21,700
Income from equity method investments	$ -	$ 484	$ 484
Gain on forgiveness of PPP loan	$ 444	$ -	$ 444
Other income	$ 59	$ -	$ 59
Income before income taxes	$ 3,463	$ 20,236	$ 23,699
Depreciation and amortization	$ 98	$ -	$ 98
Three months ended December 31, 2021			
Net operating revenues	$ 6,574	$ -	$ 6,574
Investment income	$ -	$ 1,579	$ 1,579
Loss from equity method investments	$ -	$ (48)	$ (48)
Other income	$ 59	$ -	$ 59
Income before income taxes	$ 3,025	$ 1,504	$ 4,529
Depreciation and amortization	$ 56	$ -	$ 56
Three months ended December 31, 2020			
Net operating revenues	$ 4,721	$ -	$ 4,721
Investment income	$ -	$ 20,702	$ 20,702
Income from equity method investments	$ -	$ 463	$ 463
Gain on forgiveness of PPP loan	$ 444	$ -	$ 444
Other income	$ 41	$ -	$ 41
Income before income taxes	$ 2,461	$ 19,264	$ 21,725
Depreciation and amortization	$ 49	$ -	$ 49

Net operating revenues from investment management services includes operating revenues from USGIF of $1.1 million and $2.3 million for the three and six months ended December 31, 2021, respectively, and $1.0 million and $2.0 million for the three and six months ended December 31, 2020, respectively. Net operating revenues from investment management services also include operating revenues from ETF clients of $5.5 million and $10.8 million, respectively, for the three and six months ended December 31, 2021, respectively, and $3.6 million and $5.9 million for the three and six months ended December 31, 2020, respectively.

NOTE 12. CONTINGENCIES AND COMMITMENTS

The Company continuously reviews investor, employee and vendor complaints, and pending or threatened litigation. The likelihood that a loss contingency exists is evaluated through consultation with legal counsel, and a loss contingency is recorded if probable and reasonably estimable.

During the normal course of business, the Company may be subject to claims, legal proceedings, and other contingencies. These matters are subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably. The Company establishes accruals for matters for which the outcome is probable and can be reasonably estimated. Management believes that any liability in excess of these accruals upon the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial statements of the Company.

The Board has authorized a monthly dividend of $0.0075 per share through March 2022, at which time it will be considered for continuation by the Board. Payment of cash dividends is within the discretion of the Company’s Board of Directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions. The total amount of cash dividends expected to be paid to class A and class C shareholders from January to March 2022 is approximately $338,000.

The outbreak of the COVID-19 pandemic and the resulting actions to control or slow the spread have affected global and domestic economies and financial markets. The Company continues to monitor the impact of COVID-19, but at the date of this report cannot determine the full impact this virus may have on the financial markets and economy. Should this emerging macro-economic risk continue for an extended period, there could be an adverse material financial impact to our business and investments, including a material reduction in our results of operations.

NOTE 13. IMMATERIAL REVISIONS TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended December 31, 2020, the Company recorded changes in the fair value of investment securities within “Changes in operating assets and liabilities” on the unaudited consolidated statement of cash flows instead of within “Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities.” The line-item “Investment securities” has been removed for the six months ended December 31, 2020, and $(6,460,000), was reclassified from “Investment securities” to “Unrealized (gains) losses on securities” for the period. The revision had no impact on net income or earnings per share and was deemed immaterial.

The Company was granted forgiveness of its Paycheck Protection Program ("PPP") loan and accrued interest totaling $444,000 in the quarter ended December 31, 2020. The Company recorded the extinguishment of debt related to the forgiveness as “Other operating revenue” instead of other income in the December 31, 2020, financial statements. The line-item “Other operating revenue” has been removed for the three and six months ended December 31, 2020, and the line-item “Gain on forgiveness of PPP loan” was added to other income for the period. This revision had no impact on net income or earnings per share and was deemed immaterial.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

U.S. Global Investors, Inc. (the "Company" or "U.S. Global") has made forward-looking statements concerning the Company's performance, financial condition, and operations in this report. The Company from time to time may also make forward-looking statements in its public filings and press releases. Such forward-looking statements are subject to various known and unknown risks and uncertainties and do not guarantee future performance. Actual results could differ materially from those anticipated in such forward-looking statements due to a number of factors, some of which are beyond the Company's control, including: (i) the volatile and competitive nature of the investment management industry, (ii) changes in domestic and foreign economic conditions, including significant economic disruptions from COVID-19 and the actions taken in connection therewith, (iii) the effect of government regulation on the Company's business, and (iv) market, credit, and liquidity risks associated with the Company's investment management activities. Due to such risks, uncertainties, and other factors, the Company cautions each person receiving such forward-looking information not to place undue reliance on such statements. All such forward-looking statements are current only as of the date on which such statements were made.

