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, 2023**

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 1, 2024, there were 13,866,999 shares of Registrant's class A nonvoting common stock issued and 12,058,980 shares of Registrant's class A nonvoting common stock issued and outstanding; no shares of Registrant's class B nonvoting common shares outstanding; and 2,068,549 shares of Registrant's class C voting common stock issued and outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS

(dollars in thousands)	December 31, 2023 (unaudited)	June 30, 2023
Assets		
Current Assets		
Cash and cash equivalents	$ 27,466	$ 25,401
Restricted cash	1,000	1,000
Investments in trading securities at fair value, current	10,092	11,642
Accounts and other receivables (net of allowance for credit losses of $0, and $0, respectively)	1,376	1,245
Tax receivable	232	576
Prepaid expenses	262	510
Total Current Assets	40,428	40,374
Net Property and Equipment	1,126	1,138
Other Assets		
Deferred tax asset	2,130	1,920
Investments in trading securities at fair value, non-current	1,465	1,563
Investments in available-for-sale debt securities at fair value (amortized cost: $7,056 and $7,729, respectively) (net of allowance for credit losses of $0, and $0, respectively)	5,784	7,008
Investments in held-to-maturity debt securities at amortized cost	1,000	1,000
Less: Allowance for credit losses	(177)	-
Investments in held-to-maturity debt securities, net of allowance for credit losses	823	1,000
Other investments	1,613	2,388
Financing lease, right of use assets	53	65
Other assets, non-current	210	217
Total Other Assets	12,078	14,161
Total Assets	$ 53,632	$ 55,673
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 93	$ 143
Accrued compensation and related costs	473	1,165
Dividends payable	322	329
Financing lease liability, short-term	30	28
Other accrued expenses	1,235	1,274
Total Current Liabilities	2,153	2,939
Long-Term Liabilities		
Deferred tax liability	19	4
Reserve for uncertain tax positions	546	496
Financing lease liability, long-term	24	38
Total Long-Term Liabilities	589	538
Total Liabilities	2,742	3,477
Commitments and Contingencies (Note 13)		
Shareholders' Equity		
Common stock (class A) - $0.025 par value; nonvoting; 28,000,000 shares authorized; 13,866,999 shares issued at December 31, 2023, and June 30, 2023; 12,113,760 and 12,496,674 shares outstanding at December 31, 2023, and June 30, 2023, 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; 2,068,549 shares issued and outstanding at December 31, 2023, and June 30, 2023	52	52
Additional paid-in-capital	16,444	16,442
Treasury stock, class A shares at cost; 1,753,239 and 1,370,325 shares at December 31, 2023, and June 30, 2023, respectively	(4,891)	(3,740)
Accumulated other comprehensive income, net of tax	963	1,348
Retained earnings	37,975	37,747
Total Shareholders' Equity	50,890	52,196
Total Liabilities and Shareholders' Equity	$ 53,632	$ 55,673

The accompanying notes are an integral part of these Consolidated Financial Statements.

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(dollars in thousands, except per share data)	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022
Operating Revenues				
Advisory fees	$ 5,893	$ 8,072	$ 2,790	$ 3,695
Administrative services fees	58	68	28	33
Total Operating Revenues	5,951	8,140	2,818	3,728
Operating Expenses				
Employee compensation and benefits	2,236	2,305	962	1,130
General and administrative	2,992	3,012	1,490	1,508
Advertising	193	206	112	120
Depreciation	123	122	62	61
Interest	1	2	-	1
Total Operating Expenses	5,545	5,647	2,626	2,820
Operating Income	406	2,493	192	908
Other Income (Loss)				
Net investment income (loss)	903	(1,344)	1,416	116
Other income (loss)	115	123	57	62
Total Other Income (Loss)	1,018	(1,221)	1,473	178
Income (Loss) Before Income Taxes	1,424	1,272	1,665	1,086
Provision for Income Taxes				
Tax expense (benefit)	371	372	436	239
Net Income (Loss)	$ 1,053	$ 900	$ 1,229	$ 847
Earnings (Loss) Per Share				
Basic Net Income (Loss) per share	$ 0.07	$ 0.06	$ 0.09	$ 0.06
Diluted Net Income (Loss) per share	$ 0.07	$ 0.06	$ 0.09	$ 0.06
Basic weighted average number of common shares outstanding	14,378,419	14,919,317	14,291,328	14,889,946
Diluted weighted average number of common shares outstanding	14,378,551	14,919,693	14,291,396	14,890,031

The accompanying notes are an integral part of these Consolidated Financial Statements.

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Six Months Ended December 31,		Three Months Ended December 31,	
(dollars in thousands)	2023	2022	2023	2022
Net Income (Loss)	$ 1,053	$ 900	$ 1,229	$ 847
Other Comprehensive Income (Loss)				
Unrealized gains (losses) on available-for-sale securities arising during period, net of tax	120	(1,019)	68	(904)
Less: reclassification adjustment for gains included in net income (loss), net of tax	(505)	(715)	(239)	(344)
Net change from available-for-sale securities	(385)	(1,734)	(171)	(1,248)
Other Comprehensive Income (Loss)	(385)	(1,734)	(171)	(1,248)
Total Comprehensive Income (Loss)	$ 668	$ (834)	$ 1,058	$ (401)

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) Par Value	Convertible Common Stock (class C) Shares	Convertible Common Stock (class C) Par Value	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock Cost	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at June 30, 2023	13,866,999	$ 347	2,068,549	$ 52	$ 16,442	1,370,325	$ (3,740)	$ 1,348	$ 37,747	$ 52,196
Impact of ASU 2016-13 adoption, net of tax (Note 2)	-	-	-	-	-	-	-	-	(183)	(183)
Balance at June 30, 2023 (as adjusted for change in accounting principle)	13,866,999	$ 347	2,068,549	$ 52	$ 16,442	1,370,325	$ (3,740)	$ 1,348	$ 37,564	$ 52,013
Repurchases of shares of Common Stock (class A), including excise tax	-	-	-	-	-	198,213	(617)	-	-	(617)
Issuance of stock under ESPP of shares of Common Stock (class A)	-	-	-	-	2	(5,494)	15	-	-	17
Dividends declared	-	-	-	-	-	-	-	-	(322)	(322)
Other comprehensive income (loss), net of tax	-	-	-	-	-	-	-	(214)	-	(214)
Net income (loss)	-	-	-	-	-	-	-	-	(176)	(176)
Balance at September 30, 2023	13,866,999	$ 347	2,068,549	$ 52	$ 16,444	1,563,044	$ (4,342)	$ 1,134	$ 37,066	$ 50,701
Repurchases of shares of Common Stock (class A), including excise tax	-	-	-	-	-	196,295	(566)	-	-	(566)
Issuance of stock under ESPP of shares of Common Stock (class A)	-	-	-	-	-	(6,100)	17	-	-	17
Dividends declared	-	-	-	-	-	-	-	-	(320)	(320)
Other comprehensive income (loss), net of tax	-	-	-	-	-	-	-	(171)	-	(171)
Net income (loss)	-	-	-	-	-	-	-	-	1,229	1,229
Balance at December 31, 2023	13,866,999	$ 347	2,068,549	$ 52	$ 16,444	1,753,239	$ (4,891)	$ 963	$ 37,975	$ 50,890

(dollars in thousands)	Common Stock (class A) Shares	Common Stock (class A) Par Value	Convertible Common Stock (class C) Shares	Convertible Common Stock (class C) Par Value	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock Cost	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at June 30, 2022	13,866,999	$ 347	2,068,549	$ 52	$ 16,438	978,049	$ (2,599)	$ 3,624	$ 35,923	$ 53,785
Repurchases of shares of Common Stock (class A)	-	-	-	-	-	39,965	(133)	-	-	(133)
Issuance of stock under ESPP of shares of Common Stock (class A)	-	-	-	-	3	(3,983)	10	-	-	13
Share-based compensation, adjustment for forfeitures, net of tax	-	-	-	-	(1)	-	-	-	-	(1)
Dividends declared	-	-	-	-	-	-	-	-	(335)	(335)
Other comprehensive income (loss), net of tax	-	-	-	-	-	-	-	(486)	-	(486)
Net income (loss)	-	-	-	-	-	-	-	-	53	53
Balance at September 30, 2022	13,866,999	$ 347	2,068,549	$ 52	$ 16,440	1,014,031	$ (2,722)	$ 3,138	$ 35,641	$ 52,896
Repurchases of shares of Common Stock (class A)	-	-	-	-	-	87,407	(249)	-	-	(249)
Issuance of stock under ESPP of shares of Common Stock (class A)	-	-	-	-	1	(4,898)	13	-	-	14
Dividends declared	-	-	-	-	-	-	-	-	(335)	(335)
Other comprehensive income (loss), net of tax	-	-	-	-	-	-	-	(1,248)	-	(1,248)
Net income (loss)	-	-	-	-	-	-	-	-	847	847
Balance at December 31, 2022	13,866,999	$ 347	2,068,549	$ 52	$ 16,441	1,096,540	$ (2,958)	$ 1,890	$ 36,153	$ 51,925

The accompanying notes are an integral part of these Consolidated Financial Statements.