FACTORS AFFECTING OUR BUSINESS

Since the beginning of 2020, the rapid spread of the global COVID-19 outbreak and actions taken in response have had a significant detrimental effect on the global and domestic economies and financial markets. Market declines affect the Company's assets under management, and thus its revenues and also the valuation of the Company's corporate investments. It is early to determine the long-term impact of current circumstances on the Company's business. Should this emerging macro-economic risk continue for an extended period, there could be an adverse material financial impact to the Company's business and investments, including a material reduction in its results of operations.

COVID-19-related circumstances (e.g., remote work arrangements) have not adversely affected the Company's ability to maintain operations, including financial reporting systems, internal controls over financial reporting, and disclosure controls and procedures.

BUSINESS SEGMENTS

The Company, with principal operations located in San Antonio, Texas, manages two business segments: (1) the Company offers a broad range of investment management products and services to meet the needs of individual and institutional investors, and (2) the Company invests for its own account in an effort to add growth and value to its cash position.

The following is a brief discussion of the Company's business segments.

Investment Management Services

The Company generates operating revenues from managing and servicing U.S. Global Investors Funds ("USGIF" or the "Funds"). These revenues are largely dependent on the total value and composition of assets under its management. Fluctuations in the markets and investor sentiment directly impact the asset levels of the Funds, thereby affecting income and results of operations. Detailed information regarding the Funds managed by the Company within USGIF can be found on the Company's website, www.usfunds.com, including the prospectus and performance information for each Fund. The mutual fund shareholders in USGIF are not required to give advance notice prior to redemption of shares in the Funds.

The Company provides advisory services for two U.S.-based exchange-traded fund ("ETF") clients and receives monthly advisory fees based on the net asset values of the funds. Information on the U.S.-based ETFs can be found at www.usglobaletfs.com, including the prospectus, performance and holdings. The Company also serves as investment advisor to one European-based ETF and receives a monthly advisory fee based on the net asset value of the fund. The European-based ETF is not available to U.S. investors. The ETFs' authorized participants are not required to give advance notice prior to redemption of shares in the ETFs, and the ETFs do not charge a redemption fee.

At December 31, 2021, total assets under management, including USGIF and ETF clients, were approximately \$3.8 billion versus \$3.5 billion at December 31, 2020, an increase of \$255.8 million, or 7.2 percent. During the six months ended December 31, 2021, average assets under management, including USGIF and ETF clients, were \$4.0 billion versus \$2.4 billion during the six months ended December 31, 2020. At June 30, 2021, the Company's prior fiscal year end, total assets under management, including USGIF and ETF clients, were approximately \$4.2 billion, and has decreased \$439.1 million, or 10.4 percent, during the six months ended December 31, 2021.

The increase in assets under management as of December 31, 2021, compared to December 31, 2020, is primarily due to inflows into ETF clients, primarily the U.S. Global Jets ETF (“Jets ETF”). The Jets ETF invests in airline-related stocks, including global airline carriers, airport operators and aircraft manufacturers.

The following tables summarize the changes in assets under management for USGIF for the three and six months ended December 31, 2021, and 2020:

	Changes in Assets Under Management Six Months Ended December 31,					
	2021			2020		
(dollars in thousands)	Equity	Fixed Income	Total	Equity	Fixed Income	Total
Beginning Balance	$ 433,380	$ 75,842	$ 509,222	$ 343,214	$ 82,683	$ 425,897
Market appreciation (depreciation)	(25,996)	(194)	(26,190)	90,392	355	90,747
Dividends and distributions	(61,308)	(169)	(61,477)	(16,243)	(219)	(16,462)
Net shareholder purchases (redemptions)	42,758	(2,087)	40,671	10,431	(795)	9,636
Ending Balance	$ 388,834	$ 73,392	$ 462,226	$ 427,794	$ 82,024	$ 509,818
Average investment management fee	0.95%	0.00%	0.80%	0.90%	0.01%	0.74%
Average net assets	$ 396,174	$ 74,158	$ 470,332	$ 395,866	$ 84,848	$ 480,714

	Changes in Assets Under Management Three Months Ended December 31,					
	2021			2020		
(dollars in thousands)	Equity	Fixed Income	Total	Equity	Fixed Income	Total
Beginning Balance	$ 370,026	$ 75,040	$ 445,066	$ 389,485	$ 89,373	$ 478,858
Market appreciation (depreciation)	28,590	(94)	28,496	36,724	259	36,983
Dividends and distributions	(61,309)	(93)	(61,402)	(16,242)	(115)	(16,357)
Net shareholder purchases (redemptions)	51,527	(1,461)	50,066	17,827	(7,493)	10,334
Ending Balance	$ 388,834	$ 73,392	$ 462,226	$ 427,794	$ 82,024	$ 509,818
Average investment management fee	0.94%	0.00%	0.79%	0.91%	0.01%	0.75%
Average net assets	$ 392,906	$ 73,379	$ 466,285	$ 395,727	$ 83,863	$ 479,590

As shown above, USGIF period-end assets under management were lower at December 31, 2021, compared to December 31, 2020. Average net assets for the three and six months in the current fiscal year were lower than the same periods in the previous fiscal year. The equity funds and fixed income funds had net market depreciation for the six months ended December 31, 2021, and net market appreciation for the six months ended December 31, 2020. The equity funds had net market appreciation for the three months ended December 31, 2021, and 2020. The fixed income funds had net market depreciation for the three months ended December 31, 2021, and net market appreciation for the three months ended December 31, 2020. There were net shareholder purchases for the equity funds, and net shareholder redemptions for the fixed income funds for the six months ended December 31, 2021, and 2020. The equity funds had net shareholder purchases, while the fixed income funds had net shareholder redemptions, for the three months ended December 31, 2021, and 2020.

The average annualized investment management fee rate (total advisory fees, excluding performance fees, as a percentage of average assets under management) was 80 basis points for the six months ended December 31, 2021, and 74 basis points for the same period in the prior year. The average investment management fee for the equity funds was 95 basis points for the six months ended December 31, 2021, and 90 basis points for the same period in the prior year. The Company has agreed to contractually or voluntarily limit the expenses of the Funds. Therefore, the Company waived or reduced its fees and/or agreed to pay expenses of the Funds. Due to fee waivers, the average investment management fee for the fixed income funds was minimal for both periods.

Investment Activities

Management believes it can more effectively manage the Company's cash position by broadening the types of investments used in cash management and continues to believe that such activities are in the best interest of the Company. The Company's investment activities are reviewed and monitored by Company compliance personnel, and various reports are provided to certain investment advisory clients. Written procedures are in place to manage compliance with the code of ethics and other policies affecting the Company's investment practices. This source of revenue does not remain consistent and is dependent on market fluctuations, the Company's ability to participate in investment opportunities, and timing of transactions.

As of December 31, 2021, the Company held investments carried at fair value of $30.5 million and a cost basis of $22.2 million. The fair value of these investments is approximately 47.4 percent of the Company's total assets at December 31, 2021. In addition, the Company held other investments of approximately $3.6 million, held-to-maturity debt investments of $1.0 million and investments of $489,000 accounted for under the equity method of accounting.

Investments recorded at fair value on a recurring basis were approximately $30.5 million at December 31, 2021, compared to approximately $35.3 million at June 30, 2021, the Company's prior fiscal year end, which is a decrease of approximately $4.9 million. See Note 2, Investments, to the Consolidated Financial Statements of this Quarterly Report on Form 10-Q, for further information regarding investment activities.

RESULTS OF OPERATIONS – Three months ended December 31, 2021, and 2020

The Company posted net income of $3.6 million ($0.24 per share) for the three months ended December 31, 2021, compared with net income of $16.7 million ($1.10 per share) for the three months ended December 31, 2020, a decrease in net income of approximately $13.1 million. The change is primarily due to a decrease in realized and unrealized investment gains in the current quarter compared to the same quarter last year, somewhat offset by an increase in operating income compared to the same quarter last year, as discussed further below.