U.S. GLOBAL INVESTORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(dollars in thousands)	Six Months Ended December 31, 2023	2022
Cash Flows from Operating Activities:		
Net income (loss)	$ 1,053	$ 900
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, amortization and accretion	(65)	(144)
Net recognized (gain) loss on disposal of fixed assets	-	3
Net realized (gains) losses on securities	101	(905)
Unrealized (gains) losses on securities	181	2,842
Provision for deferred taxes	(45)	(274)
Allowance for credit losses	(55)	-
Changes in operating assets and liabilities:		
Accounts and other receivables	213	448
Prepaid expenses and other assets	267	(202)
Accounts payable and other accrued liabilities	(740)	(1,540)
Total adjustments	(143)	228
Net cash provided by (used in) operating activities	910	1,128
Cash Flows from Investing Activities:		
Purchase of property and equipment	(111)	(14)
Purchase of trading securities at fair value, non-current	(215)	-
Purchase of other investments	-	(477)
Proceeds on sale of trading securities at fair value, current	1,600	-
Proceeds on sale of trading securities at fair value, non-current	181	-
Proceeds from principal paydowns of available-for-sale debt securities at fair value	1,500	1,500
Return of capital on other investments	-	5
Net cash provided by (used in) investing activities	2,955	1,014
Cash Flows from Financing Activities:		
Principal payments on financing lease	(15)	(13)
Issuance of common stock	34	27
Repurchases of common stock	(1,171)	(382)
Dividends paid	(648)	(672)
Net cash provided by (used in) financing activities	(1,800)	(1,040)
Net increase (decrease) in cash, cash equivalents, and restricted cash	2,065	1,102
Beginning cash, cash equivalents, and restricted cash	26,401	23,314
Ending cash, cash equivalents, and restricted cash	$ 28,466	$ 24,416
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Dividends declared but not paid	$ 322	$ 335
Excise tax liability accrued on stock repurchases	$ 12	$ -
Unsettled sales of non-current trading securities	$ 181	$ -
Unsettled class A common stock repurchases	$ 40	$ 4
Supplemental Disclosures of Cash Flow Information		
Cash paid for income taxes	$ -	$ 470

The accompanying notes are an integral part of these Consolidated Financial Statements.

U.S. GLOBAL INVESTORS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. REVISION OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

In connection with the preparation of its Consolidated Financial Statements for the fiscal year ended June 30, 2023, the Company determined that its previously issued Consolidated Financial Statements as of and for the three and six months ended December 31, 2022, contained an error. Specifically, the Company did not record certain liabilities as required by FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" (codified under ASC 740-10). Based on management's evaluation of the accounting error under the SEC Staff's Accounting Bulletins Nos. 99 and 108 and interpretations thereof, the Company concluded the error is not material, on an individual or aggregate basis, to the Company's previously reported financial statements. The Company has corrected this accounting error in the accompanying Consolidated Financial Statements as of and for the three and six months ended December 31, 2022, as a revision to those financial statements.

The following table sets forth the impact of correcting this error in the Company's previously issued Consolidated Financial Statements.

	Six Months Ended December 31, 2022			Three Months Ended December 31, 2022		
(dollars in thousands, except per share data)	As Previously Reported	Immaterial Revisions	As Revised	As Previously Reported	Immaterial Revisions	As Revised
Tax expense (benefit)	$ 296	$ 76	$ 372	$ 217	$ 22	$ 239
Net Income (Loss)	$ 976	$ (76)	$ 900	$ 869	$ (22)	$ 847
Earnings Per Share						
Basic Net Income (Loss) per Share	$ 0.07	$ (0.01)	$ 0.06	$ 0.06	$ 0.00	$ 0.06
Diluted Net Income (Loss) per Share	$ 0.07	$ (0.01)	$ 0.06	$ 0.06	$ 0.00	$ 0.06

In addition to the changes listed above, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Shareholders' Equity, Consolidated Statements of Cash Flows, and impacted footnote disclosures have also been revised to reflect the error correction.

NOTE 2. BASIS OF PRESENTATION AND CONSOLIDATION

U.S. Global Investors, Inc. (the "Company" or "U.S. Global") has prepared the Consolidated Financial Statements in accordance with 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, 2023 ("Form 10-K"), except for the adoption of the new accounting pronouncement discussed below.

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.

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 3 and 4. 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 4 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 is not deemed to be the primary beneficiary because it does not have the obligation to absorb a majority of the expected losses or the right to receive the majority of the residual returns. 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 $10.9 million at December 31, 2023, and $12.5 million at June 30, 2023.

The carrying amount of assets and liabilities recognized in the Consolidated Balance Sheets related to the Company's interests in these non-consolidated VIEs were as follows:

	Carrying Value and Maximum Exposure to Loss	
(dollars in thousands)	December 31, 2023	June 30, 2023
Investments in securities at fair value, current	$ 10,092	$ 11,642
Investments in equity securities at fair value, non-current	760	785
Other receivables	34	45
Total VIE assets, maximum exposure to loss	$ 10,886	$ 12,472

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.

All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts have been reclassified for comparative purposes. Due to rounding, the year-to-date amount may not be the exact sum of the quarterly amounts. The results of operations for the interim periods disclosed herein are not necessarily indicative of the results the Company may expect for the fiscal year ending June 30, 2024 ("fiscal 2024").

The unaudited interim financial information in these Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements contained in the Company's annual report on Form 10-K; interim disclosures generally do not repeat those in the annual statements.

Use of Estimates

Preparation of the Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results may materially differ from those estimates.

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board ("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, or "CECL") that is based on expected losses rather than incurred losses for most financial assets and certain other instruments. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses. It also modifies the impairment model for available-for-sale debt securities; the concept of "other-than-temporary" impairment was replaced by a determination of whether any impairment is a result of a credit loss or other factors. To adopt the standard, entities are required to make a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year in which the guidance is effective. The Company adopted the standard using the modified-retrospective approach for all financial assets measured at amortized cost on July 1, 2023, and recognized an initial allowance for credit losses of $232,000 for one held-to-maturity debt security. The cumulative-effect adjustment to beginning retained earnings, net of the related tax effect, was a decrease of $183,000.

Recent Accounting Pronouncements

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* ("ASU 2022-03") to clarify the guidance in Topic 820, Fair Value Measurement, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, and to introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value. ASU 2022-03 will be effective for fiscal years beginning after December 15, 2023. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company has evaluated the guidance and does not expect the adoption of the new standard to have a material impact on its Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which enhances the disclosures required for reportable segments in annual and interim consolidated financial statements, including additional, more detailed information about a reportable segment's expenses. ASU 2023-07 will be effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, on a retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of the pending adoption of ASU 2023-07 on its Consolidated Financial Statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"), which enhances the transparency and decision usefulness of income tax disclosures. ASU 2023-09 will be effective for fiscal years beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact of the pending adoption of ASU 2023-09 on its Consolidated Financial Statements.

Significant Accounting Policies

As a result of the adoption of an accounting pronouncement during the current fiscal year, the following accounting policies have been updated. For a complete listing of the Company's significant accounting policies, please refer to the Annual Report on Form 10-K for the year ended June 30, 2023.

Investments in Debt Securities. The Company classifies debt investments based on the Company's intent to sell the security or its intent and ability to hold the debt security 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. Held-to-maturity debt securities are purchased with the intent and ability to hold until maturity and are measured at amortized cost. All other debt securities are classified as available-for-sale and are carried at fair value, and changes in unrealized gains and losses are reported net of tax in accumulated other comprehensive income (loss), except for declines in fair value determined to be a result of credit loss, which are reported in earnings. Upon the disposition of an available-for-sale security, the Company reclassifies the gain or loss on the security from accumulated other comprehensive income (loss) to net investment income (loss). Both available-for-sale and held-to-maturity debt securities are subject to an allowance for credit losses.