Operating Revenues

Total consolidated operating revenues for the three months ended December 31, 2021, increased $1.9 million, or 39.3 percent, compared with the three months ended December 31, 2020. This increase was primarily attributable to the following:

- Advisory fees increased by $1.9 million, or 39.8 percent, primarily as a result of higher average assets under management in the ETFs and an increase in base management fees received. Advisory fees are comprised of two components: base management fees and performance fees.
  - Base management fees increased $1.8 million. The majority of this increase was from ETF unitary management fees, which increased $1.8 million as the result of an increase in ETF average assets under management, primarily for the Jets ETF.
  - Performance fees for USGIF received in the current quarter were $141,000 compared to $115,000 in the corresponding quarter in the prior year, an increase of $26,000. The performance fee, which applies to the USGIF equity funds only, is a fulcrum fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months.

Operating Expenses

Total consolidated operating expenses for the three months ended December 31, 2021, decreased $1.0 million, or 21.8 percent, compared with the three months ended December 31, 2020. The decrease in operating expenses was primarily attributable to a decrease in employee compensation of $1.5 million, or 46.6 percent, primarily as a result of a decrease in bonuses, somewhat offset by amortization of employee stock options. Bonuses in same quarter last year related to realized investment gains and positive company and fund performance. The decrease is offset by an increase in general and administrative expenses of $474,000, or 36.7 percent, compared to prior quarter, primarily due to higher consulting and professional fees, and higher directors' fees and expenses, primarily due to amortization of stock options.

Other Income (Loss)

Total consolidated other income (loss) for the three months ended December 31, 2021, was $1.6 million, compared to $21.7 million for the three months ended December 31, 2020, a decrease of approximately $20.1 million, or 92.7 percent. This change was primarily due to the following factors:

- Investment income was $1.6 million for the three months ended December 31, 2021, compared to investment income of $20.7 million for the three months ended December 31, 2020, a decrease of approximately $19.1 million. There were unrealized gains of $334,000, realized gains on sales of securities of $43,000, realized gains on principal payment proceeds of $569,000, and dividend and interest income of $607,000 in the current quarter. The same quarter in the prior year had unrealized gains of $5.5 million and realized gains on sales of securities of $15.0 million.
- For the three months ended December 31, 2020, there was a gain of $444,000, due to extinguishment of debt related to forgiveness of the Paycheck Protection Program ("PPP") loan and accrued interest. See further information on the PPP loan in Note 6, Borrowings, to the Consolidated Financial Statements of this Quarterly Report on Form 10-Q.
- There was $59,000 in other income for the three months ended December 31, 2021, compared to $41,000 in other income for the three months ended December 31, 2020, an increase of $18,000. The increase was primarily due to consulting fees earned in the amount of $30,000 from HIVE Blockchain Technologies Ltd. ("HIVE") for the three months ended December 31, 2021. There were no consulting fees earned from HIVE for the three months ended December 31, 2020. Frank Holmes serves on the board as non-executive chairman of HIVE and held shares and options at December 31, 2021. Effective August 31, 2018, Mr. Holmes was named Interim Executive Chairman of HIVE.

Provision for Income Taxes

A tax expense of $939,000 was recorded for the three months ended December 31, 2021, compared to tax expense of $5.1 million for the three months ended December 31, 2020. The tax expense in the current quarter was primarily the result of operating income and gains on investments. The tax expense in the same quarter in the prior year was primarily the result of realized gains on sales of securities and an increase in valuation of certain investments, which increased the related deferred tax liability.

RESULTS OF OPERATIONS – Six months ended December 31, 2021, and 2020

The Company posted net income of $6.0 million ($0.40 per share) for the six months ended December 31, 2021, compared with net income of $18.6 million ($1.23 per share) for the six months ended December 31, 2020, a decrease in net income of approximately $12.6 million. The change is primarily due to a decrease in realized and unrealized investment gains in the current period compared to the same period last year, offset by an increase in operating income compared to the same period last year, as discussed further below.