Allowance for Credit Losses (Held-to-Maturity Debt Securities). For held-to-maturity debt securities, the Company is required to utilize the CECL methodology to estimate expected credit losses. Securities are evaluated on an individual basis. The individual assessment and determination of expected credit losses is generally based on the discounted cash flow method. Under the discounted cash flow method, the allowance for credit losses reflects the difference between the amortized cost basis and the present value of the expected cash flows. The Company adjusts the discount rate utilized to determine the present value of the expected cash flows quarterly for subsequent fluctuations in market interest rates. Changes in the present value attributable to the passage of time are those solely due to changes in the present value of the expected cash flows as the instrument approaches maturity rather than expectations of cash flow timing or amounts, and are included in interest income within net investment income (loss) on the Consolidated Statements of Operations. Changes in the allowance attributable to expectations of cash flow timing or amounts are recorded as a provision (or release) for credit losses and are included within other income (loss) on the Consolidated Statements of Operations. Held-to-maturity debt securities, or portions thereof, are charged against the allowance when management believes the uncollectible status of a held-to-maturity security is confirmed. Accrued interest receivable is excluded from the allowance for credit losses. For more information about held-to-maturity debt securities, see Note 3, Investments.

Allowance for Credit Losses (Available-for-Sale Debt Securities). The impairment model for available-for-sale debt securities differs from the CECL methodology applied for held-to-maturity debt securities because available-for-sale debt securities are measured at fair value rather than amortized cost. For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either criterion is met, the security's amortized cost basis is written down to fair value through earnings. For available-for-sale debt securities where neither of the criteria is met, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the credit rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited to the amount that the fair value is less than the amortized cost basis. Any remaining discount that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. Changes in the allowance for credit losses are recorded as a provision (or release) for credit losses and are included within other income (loss) on the Consolidated Statements of Operations. Losses are charged against the allowance when management believes the uncollectible status of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. Accrued interest receivable is excluded from the allowance for credit losses. See Note 3, Investments, for more information about available-for-sale debt securities.

Credit Quality Indicators. The Company monitors the credit quality of debt securities through credit ratings from various rating agencies. Credit ratings express opinions about the credit quality of a security and are utilized by the Company to make informed decisions. Investment grade securities are rated BBB-/Baa3 or higher and generally considered by the rating agencies and market participants to be of low credit risk. Conversely, securities rated below investment grade are considered to have distinctively higher credit risk than investment grade securities. For securities without credit ratings, the Company utilizes other financial information indicating the financial health of the underlying organization.

Receivables and Allowance for Credit Losses. Receivables consist primarily of advisory and other fees owed to the Company by clients. The Company records an expense based on a forward-looking current expected credit loss model to maintain an allowance for credit losses. When determining the allowance for receivables, the probability of recoverability of the receivable based on past experience, taking into account current collection trends and general economic factors, including bankruptcy rates, is considered. The Company also considers future economic trends to estimate expected credit losses over the lifetime of the asset. Credit risks are assessed based on historical write-offs, net of recoveries, as well as an analysis of the aged accounts receivable balances with allowances generally increasing as the receivable ages. Accounts receivable may be fully reserved for when specific collection issues are known to exist, such as pending bankruptcies. Due to the short-term nature, the Company had no allowance for credit losses related to receivables as of December 31, 2023, or June 30, 2023.

Dividends and Interest. Dividends are recorded on the ex-dividend date, and interest income is recorded on an accrual basis. Debt investments are placed on a non-accrual status when they are past due 180 days or more as to contractual obligations or when other circumstances indicate that collection is not probable. When a debt investment is placed on a non-accrual status, any interest accrued but not received is reversed against interest income. Any discount between the cost and the principal amount of debt investments is amortized to interest income using the effective interest method. When the discounted cash flow method is utilized to estimate expected credit losses for held-to-maturity debt securities, any changes in the allowance for credit losses that are attributable to the passage of time are recognized in interest income. Both dividends and interest income are included within net investment income (loss) on the Consolidated Statements of Operations.

NOTE 3. INVESTMENTS

As of December 31, 2023, the Company held investments carried at fair value on a recurring basis of $17.3 million and a cost basis of $25.1 million. The fair value of these investments is approximately 32.3 percent of the Company's total assets at December 31, 2023. In addition, the Company held other investments of approximately $1.6 million and held-to-maturity debt investments, net of allowance for credit losses, of $823,000.

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.

Concentrations of Credit Risk

A significant portion of the Company's investments carried at fair value on a recurring basis is investments in USGIF, which were $10.9 million and $12.4 million as of December 31, 2023, and June 30, 2023, respectively, and investments in HIVE Digital Technologies Ltd. ("HIVE"), which were warrants and convertible debentures valued at $5.8 million at December 31, 2023, and $7.3 million at June 30, 2023. For these investments, the maximum amount of loss due to credit risk the Company could incur is the fair value of the financial instruments.

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 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 third party 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 tables summarize the major categories of investments with fair values adjusted on a recurring basis as of December 31, 2023, and June 30, 2023, and other investments with fair values adjusted on a nonrecurring basis, with fair values shown according to the fair value hierarchy.

	December 31, 2023			
(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 trading securities:				
Equity securities:				
Equities - International	$ 443	$ -	$ 2	$ 445
Mutual funds - Fixed income	10,092	-	-	10,092
Mutual funds - Global equity	760	-	-	760
Total equity securities	11,295	-	2	11,297
Debt securities:				
Corporate debt securities	260	-	-	260
Total investments in trading securities:	11,555	-	2	11,557
Investments in available-for-sale debt securities:				
Corporate debt securities - Convertible debentures	-	-	5,784	5,784
Total investments carried at fair value on a recurring basis:	$ 11,555	$ -	$ 5,786	$ 17,341
Investments carried at fair value on a nonrecurring basis:				
Other investments (1)	$ -	$ -	$ 435	$ 435

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 six months ended December 31, 2023. These securities are classified as level 3 due to the infrequency of the observable price changes and/or restrictions on the shares.*

	June 30, 2023			
(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 trading securities:				
Equity securities:				
Equities - International	$ 488	$ -	$ 290	$ 778
Mutual funds - Fixed income	11,642	-	-	11,642
Mutual funds - Global equity	785	-	-	785
Total equity securities	12,915	-	290	13,205
Debt securities:				
Corporate debt securities	-	-	-	-
Total investments in trading securities:	12,915	-	290	13,205
Investments in available-for-sale debt securities:				
Corporate debt securities - Convertible debentures	-	-	7,008	7,008
Total investments carried at fair value on a recurring basis:	$ 12,915	$ -	$ 7,298	$ 20,213
Investments carried at fair value on a nonrecurring basis:				
Other investments (1)	$ -	$ -	$ 1,786	$ 1,786

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, 2023. These securities are classified as level 3 due to the infrequency of the observable price changes and/or restrictions on the shares.*

The securities classified as Level 3 and carried at fair value on a recurring basis in the preceding tables are investments in convertible securities of HIVE, a company that is headquartered in Canada with cryptocurrency mining facilities in Iceland, Sweden, and Canada. The Company purchased the convertible securities for $15.0 million in January 2021. 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. Under the original terms, the principal amount of each debenture was convertible into common shares in the capital of HIVE at a conversion rate of $2.34, and each whole warrant, expiring in January 2024, entitled the Company to acquire one common share at a price of $3.00 (Canadian). Under the current terms, which reflect a reverse stock split, the principal amount of each debenture is convertible into common shares in the capital of HIVE at a conversion rate of $11.70, and each five whole warrants entitles the Company to acquire one common share at a price of $15.00 (Canadian). The remaining principal amount was $6.1 million as of December 31, 2023. 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 Consolidated Balance Sheets, unrealized gain (loss) recognized in net investment income (loss), and unrealized gain (loss) recognized in other comprehensive income (loss). The investments did not represent ownership in HIVE as of December 31, 2023, or June 30, 2023. The securities are subject to Canadian securities regulations. Frank Holmes serves on the board as executive chairman of HIVE and held shares and options at December 31, 2023. From August 2018 through January 2023, Mr. Holmes was Interim CEO of HIVE.

The Company recorded the warrants at the estimated fair value of $5.9 million on the 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 net investment income (loss) ratably using the effective interest method until maturity, conversion, or other disposition. The fair value of the warrants and debentures was $2,000 and $5.8 million, respectively, at December 31, 2023, and $290,000 and $7.0 million, respectively, at June 30, 2023.

The Company utilizes an independent third-party to estimate the fair values of the HIVE convertible securities and currently considers the fair value measurements to contain Level 3 inputs. 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, 2023.

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis

	Six Months Ended December 31, 2023	
(dollars in thousands)	Investments in equity securities	Investments in debt securities
Beginning Balance	$ 290	$ 7,008
Principal repayments	-	(1,500)
Amortization of day one premium	-	(96)
Accretion of bifurcation discount	-	284
Total gains or losses included in:		
Net Investment Income (Loss)	(288)	576
Other Comprehensive Income (Loss)	-	(488)
Ending Balance	$ 2	$ 5,784

The following is quantitative information as of December 31, 2023, 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, 2023			
(dollars in thousands)	Fair Value	Principal Valuation Techniques	Unobservable Inputs	
Investments in equity securities:				
Common share purchase warrants	$ 2	Option pricing model	Volatility	185.0%
			Risk-Free Rate	4.66%
Investments in available-for-sale debt securities:				
Corporate debt securities - Convertible debentures	$ 5,784	Binomial lattice model	Volatility	100.0%
			Credit Spread	9.90%
			Risk-Free Rate	3.78%

Investments in Trading Securities at Fair Value

Investments in trading securities with readily determinable fair values are carried at fair value, and changes in unrealized gains or losses are reported in the current period's earnings. The following details the components of the Company's trading securities carried at fair value as of December 31, 2023, and June 30, 2023.

	December 31, 2023		
(dollars in thousands)	Cost	Unrealized Gains (Losses)	Fair Value
Trading securities at fair value			
Equity securities:			
Equities - International	$ 6,595	$ (6,150)	$ 445
Equities - Domestic	45	(45)	-
Mutual funds - Fixed income	10,280	(188)	10,092
Mutual funds - Global equity	929	(169)	760
Total equity securities	17,849	(6,552)	11,297
Debt securities:			
Corporate debt securities	215	45	260
Total trading securities at fair value	$ 18,064	$ (6,507)	$ 11,557

	June 30, 2023		
(dollars in thousands)	Cost	Unrealized Gains (Losses)	Fair Value
Trading securities at fair value			
Equity securities:			
Equities - International	$ 6,679	$ (5,901)	$ 778
Equities - Domestic	45	(45)	-
Mutual funds - Fixed income	11,947	(305)	11,642
Mutual funds - Global equity	930	(145)	785
Total equity securities	19,601	(6,396)	13,205
Debt securities:			
Corporate debt securities	-	-	-
Total trading securities at fair value	$ 19,601	$ (6,396)	$ 13,205

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, net of allowance for credit losses, 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 in earnings, and the portion of unrealized loss the Company believes is not related to a credit loss is recognized in other comprehensive income (loss).

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 net 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 tables below. The Company held one financial instrument classified as available-for-sale containing an embedded derivative, which represents an investment in HIVE, at December 31, 2023, and June 30, 2023. As of December 31, 2023, the unrealized loss position in the available-for-sale security was related to changes in the fair value of the embedded derivatives and not the result of credit losses; therefore, an allowance for credit losses was not recorded.

The following details the components of the Company's available-for-sale debt investments as of December 31, 2023, and June 30, 2023.

	December 31, 2023					
(dollars in thousands)	Amortized Cost	Gross Unrealized Gains in Other Comprehensive Income (Loss)	Gross Unrealized Losses in Other Comprehensive Income (Loss)	Gross Unrealized Losses in Net Investment Income (Loss) (1)	Fair Value	Allowance for Credit Losses
Available-for-sale debt securities:						
Corporate debt securities - Convertible debentures	$ 7,056	$ 1,219	$ -	$ (2,491)	$ 5,784	$ -

	June 30, 2023					
(dollars in thousands)	Amortized Cost	Gross Unrealized Gains in Other Comprehensive Income (Loss)	Gross Unrealized Losses in Other Comprehensive Income (Loss)	Gross Unrealized Losses in Net Investment Income (Loss) (1)	Fair Value	Allowance for Credit Losses
Available-for-sale debt securities:						
Corporate debt securities - Convertible debentures	$ 7,729	$ 1,707	$ -	$ (2,428)	$ 7,008	$ -

1. *Represents changes in unrealized gains and losses related to embedded derivatives included within net investment income (loss) on the Consolidated Statements of Operations.*

The following table summarizes the fair values of embedded derivatives on the Consolidated Balance Sheets, categorized by risk exposure, at December 31, 2023, and June 30, 2023.

	December 31, 2023	June 30, 2023
	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	$ 51	$ 114

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, 2023, and 2022.

	Six Months Ended December 31,		Three Months Ended December 31,	
	2023	2022	2023	2022
	Other Income (Loss)	Other Income (Loss)	Other Income (Loss)	Other Income (Loss)
(dollars in thousands)	Net Investment Income (Loss)	Net Investment Income (Loss)	Net Investment Income (Loss)	Net Investment Income (Loss)
Embedded Derivatives:				
Equity price risk exposure	$ (63)	$ 26	$ 16	$ 26

At December 31, 2023, and June 30, 2023, the Company held one debt security classified as held-to-maturity. The security had an estimated fair value that was lower than the carrying value by $177,000 at December 31, 2023, and $232,000 at June 30, 2023. The security has been in a continuous unrealized loss position for over twelve months. We have evaluated the unrealized loss on the security at December 31, 2023, and determined it to be of a temporary nature and caused by fluctuations in market interest rates, not by concerns regarding the ability of the issuer to meet their obligations.

The following details the components of the Company’s held-to-maturity debt investments as of December 31, 2023, and June 30, 2023.

	December 31, 2023				
(dollars in thousands)	**Amortized Cost**	**Gross Unrecognized Holding Gains**	**Gross Unrecognized Holding Losses**	**Fair Value**	**Allowance for Credit Losses**
Held-to-maturity debt securities(1):					
Corporate debt securities	$ 1,000	$ -	$ (177)	$ 823	$ 177

	June 30, 2023				
(dollars in thousands)	**Amortized Cost**	**Gross Unrecognized Holding Gains**	**Gross Unrecognized Holding Losses**	**Fair Value**	**Allowance for Credit Losses**
Held-to-maturity debt securities(1):					
Corporate debt securities	$ 1,000	$ -	$ (232)	$ 768	$ -

1. *Held-to-maturity debt investments are carried at amortized cost, net of allowance for credit losses, and the fair value is classified as Level 2 according to the fair value hierarchy.*

On July 1, 2023, the Company adopted ASU 2016-13, which replaced the incurred loss methodology for determining our allowance for credit losses and related provision for credit losses with an expected loss methodology that is referred to as the Current Expected Credit Losses ("CECL") model. CECL is a significant accounting estimate used in the preparation of the Company's Consolidated Financial Statements. Upon adoption of ASU 2016-13, the Company replaced the incurred loss impairment model that recognizes losses when it becomes probable that a credit loss will be incurred, with a requirement to recognize lifetime expected credit losses immediately when a financial asset is originated or purchased. CECL is a valuation account that is deducted from the amortized cost basis of held-to-maturity debt securities to present the net amount expected to be collected on the securities. Held-to-maturity debt securities, or portions thereof, are charged against the allowance when they are deemed uncollectible. Arriving at an appropriate level of credit losses involves a high degree of judgment. While management uses available information to recognize losses, changing economic conditions and the economic prospects of the issuers may necessitate future additions or reductions to the allowance.

The Company monitors the credit quality of debt securities through credit ratings from various rating agencies. Credit ratings express opinions about the credit quality of a security and are utilized by the Company to make informed decisions. Investment grade securities are rated BBB-/Baa3 or higher and generally considered by the rating agencies and market participants to be of low credit risk. Conversely, securities rated below investment grade are considered to have distinctively higher credit risk than investment grade securities. For securities without credit ratings, the Company utilizes other financial information indicating the financial health of the underlying organization. As of December 31, 2023, and June 30, 2023, the held-to-maturity debt investment held by the Company did not have a credit rating.