Operating Revenues

Total consolidated operating revenues for the six months ended December 31, 2021, increased $5.1 million, or 64.4 percent, compared with the six months ended December 31, 2020. This increase was primarily attributable to the following:

- Advisory fees increased by $5.1 million, or 65.2 percent, primarily as a result of higher average assets under management in the ETFs and an increase in base management fees received. Advisory fees are comprised of two components: base management fees and performance fees.
  - Base management fees increased $4.9 million. The majority of this increase was from ETF unitary management fees, which increased $4.8 million as the result of an increase in ETF average assets under management, primarily for the Jets ETF.
  - Performance fees for USGIF received in the current period were $329,000 compared to $124,000 in the corresponding period in the prior year, an increase of $205,000. The performance fee, which applies to the USGIF equity funds only, is a fulcrum fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months.

Operating Expenses

Total consolidated operating expenses for the six months ended December 31, 2021, increased $335,000, or 4.8 percent, compared with the six months ended December 31, 2020. The increase in operating expenses was primarily attributable to an increase in general and administrative expenses of $826,000, or 32.5 percent, primarily due to higher consulting and professional fees, and higher directors' fees and expenses, primarily due to amortization of stock options. This is offset by a decrease in employee compensation of $546,000, or 13.0 percent, primarily as a result of a decrease in bonuses, somewhat offset by amortization of employee stock options. Bonuses in same period last year related to realized investment gains and positive company and fund performance.

Other Income (Loss)

Total consolidated other income (loss) for the six months ended December 31, 2021, was $1.6 million, compared to $22.7 million for the six months ended December 31, 2020, a decrease of approximately $21.1 million, or 92.8 percent. This change was primarily due to the following factors:

- Investment income was $1.5 million for the six months ended December 31, 2021, compared to investment income of $21.7 million for the six months ended December 31, 2020, a decrease of approximately $20.2 million. There were unrealized losses of $2.5 million, realized gains on sales of securities of $1.9 million, realized gains on principal payment proceeds of $1.2 million, and dividend and interest income of $1.1 million in the current period. The same period in the prior year had unrealized gains of $6.5 million and realized gains on sales of securities of $15.0 million.
- For the six months ended December 31, 2020, there was a gain of $444,000, due to extinguishment of debt related to forgiveness of the Paycheck Protection Program ("PPP") loan and accrued interest. See further information on the PPP loan in Note 6, Borrowings, to the Consolidated Financial Statements of this Quarterly Report on Form 10-Q.
- There was $115,000 in other income for the six months ended December 31, 2021, compared to $59,000 in other income for the three months ended December 31, 2020, an increase of $56,000. The increase was primarily due to consulting fees earned in the amount of $60,000 from HIVE Blockchain Technologies Ltd. ("HIVE") for the six months ended December 31, 2021. There were no consulting fees earned from HIVE for the six months ended December 31, 2020. Frank Holmes serves on the board as non-executive chairman of HIVE and held shares and options at December 31, 2021. Effective August 31, 2018, Mr. Holmes was named Interim Executive Chairman of HIVE.

Provision for Income Taxes

A tax expense of $1.5 million was recorded for the six months ended December 31, 2021, compared to tax expense of $5.1 million for the six months ended December 31, 2020. The tax expense in the current period was primarily the result of operating income, offset by a decrease in valuation of certain investments, which decreased the related deferred tax liability. The tax expense in the same period in the prior year was primarily the result of realized gains on sales of securities and an increase in valuation of certain investments, which increased the related deferred tax liability.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2021, the Company had net working capital (current assets minus current liabilities) of approximately $29.9 million, an increase of $8.2 million, or 38.0 percent, since June 30, 2021, and a current ratio (current assets divided by current liabilities) of 9.7 to 1. With approximately $23.2 million in cash and cash equivalents, an increase of $8.7 million, or 60.6 percent since June 30, 2021, and $8.2 million in securities carried at fair value on a recurring basis, excluding convertible securities, which together comprise approximately 48.8 percent of total assets, the Company has adequate liquidity to meet its current obligations.

The increase in cash, and accordingly, net working capital, was primarily due to net cash provided by operating activities of $5.5 million, proceeds on sales of investments of $2.9 million, and proceeds from principal paydowns of $1.5 million. Consolidated shareholders' equity at December 31, 2021, was $59.0 million, an increase of $4.7 million, or 8.7 percent since June 30, 2021. The increase was primarily due to net income of $6.0 million for the six months ended December 31, 2021.

The Company also has access to a $1 million credit facility, which can be utilized for working capital purposes. The credit agreement requires the Company to maintain certain covenants; the Company has been in compliance with these covenants during the current fiscal year. The credit agreement will expire on May 31, 2022, and the Company intends to renew annually. The credit facility is collateralized by approximately $1 million, included in restricted cash on the balance sheet, held in deposit in a money market account at the financial institution that provided the credit facility. As of December 31, 2021, this credit facility remained unutilized by the Company.

Investment advisory contracts pursuant to the Investment Company Act of 1940 and related affiliated contracts in the U.S., by law, may not exceed one year in length and, therefore, must be renewed at least annually after an initial two-year term. The investment advisory and related contracts between the Company and USGIF have been renewed through September 2022. The advisory agreement for the U.S.-based ETFs has been renewed through September 2022.

The primary cash requirements are for operating activities. The Company also uses cash to purchase investments, pay dividends and repurchase Company stock. The cash outlays for investments and dividend payments are discretionary and management or the Board may discontinue as deemed necessary. The stock repurchase plan is approved through December 31, 2022, but may be suspended or discontinued at any time. Cash and securities recorded at fair value on a recurring basis, excluding convertible securities, of approximately $31.3 million are available to fund current activities.

Management believes current cash reserves, investments, and financing available will be sufficient to meet foreseeable cash needs for operating activities.

The spread of the global COVID-19 outbreak and actions taken in response have affected the global and domestic economies and financial markets. Market declines affect the Company's assets under management, and thus its revenues and also the valuation of the Company's corporate investments. The Company cannot determine the long-term impact of COVID-19 on the Company's business. Should this emerging macro-economic risk continue for an extended period, there could be an adverse material financial impact to the Company's business and investments, including a material reduction in its results of operations.

CRITICAL ACCOUNTING ESTIMATES

For a discussion of other critical accounting policies that the Company follows, please refer to the notes to the consolidated financial statements included in the Annual Report on Form 10-K for the year ended June 30, 2021.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The effects of the global COVID-19 pandemic are still evolving. There has been an adverse effect on global and domestic financial markets, which may continue for an undetermined period. This may adversely affect assets under management and thus the Company's revenues and operating results. Market declines also affect the valuation of the Company's corporate investments, which also adversely affects the Company's balance sheet and results of operations.

Investment Management and Administrative Services Fees

Revenues are generally based upon a percentage of the market value of assets under management in accordance with contractual agreements. Accordingly, fluctuations in the financial markets have a direct effect on the Company's operating results. A significant portion of assets under management in equity funds have exposure to international markets and/or natural resource sectors, which may experience volatility. In addition, fluctuations in interest rates may affect the value of assets under management in fixed income funds.

Performance Fees

USGIF advisory fees are comprised of two components: a base management fee and a performance fee. The performance fee is a fulcrum fee that is adjusted upwards or downwards by 0.25 percent when there is a performance difference of 5 percent or more between a fund's performance and that of its designated benchmark index over the prior rolling 12 months.

As a result, the Company's revenues are subject to volatility beyond market-based fluctuations discussed in the investment management and administrative services fees section above. For the three and six months ended December 31, 2021, the Company realized an increase in its USGIF base advisory fee of $141,000 and $329,000, respectively, due to these performance adjustments. For the three and six months ended December 31, 2020, the Company realized an increase in its USGIF base advisory fee of $115,000 and $124,000, respectively, due to these performance adjustments.

Corporate Investments

The Company's Consolidated Balance Sheets includes assets whose fair value is subject to market risks. The market risks are primarily associated with equity prices and foreign currency exchange rates. The fair values of corporate investments with exposure to the cryptocurrency industry are subject to considerable volatility.

The Company's investment activities are reviewed and monitored by Company compliance personnel, and various reports are provided to certain investment advisory clients. Written procedures are in place to manage compliance with the code of ethics and other policies affecting the Company's investment practices.

Equity price risk

Due to the Company's investments in securities carried at fair value, equity price fluctuations represent a market risk factor affecting the Company's consolidated financial position. The carrying values of investments subject to equity price risks are based on quoted market prices or, if not actively traded, management's estimate of fair value as of the balance sheet date. Market prices fluctuate, and the amount realized in the subsequent sale of an investment may differ significantly from the reported fair value.