Since the held-to-maturity debt security does not have a credit rating, management has determined that the discounted cash flow method provides the best basis for its assessment and determination of expected credit losses. The Company has elected to reflect the change in the allowance solely attributable to the passage of time in interest income. Changes attributable to the passage of time are those solely due to changes in the present value of the expected cash flows as the instrument approaches maturity rather than expectations of cash flow timing or amounts. Since the adoption of ASU 2016-13 on July 1, 2023, and through December 31, 2023, the allowance for credit losses decreased $55,000 which was attributable to the passage of time. For the three and six months ended December 31, 2023, $28,000 and $55,000, respectively, was included as an increase in interest income within net investment income (loss) on the Consolidated Statements of Operations.

The following table presents the activity in the allowance for credit losses for the held-to-maturity debt investment. There was no allowance at June 30, 2023.

(dollars in thousands)	**December 31, 2023**
Beginning Balance, prior to adoption of ASU 2016-13	$ -
Impact of ASU 2016-13 adoption	232
Provision for credit losses - reversal (1)	(55)
Ending Balance	$ 177

1. *Represents the change in present value attributable to the passage of time included in interest income.*

The following summarizes the net carrying amount and estimated fair value of debt securities at December 31, 2023, 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, 2023	
	Available-for-sale debt securities	Held-to-maturity debt securities
(dollars in thousands)	Convertible debentures (1)	Due after one year through five years
Amortized Cost	$ 7,056	$ 1,000
Fair Value	$ 5,784	$ 823

1. *Principal payments of $750,000 are due quarterly with a final maturity date in January 2026.*

As of December 31, 2023, none of the Company's investments in debt securities were delinquent or in a non-accrual status.

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 net investment income (loss).

The carrying value of equity securities without readily determinable fair values was approximately $2.4 million as of June 30, 2023. The following table presents the carrying value of equity securities without readily determinable fair values held as of December 31, 2023, and 2022, 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)	2023	2022	2023	2022
Other Investments				
Carrying value	$ 1,613	$ 2,633	$ 1,613	$ 2,633
Upward carrying value changes	$ -	$ 5	$ -	$ 5
Downward carrying value changes/impairment	$ (775)	$ (1,841)	$ -	$ (2)

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 $2.5 million since their respective acquisitions through December 31, 2023. 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 $4.5 million since their respective acquisitions through December 31, 2023.

The Company has an investment in The Sonar Company (“Sonar”), a company headquartered in the United States, at a cost of $175,000. The investment had a carrying value of approximately $362,000 at December 31, 2023, and at June 30, 2023. Roy D. Terracina, Director and Vice Chairman of the Board of Directors for U.S. Global, has served as the CEO of Sonar since July 2021, and the Company’s ownership of Sonar was approximately 2.8 percent as of December 31, 2023.

Net Investment Income (Loss)

Net investment income (loss) 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;
- impairments and observable price changes on equity investments without readily determinable fair values;
- dividend and interest income; and
- realized foreign currency gains and losses.

The following summarizes net investment income (loss) reflected in earnings for the periods presented.

(dollars in thousands)	Six Months Ended December 31,		Three Months Ended December 31,	
Net Investment Income (Loss)	2023	2022	2023	2022
Realized gains (losses) on equity securities	$ (740)	$ -	$ 79	$ -
Realized gains (losses) on debt securities	639	905	303	436
Unrealized gains (losses) on equity securities	(164)	(2,868)	279	(937)
Unrealized gains (losses) on debt securities	46	-	46	-
Unrealized gains (losses) on embedded derivatives	(63)	26	16	26
Unrealized gains (losses) on cash equivalents	(2)	-	(2)	-
Dividend and interest income	1,185	900	603	481
Realized foreign currency gains (losses)	2	(307)	92	110
Total Net Investment Income (Loss)	$ 903	$ (1,344)	$ 1,416	$ 116

Realized gains on debt securities reclassified from other comprehensive income (loss) related to the Company's investment in HIVE debentures were $303,000 and $639,000 for the three and six months ended December 31, 2023, respectively, and $436,000 and $905,000 for the three and six months ended December 31, 2022, respectively.

The following table presents unrealized gains and losses recognized during the three and six months ended December 31, 2023, and 2022, on equity securities and debt securities classified as trading still held at each respective date.

	Six Months Ended December 31,		Three Months Ended December 31,	
(dollars in thousands)	**2023**	**2022**	**2023**	**2022**
Unrealized gains and losses for securities held at the reporting date:				
Equity securities:				
Net gains and losses recognized during the period	$ (904)	(2,868)	$ 358	$ (937)
Less: Net gains and losses recognized during the period on securities sold during the period	35	-	79	-
Net unrealized gains (losses) recognized during the reporting period on securities still held at the reporting date (1)	$ (939)	$ (2,868)	$ 279	$ (937)
Debt securities classified as trading:				
Net gains and losses recognized during the period	$ 46	-	$ 46	$ -
Less: Net gains and losses recognized during the period on securities sold during the period	-	-	-	-
Net unrealized gains (losses) recognized during the reporting period on securities still held at the reporting date	$ 46	$ -	$ 46	$ -

1. *Includes net unrealized and realized losses as a result of the measurement alternative of $0 and $775,000 for the three and six months ended December 31, 2023, net unrealized and realized gains of $5,000 for the three months ended December 31, 2022, and net unrealized and realized losses of $1.8 million, for the six months ended December 31, 2022.*

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

NOTE 4. 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)	2023	2022	2023	2022
ETF advisory fees	$ 5,171	$ 7,218	$ 2,462	$ 3,305
USGIF advisory fees	965	1,135	459	525
USGIF performance fees received (paid)	(243)	(281)	(131)	(135)
Total Advisory Fees	5,893	8,072	2,790	3,695
USGIF administrative services fees	58	68	28	33
Total Operating Revenue	$ 5,951	$ 8,140	$ 2,818	$ 3,728

The Company serves as investment advisor to three U.S.-based exchange-traded funds (ETFs): U.S. Global Jets ETF (ticker JETS), U.S. Global GO GOLD and Precious Metal Miners ETF (ticker GOAU), and U.S. Global Sea to Sky Cargo ETF (ticker SEA). The Company receives a unitary management fee of 0.60 percent of average net assets of the ETFs, and has agreed to bear all expenses of the ETFs, except the U.S. Global Sea to Sky Cargo ETF ("SEA"). The Company has agreed to contractually limit the expenses of SEA through April 2024. The aggregate fees waived, and expenses borne by the Company for SEA were $43,000 and $78,000 for the three and six months ended December 31, 2023, respectively, and $0 and $47,000 and for the three and six months ended December 31, 2022, respectively. 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.

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 2024. 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 $192,000 and $445,000 for the three and six months ended December 31, 2023, respectively, and $303,000 and $523,000 for the three and six months ended December 31, 2022, respectively. Management cannot predict the impact of future waivers due to 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.

As of December 31, 2023, the Company had receivables from fund clients of $1.1 million, of which $944,000 was from the ETFs and $115,000 was from USGIF. As of June 30, 2023, the Company had $1.1 million in receivables from fund clients, of which $1.0 million was from ETFs and $126,000 was from USGIF. There was no allowance for credit losses related to receivables as of December 31, 2023, or June 30, 2023.

NOTE 5. RESTRICTED AND UNRESTRICTED CASH

The Company maintains its cash deposits with established commercial banks. At times, balances may exceed federally insured limits. We have not experienced any losses in such accounts and do not believe that we are exposed to any significant credit risk associated with our cash deposits. 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 Consolidated Statements of Cash Flows is shown below.

(dollars in thousands)	December 31, 2023	June 30, 2023
Cash and cash equivalents	$ 27,466	$ 25,401
Restricted cash	1,000	1,000
Total cash, cash equivalents, and restricted cash	$ 28,466	$ 26,401

NOTE 6. LEASES

The Company has lease agreements for office equipment that expire in the fiscal year 2026. Lease expenses included in general and administrative expense on the Consolidated Statements of Operations totaled $33,000 and $65,000 for the three and six months ended December 31, 2023, respectively, and $32,000 and $54,000 for the three and six months ended December 31, 2022, respectively.

The following table presents the components of lease cost.

	Six Months Ended December 31,		Three Months Ended December 31,	
(dollars in thousands)	**2023**	**2022**	**2023**	**2022**
Finance lease cost:				
Amortization of right-of-use assets	$ 15	$ 14	$ 8	$ 7
Interest on lease liabilities	1	2	-	1
Total finance lease cost	16	16	8	8
Short-term lease cost	50	40	25	25
Total lease cost	$ 66	$ 56	$ 33	$ 33

Supplemental information related to the Company's leases follows.