The table below summarizes the Company's equity price risks in securities recorded at fair value on a recurring basis as of December 31, 2021, and shows the effects of a hypothetical 25 percent increase and a 25 percent decrease in market prices.

(dollars in thousands)	Fair Value at December 31, 2021	Hypothetical Percentage Change	Estimated Fair Value After Hypothetical Price Change	Estimated Increase (Decrease) in Net Income (Loss) (1)
Equity securities at fair value, on a recurring basis	$ 15,481	25% increase	$ 19,351	$ 3,057
		25% decrease	$ 11,611	$ (3,057)
Embedded derivatives at fair value 2	$ 1,983	25% increase	$ 2,479	$ 392
		25% decrease	$ 1,487	$ (392)

1. *Changes in unrealized and realized gains and losses on embedded derivatives and equity securities at fair value are included in earnings in the Consolidated Statements of Operations. The estimated increase (decrease) is after income taxes at the statutory rate in effect as of the balance sheet date.*
2. *An embedded derivative and its related host contract represent one legal contract and are combined within the investments in available-for-sale debt securities on the Consolidated Balance Sheets.*

The selected hypothetical changes do not reflect what could be considered best- or worst-case scenarios. Results could be significantly different due to both the nature of markets and the concentration of the Company's investment portfolio.

The effects of the global COVID-19 pandemic are still evolving. There has been an adverse effect on global and domestic financial markets, which may continue for an undetermined period. This not only adversely affects the Company's assets under management but also the valuation of the Company's corporate investments.

A significant portion of the equity securities recorded at fair value in the above table subject to equity price risk are investments in common share purchase warrants of HIVE Blockchain Technologies Ltd. ("HIVE"), which were valued at $7.3 million at December 31, 2021. Also, the embedded derivatives shown in the above table, which were valued at $2.0 million at December 31, 2021, are related to HIVE convertible debentures. HIVE is discussed in more detail in Note 2, Investments, to the Consolidated Financial Statements of this Quarterly Report on Form 10-Q. HIVE is a company that is headquartered and traded in Canada with cryptocurrency mining facilities in Iceland, Sweden and Canada. Cryptocurrency markets and related stocks have been, and are expected to continue to be, volatile. There is potential for significant volatility in the market price of HIVE, which could materially impact the investment's value included on the balance sheet and unrealized gain (loss) recognized in investment income.

The Company also has an equity method investment in Galileo New Economy Fund LP in the amount of $489,000 at December 31, 2021, which has investments in the technology and cryptocurrency mining industries. As noted above, exposure to cryptocurrency industry may result in volatility in the valuation of this fund. Under the equity method, the Company's proportional share of the fund's net income or loss, which primarily consists of realized and unrealized gains and losses on investments offset by fund expenses, is recognized in the Company's earnings. The potential significant volatility in the valuation of the fund's investments could cause the fund's net income or loss to vary significantly from period to period, which in turn would be reflected in the Company's earnings.

Foreign currency risk

A portion of cash and certain corporate investments, including the Company's equity method investment, are held in foreign currencies, primarily Canadian. Adverse changes in foreign currency exchange rates would lower the value of those cash accounts and corporate investments. Certain assets under management also have exposure to foreign currency fluctuations in various markets, which could impact their valuation and thus the revenue received by the Company.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2021, was conducted under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were not effective as of December 31, 2021, due to the existence of the material weakness in internal control over financial reporting described below (which we view as an integral part of our disclosure controls and procedures). We believe that the unaudited interim consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows as of the date, and for the period, presented, in conformity with U.S. GAAP.

Management identified a deficiency in the design and operating effectiveness of the Company's internal controls as of September 30, 2021, that represented a material weakness in our internal control over financial reporting. The deficiency is the result of an existing control failing to operate effectively. Specifically, the Company's control involving the review of tax-related journal entries were not adequately performed. Management is in the process of designing and implementing remediation efforts intended to address the material weakness. The remediation efforts will be focused on improving oversight of tax services for the Company. Management, under the supervision of the Audit Committee, will develop a comprehensive remediation plan, including a detailed plan and timetable for implementation, and will report regularly to the Audit Committee regarding the status of the implementation activities.

Management identified a deficiency in the design and operating effectiveness of the Company's internal controls as of March 31, 2021, that represented a material weakness in our internal control over financial reporting. The deficiency is the result of inadequate design and implementation of internal controls to identify complex investments requiring specialized valuation expertise. Specifically, the Company's controls over valuation procedures did not address valuation methodologies for hybrid financial instruments that led to the restatement of previously issued financial statements. Management has designed and implemented remediation to address the material weakness. The remediation included amending the Company's valuation procedures to include the use of a binomial lattice model and/or utilizing an independent pricing service to value these types of complex investments. The valuation procedures were reviewed and approved by the Company's Board of Directors. We have concluded that the material weakness has been remediated as of December 31, 2021.

Other than as set forth above, there has been no change in the Company's internal control over financial reporting that occurred during the three months ended December 31, 2021, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

For a discussion of risk factors which could affect the Company, please refer to Item 1A, "Risk Factors" in the Annual Report on Form 10-K for the year ended June 30, 2021. There have been no material changes since fiscal year end to the risk factors listed therein.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

(dollars in thousands, except price data)

Period	Total Number of Shares Purchased [1]	Total Amount Purchased	Average Price Paid Per Share [2]	Total Number of Shares Purchased as Part of Publicly Announced Plan [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
10-01-21 to 10-31-21	1,946	$ 11	$ 5.91	1,946	$ 2,405
11-01-21 to 11-30-21	3,411	19	$ 5.69	3,411	$ 2,386
12-01-21 to 12-31-21	5,100	24	$ 4.66	5,100	$ 2,362
Total	10,457	$ 54	$ 5.23	10,457	

1 *The Board of Directors of the company approved on December 7, 2012, and renewed annually, a repurchase of up to $2.75 million in each of calendar years 2013 through 2022 of its outstanding class A common stock from time to time on the open market in accordance with all applicable rules and regulations.*

2 *The average price paid per share of stock repurchased under the stock repurchase program includes the commissions paid to brokers.*

3 *The repurchase plan was approved on December 7, 2012, renewed annually, and will continue through calendar year 2022. The total amount of shares that may be repurchased in 2022 under the renewed program is $2.75 million.*

ITEM 6. EXHIBITS

1. Exhibits –

31.1	Rule 13a-14(a) Certifications (under Section 302 of the Sarbanes-Oxley Act of 2002), included herein.
32.1	Section 1350 Certifications (under Section 906 of the Sarbanes-Oxley Act Of 2002), included herein.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

		U.S. GLOBAL INVESTORS, INC.
DATED:	February 17, 2022	BY: /s/ Frank E. Holmes Frank E. Holmes Chief Executive Officer
DATED:	February 17, 2022	BY: /s/ Lisa C. Callicotte Lisa C. Callicotte Chief Financial Officer

Exhibit 31.1 - Rule 13a-14(a) Certifications
(under Section 302 of the Sarbanes-Oxley Act of 2002)

I, Frank E. Holmes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of U.S. Global Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2022

/s/ Frank E. Holmes
Frank E. Holmes
Chief Executive Officer

Rule 13a-14(a) Certifications
(under Section 302 of the Sarbanes-Oxley Act of 2002

I, Lisa C. Callicotte, certify that:

1. I have reviewed this quarterly report on Form 10-Q of U.S. Global Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2022

/s/ Lisa C. Callicotte
Lisa C. Callicotte
Chief Financial Officer

Exhibit 32.1 — Section 1350 Certifications
(under Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of U.S. Global Investors, Inc. (the Company) on Form 10-Q for the quarter ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Frank E. Holmes, Chief Executive Officer of the Company, hereby certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 17, 2022

/s/ Frank E. Holmes
Frank E. Holmes
Chief Executive Officer

A signed original of the written statement required by Section 906 has been provided to U.S. Global Investors, Inc. and will be retained by U.S. Global Investors, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Section 1350 Certifications
(under Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of U.S. Global Investors, Inc. (the Company) on Form 10-Q for the quarter ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Lisa C. Callicotte, Chief Financial Officer of the Company, hereby certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 17, 2022

/s/ Lisa C. Callicotte
Lisa C. Callicotte
Chief Financial Officer

A signed original of the written statement required by Section 906 has been provided to U.S. Global Investors, Inc. and will be retained by U.S. Global Investors, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.