	Six Months Ended December 31,		Three Months Ended December 31,	
(dollars in thousands)	**2023**	**2022**	**2023**	**2022**
Operating cash flows from financing leases included in lease liabilities	$ 1	$ 2	$ -	$ 1
Financing cash flows from financing leases included in lease liabilities	$ 15	$ 13	$ 8	$ 8

Additional qualitative information concerning the Company's leases follows.

	December 31, 2023	**June 30, 2023**
Weighted-average remaining lease term - financing leases (years)	1.75	2.25
Weighted-average discount rate - financing leases	4.75%	4.75%

The following table presents the maturities of lease liabilities as of December 31, 2023.

(dollars in thousands)	
Fiscal Year	**Finance Leases**
2024 (excluding the six months ended December 31, 2023)	$ 16
2025	33
2026	8
Total lease payments	57
Less imputed interest	(3)
Total	$ 54

The Company is the lessor of certain areas of its owned office building under operating leases expiring in various months through fiscal year 2025. At the commencement of an operating 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 was $27,000 and $55,000 for the three and six months ended December 31, 2023, respectively, and $31,000 and $65,000 for the three and six months ended December 31, 2022, respectively. The cost of obtaining lessor contracts, which is included in other assets on the Consolidated Balance Sheets, was $3,000 at December 31, 2023, and $4,000 at June 30, 2023.

The following is a summary analysis of annual undiscounted cash flows to be received on leases as of December 31, 2023.

(dollars in thousands)	
Fiscal Year	**Operating Leases**
2024 (excluding the six months ended December 31, 2023)	$ 21
2025	36
Total lease payments	$ 57

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 7. DEBT

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 expires on May 31, 2024, and the Company intends to renew annually. The credit facility is collateralized by approximately $1 million at December 31, 2023, included in restricted cash on the Consolidated Balance Sheets, held in deposit in a money market account at the financial institution that provided the credit facility. As of December 31, 2023, the credit facility remains unutilized by the Company.

NOTE 8. 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 $0.0075 per month for fiscal year 2023 and through December 2023.

In December 2023, the Board authorized the continuance of the monthly dividend of $0.0075 per share from January through March 2024, 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 $5.0 million of its outstanding common shares, as market and business conditions warrant, on the open market in compliance with Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934. 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 Company announced on February 25, 2022, that the Board of Directors of the Company approved an increase to the limit of its annual share buyback program from $2.75 million to $5.0 million. 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, 2023, the Company repurchased 196,295 and 394,508 class A shares using cash of $560,000 and $1.2 million, respectively. For the three and six months ended December 31, 2022, the Company repurchased 87,407 and 127,372 class A shares using cash of $249,000 and $382,000, respectively.

In August 2022, the Inflation Reduction Act (IRA) was signed into law, which made a number of changes to the Internal Revenue Code, including adding a 1% excise tax on stock buybacks by publicly traded corporations, effective on January 1, 2023. Any excise tax incurred is recognized as part of the cost basis of the shares acquired in the Consolidated Statements of Shareholders' Equity. The impact of these provisions was $6,000 and $12,000 for the three and six months ended December 31, 2023, 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, 2023, and 2022, there were 229,000 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. There were no options granted or exercised for the three and six months ended December 31, 2023, or 2022. There were no options forfeited during the three and six months ended December 31, 2023, and 0 and 2,000 options forfeited during the three and six months ended December 31, 2022.

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. There was no stock-based compensation expense for the three and six months ended December 31, 2023, or 2022. As of December 31, 2023, and 2022, there was no unrecognized share-based compensation cost related to share-based awards granted under the plans.

NOTE 9. 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)	2023	2022	2023	2022
Net Income (Loss)	$ 1,053	$ 900	$ 1,229	$ 847
Weighted average number of outstanding shares				
Basic	14,378,419	14,919,317	14,291,328	14,889,946
Effect of dilutive securities				
Stock options	132	376	68	85
Diluted	14,378,551	14,919,693	14,291,396	14,890,031
Earnings (Loss) Per Share				
Basic Net Income (Loss) per share	$ 0.07	$ 0.06	$ 0.09	$ 0.06
Diluted Net Income (Loss) per share	$ 0.07	$ 0.06	$ 0.09	$ 0.06

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, 2023, and 2022, employee stock options of 229,000 were excluded from diluted EPS.

During the three and six months ended December 31, 2023, and 2022, 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 10. 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.

Income tax expense for the quarter is based upon the estimated annual ordinary income in each jurisdiction in which the Company operates. The tax effects of discrete items are recognized in the tax provision in the period they occur in accordance with U.S. GAAP. Due to various factors, such as the item's significance in relation to total ordinary income and the rate of tax, discrete items in any quarter can materially impact the reported effective tax rate.

For U.S. federal income tax purposes at December 31, 2023, the Company has no U.S. federal net operating loss carryovers and no capital loss carryovers. For Canadian income tax purposes, USCAN has $91,000 net operating loss carryovers expiring in fiscal year 2043 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. A valuation allowance of $24,000 was included to fully reserve for Canadian net operating loss carryovers at December 31, 2023, and June 30, 2023.

The Company maintains a reserve for uncertain tax positions for income tax matters. The Company believes the reserve for uncertain tax positions, including interest and penalties, and net of federal benefits, of $546,000 adequately covers open tax years and uncertain tax positions up to and including December 31, 2023, for major taxing jurisdictions. As of December 31, 2023, the entire $546,000 of unrecognized tax benefits, if recognized, would impact the Company's effective income tax rate.

NOTE 11. 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**
Six Months Ended December 31, 2023	
Balance at June 30, 2023	$ 1,348
Other comprehensive income (loss) before reclassifications	151
Tax effect	(31)
Amount reclassified from AOCI	(639)
Tax effect	134
Net other comprehensive income (loss)	(385)
Balance at December 31, 2023	$ 963
Six Months Ended December 31, 2022	
Balance at June 30, 2022	$ 3,624
Other comprehensive income (loss) before reclassifications	(1,290)
Tax effect	271
Amount reclassified from AOCI	(905)
Tax effect	190
Net other comprehensive income (loss)	(1,734)
Balance at December 31, 2022	$ 1,890

NOTE 12. 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 gross identifiable assets, total revenues, and income by business segment.

(dollars in thousands)	Investment Management Services	Corporate Investments	Consolidated
Six Months Ended December 31, 2023			
Net operating revenues	$ 5,951	$ -	$ 5,951
Net investment income (loss)	$ -	$ 903	$ 903
Other income (loss)	$ 115	$ -	$ 115
Income (loss) before income taxes	$ 553	$ 871	$ 1,424
Depreciation	$ 123	$ -	$ 123
Gross identifiable assets at December 31, 2023	$ 27,417	$ 24,085	$ 51,502
Deferred tax asset			$ 2,130
Consolidated total assets at December 31, 2023			$ 53,632
Six Months Ended December 31, 2022			
Net operating revenues	$ 8,140	$ -	$ 8,140
Net investment income (loss)	$ -	$ (1,344)	$ (1,344)
Other income (loss)	$ 123	$ -	$ 123
Income (loss) before income taxes	$ 2,646	$ (1,374)	$ 1,272
Depreciation	$ 122	$ -	$ 122
Gross identifiable assets at December 31, 2022	$ 23,952	$ 29,390	$ 53,342
Deferred tax asset			$ 1,609
Consolidated total assets at December 31, 2022			$ 54,951
Three Months Ended December 31, 2023			
Net operating revenues	$ 2,818	$ -	$ 2,818
Net investment income (loss)	$ -	$ 1,416	$ 1,416
Other income (loss)	$ 57	$ -	$ 57
Income (loss) before income taxes	$ 266	$ 1,399	$ 1,665
Depreciation	$ 62	$ -	$ 62
Three Months Ended December 31, 2022			
Net operating revenues	$ 3,728	$ -	$ 3,728
Net investment income (loss)	$ -	$ 116	$ 116
Other income (loss)	$ 62	$ -	$ 62
Income (loss) before income taxes	$ 985	$ 101	$ 1,086
Depreciation	$ 61	$ -	$ 61

Net operating revenues from investment management services includes operating revenues from ETF clients of $2.5 million and $5.2 million for the three and six months ended December 31, 2023, respectively, and $3.3 million and $7.2 million for the three and six months ended December 31, 2022, respectively. Net operating revenues from investment management services also include operating revenues from USGIF of $356,000 and $780,000 for the three and six months ended December 31, 2023, respectively, and $423,000 and $922,000 for the three and six months ended December 31, 2022, respectively.

NOTE 13. 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 various 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. Excluding reserves for uncertain tax positions, the Company recorded no accruals for contingencies as of December 31, 2023, or June 30, 2023.

The Board has authorized a monthly dividend of $0.0075 per share through March 2024, 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 2024 is approximately $322,000.

The COVID-19 pandemic and the resulting actions to control or slow the spread have affected global and domestic economies and financial markets, and in the future it or other epidemics, pandemics or outbreaks may adversely affect the Company's results of operations, cash flows and financial position. The Company cannot reasonably estimate the future impact of these events, given the uncertainty over the duration and severity of the economic impact.

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 or other epidemics, pandemics or outbreaks 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

The rapid spread of COVID-19 and actions taken in response 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. If this macro-economic risk persists, it could have an adverse material financial impact on the Company's business and investments, including a material reduction in its results of operations.

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

Since May 2022, market volatility in the prices of digital assets has been elevated due to a variety of factors, including, but not limited to, the macroeconomic environment (high inflation and rising interest rates) as well as the 'crypto credit crisis' brought on by the collapse and bankruptcy of a number of key players in the sector (cryptocurrency Luna collapse, hedge fund Three Arrows Capital default on loans and filing for bankruptcy, crypto-lending platform Celsius freezing all withdraws, cryptocurrency lender Voyager Digital filing for bankruptcy, crypto platform FTX filing for bankruptcy, crypto platform BlockFi filing for bankruptcy among others). The Company does not have direct exposure to any of the foregoing firms affected by the recent crypto credit crisis. Although the Company has no current intention of directly investing in cryptocurrencies, the Company has indirect exposure to cryptocurrencies by investing in securities of issuers with exposure to the cryptocurrency industry. There has been significant volatility in the market price of the securities, which has had a material impact, and may continue to have a material impact, on the investment values included on the Consolidated Balance Sheets and unrealized gain (loss) recognized in net investment income.

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 provides advisory services for three 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.

The Company also 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.

At December 31, 2023, total assets under management, including ETF and USGIF clients, were approximately $2.1 billion versus $2.4 billion at December 31, 2022, a decrease of $0.3 billion. During the six months ended December 31, 2023, average assets under management, including ETF and USGIF clients, were $2.0 billion, versus $2.7 billion during the six months ended December 31, 2022. At June 30, 2023, the Company's prior fiscal year end, total assets under management, including ETF and USGIF clients, were approximately $2.4 billion, and decreased $0.3 billion during the six months ended December 31, 2023.

The following tables summarize the changes in assets under management for USGIF for the three and six months ended December 31, 2023, and 2022.

	Changes in Assets Under Management					
	Three Months Ended December 31,					
	2023			2022		
(dollars in thousands)	Equity	Fixed Income	Total	Equity	Fixed Income	Total
Beginning Balance	$ 221,097	$ 59,587	$ 280,684	$ 260,014	$ 66,807	$ 326,821
Market appreciation (depreciation)	18,118	1,090	19,208	23,355	539	23,894
Dividends and distributions	(1,252)	(579)	(1,831)	(11,329)	(408)	(11,737)
Net shareholder purchases (redemptions)	(4,776)	(3,376)	(8,152)	5,997	(1,943)	4,054
Ending Balance	$ 233,187	$ 56,722	$ 289,909	$ 278,037	$ 64,995	$ 343,032
Average investment management fee	0.82%	0.00%	0.65%	0.77%	0.00%	0.62%
Average net assets	$ 222,042	$ 57,908	$ 279,950	$ 273,280	$ 65,500	$ 338,780

	Changes in Assets Under Management					
	Six Months Ended December 31,					
	2023			2022		
(dollars in thousands)	Equity	Fixed Income	Total	Equity	Fixed Income	Total
Beginning Balance	$ 265,329	$ 63,110	$ 328,439	$ 286,367	$ 71,161	$ 357,528
Market appreciation (depreciation)	(3,204)	1,376	(1,828)	3,529	(219)	3,310
Dividends and distributions	(2,235)	(1,037)	(3,272)	(11,329)	(537)	(11,866)
Net shareholder purchases (redemptions)	(26,703)	(6,727)	(33,430)	(530)	(5,410)	(5,940)
Ending Balance	$ 233,187	$ 56,722	$ 289,909	$ 278,037	$ 64,995	$ 343,032
Average investment management fee	0.81%	0.00%	0.65%	0.82%	0.00%	0.66%
Average net assets	$ 236,621	$ 59,828	$ 296,449	$ 277,863	$ 67,270	$ 345,133

As shown above, USGIF period-end assets under management were lower at December 31, 2023, compared to December 31, 2022. 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.

USGIF period-end assets under management increased during the three months ended December 31, 2023, and 2022, primarily due to market appreciation, and decreased during the six months ended December 31, 2023, and 2022. During the six months ended December 31, 2023, the decrease was primarily due to redemptions, primarily driven by equity fund liquidations. During the six months ended December 31, 2022, the decrease was primarily due to dividends and distributions.

The average annualized investment management fee rate (total advisory fees, excluding performance fees, as a percentage of average assets under management) was 65 basis points for the three and six months ended December 31, 2023, and 62 basis points and 66 basis points for the three and six months ended December 31, 2022, respectively. The average investment management fee for the equity funds was 82 basis points and 81 basis points for the three and six months ended December 31, 2023, respectively, and 77 basis points and 82 basis points for the three and six months ended December 31, 2022, respectively. 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. Additionally, due to fee waivers, the equity fund liquidations did not have a significant impact of decreasing the average investment management fee rate for the equity funds.

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, 2023, the Company held investments carried at fair value of $17.3 million and a cost basis of $25.1 million. The fair value of these investments is approximately 32.3 percent of the Company's total assets at December 31, 2023. In addition, the Company held other investments of approximately $1.6 million and held-to-maturity debt investments, net of allowance for credit losses, of $823,000.

Investments recorded at fair value on a recurring basis were approximately $17.3 million at December 31, 2023, compared to approximately $20.2 million at June 30, 2023, the Company's prior fiscal year end, which is a decrease of approximately $2.9 million. See Note 3, Investments, in the Notes to 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, 2023, and 2022**

The Company recorded net income of $1.2 million ($0.09 per share) for the three months ended December 31, 2023, compared to net income of $847,000 ($0.06 per share) for the three months ended December 31, 2022, an increase of approximately $382,000. The increase is primarily due to an increase in net investment income compared to the same period in the prior year, offset by a decrease in operating revenues and increase in tax expense compared to the same period in the prior year, as discussed further below.

Operating Revenues

Total consolidated operating revenues for the three months ended December 31, 2023, decreased $910,000, or 24.4 percent, compared with the three months ended December 31, 2022. This decrease was primarily attributable to the following:

- Advisory fees decreased by $905,000, or 24.5 percent, primarily as a result of lower average assets under management in the ETFs and a decrease in base management fees received. Advisory fees are comprised of two components: base management fees and performance fees.
    - Base management fees decreased $909,000. The majority of this decrease was from ETF unitary management fees, which decreased $843,000 as the result of a decrease in ETF average assets under management, primarily for the Jets ETF.
    - Performance fees for USGIF paid in the current period were $131,000 compared to $135,000 in the corresponding period in the prior year. 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, 2023, decreased $194,000, or 6.9 percent, compared with the three months ended December 31, 2022. The decrease in operating expenses was primarily attributable to a decrease in employee compensation of $168,000, or 14.9 percent and a decrease in general and administrative expenses of $18,000, or 1.2 percent.

Other Income (Loss)

Total consolidated other income for the three months ended December 31, 2023, was $1.5 million, compared to $178,000 for the three months ended December 31, 2022, a change of approximately $1.3 million. This change was primarily due to the following factors:

- Net investment income was $1.4 million for the three months ended December 31, 2023, compared to $116,000 for the prior period, an increase of $1.3 million. This increase in net investment income is comprised of net unrealized gains on equity securities of $279,000, compared to net unrealized losses of $937,000 in the comparable period, a favorable change of $1.2 million, an increase in dividend and interest income of $122,000 compared to the same quarter in the prior year, and realized gains on equity securities of $79,000 in the current period whereas there were no realized gains on equity securities for the same quarter in the prior year. These favorable changes were offset by a decrease in realized gains on debt securities of $133,000, a decrease in foreign currency gains of $18,000, and a decrease in unrealized gains on embedded derivatives of $10,000 as compared to the same quarter in the prior year.

Provision for Income Taxes

A tax expense of $436,000 was recorded for the three months ended December 31, 2023, compared to $239,000 for the three months ended December 31, 2022, an increase of $197,000. The increase was primarily the result of higher net investment income (loss) somewhat offset by lower operating income compared to the same period in the prior year.

RESULTS OF OPERATIONS – **Six months ended December 31, 2023, and 2022**

The Company recorded net income of $1.1 million ($0.07 per share) for the six months ended December 31, 2023, compared to net income of $900,000 ($0.06 per share) for the six months ended December 31, 2022, a change of approximately $153,000. The change is primarily due to net investment income in the current period compared to net investment losses in same period in the prior year, somewhat offset by a decrease in operating revenues compared to the same period in the prior year, as discussed further below.

Operating Revenues

Total consolidated operating revenues for the six months ended December 31, 2023, decreased $2.2 million, or 26.9 percent, compared with the six months ended December 31, 2022. This decrease was primarily attributable to the following:

- Advisory fees decreased by $2.2 million, or 27.0 percent, primarily as a result of lower average assets under management in the ETFs and a decrease in base management fees received. Advisory fees are comprised of two components: base management fees and performance fees.
    - Base management fees decreased $2.2 million. The majority of this decrease was from ETF unitary management fees, which decreased $2.0 million as the result of a decrease in ETF average assets under management, primarily for the Jets ETF.
    - Performance fees for USGIF paid in the current period were $243,000 compared to $281,000 in the corresponding period in the prior year. 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, 2023, decreased $102,000, or 1.8 percent, compared with the six months ended December 31, 2022. The decrease in operating expenses was primarily attributable to a decrease in employee compensation of $69,000, or 3.0 percent and a decrease in general and administrative expenses of $20,000, or 0.7 percent.

Other Income (Loss)

Total consolidated other income for the six months ended December 31, 2023, was $1.0 million, compared to a loss of $1.2 million for the six months ended December 31, 2022, a change of approximately $2.2 million. This change was primarily due to the following factors:

- Net investment income was $903,000 for the six months ended December 31, 2023, compared to loss of $1.3 million for the prior period, a change of $2.2 million. This change is comprised of a favorable decrease in net unrealized losses on equity securities of $2.7 million, a favorable change in foreign currency translations of $309,000, and an increase in dividend and interest income of $285,000. These favorable changes were partially offset by net realized losses on equity securities of $740,000 in the current period, primarily related to an impairment, compared to no net realized losses on equity securities for the comparable prior period, a decrease in realized gains on debt securities of $266,000 compared to the prior period, and unrealized losses on embedded derivatives of $63,000 compared to $26,000 unrealized gains on embedded derivatives for the comparable period.

Provision for Income Taxes

A tax expense of $371,000 was recorded for the six months ended December 31, 2023, compared to a tax expense of $372,000 for the six months ended December 31, 2022, a change of $1,000. In the comparable prior period, the tax expense percentage was high in comparison to pre-tax income primarily due to discrete foreign currency losses for which the Company cannot claim a tax benefit.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2023, the Company had net working capital (current assets minus current liabilities) of approximately $38.3 million, an increase of $840,000, or 2.2 percent, since June 30, 2023, and a current ratio (current assets divided by current liabilities) of 18.8 to 1. With approximately $27.5 million in cash and cash equivalents, an increase of $2.1 million, or 8.1 percent since June 30, 2023, and $11.6 million in securities carried at fair value on a recurring basis, excluding convertible securities, which together comprise approximately 72.8 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 $910,000, proceeds from principal paydowns of $1.5 million, and proceeds from sales of corporate investments of $1.8 million; offset by repurchases of the Company's common stock of $1.2 million, dividends paid of $648,000, and purchases of trading securities of $215,000. Consolidated shareholders' equity at December 31, 2023, was $50.9 million, a decrease of $1.3 million, or 2.5 percent since June 30, 2023. The decrease was primarily due to repurchases of the Company's common stock of $1.2 million, dividends declared of $642,000, the impact of ASU 2016-13 adoption of $183,000, other comprehensive loss of $385,000, offset by net income of $1.1 million, for the six months ended December 31, 2023.

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 expires on May 31, 2024, and the Company intends to renew annually. The credit facility is collateralized by approximately $1 million, included in restricted cash on the Consolidated Balance Sheets, held in deposit in a money market account at the financial institution that provided the credit facility. As of December 31, 2023, 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 2024. The advisory agreement for the U.S.-based ETFs has been renewed through July 2024.

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, 2024, 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 $39.0 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.

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, 2023. There have been no material changes to our critical accounting policies, except for the Company's adoption of a new accounting standard as discussed in Item 1, Financial Statements at Note 2, Basis of Presentation and Consolidation, of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

COVID-19 had an adverse effect on global and domestic financial markets, which may reoccur and 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.

Macroeconomic declines, including inflation; negative political developments, including volatile market conditions due to investor concerns regarding inflation, and the Russia-Ukraine and Israel-Palestine conflicts; adverse market conditions, including cryptocurrency market disruptions; and catastrophic events may cause a decline in the Company's revenue, an increase in the Company's costs, negatively affect the Company's operating results, adversely affect the Company's cash flow, and could result in a decline in the Company's stock price.

Investment Management and Administrative Services Fees

Revenues are generally based upon a percentage 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. Due to these performance adjustments, the Company realized a decrease in its USGIF base advisory fee of $131,000 and $243,000 for the three and six months ended December 31, 2023, respectively, and $135,000 and $281,000 for the three and six months ended December 31, 2022, respectively.

Corporate Investments

The Company's Consolidated Balance Sheets include substantial amounts of assets whose fair values are subject to market risk. 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 following table summarizes the Company's equity price risks in securities recorded at fair value on a recurring basis as of December 31, 2023, 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, 2023	Hypothetical Percentage Change	Estimated Fair Value After Hypothetical Price Change	Estimated Increase (Decrease) in Net Income (Loss)(1)
Trading securities at fair value	$ 11,557	25% increase	$ 14,446	$ 2,283
		25% decrease	$ 8,668	$ (2,283)
Embedded derivatives at fair value (2)	$ 51	25% increase	$ 64	$ 10
		25% decrease	$ 38	$ (10)

1. *Changes in unrealized gains and losses on embedded derivatives and trading 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.

COVID-19 had an effect on volatility in global and domestic financial markets, which may reoccur and continue for an undetermined period. This may not only adversely affect the Company's assets under management but also the valuation of the Company's corporate investments.

A 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 Digital Technologies Ltd. ("HIVE"), which were valued at $2,000 at December 31, 2023. Also, the embedded derivatives shown in the above table, which were valued at $51,000 at December 31, 2023, are related to HIVE convertible debentures. HIVE is discussed in more detail in Note 3, Investments, in the notes to Consolidated Financial Statements of this Quarterly Report on Form 10-Q. HIVE is a company that is headquartered 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 Consolidated Balance Sheets and unrealized gain (loss) recognized in net investment income (loss).

Interest rate risk

Due to the Company's investments in debt securities carried at fair value, interest rate fluctuations represent a market risk factor affecting the Company's consolidated financial position. Debt securities may fluctuate in value due to changes in interest rates. Typically, investments subject to interest rate risk will decrease in value when interest rates rise and increase in value when interest rates decline. Fluctuations in interest rates could have a material impact on the Company's investments in debt securities included on the Consolidated Balance Sheets, and unrealized gains (losses) and interest income recognized in net investment income (loss).

Foreign currency risk

A portion of cash and certain corporate investments 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 have an impact on their valuation and thus the revenue received by the Company.

Indirect exposure to cryptocurrencies risk

Cryptocurrencies (also referred to as "virtual currencies" and "digital currencies") are digital assets that are designed to act as a medium of exchange. Although the Company has no current intention of directly investing in cryptocurrencies, the Company has indirect exposure to cryptocurrencies by investing in securities of issuers with exposure to the cryptocurrency industry. Cryptocurrencies (some of the most well-known include Bitcoin, Dogecoin and Ethereum) are not backed by any government, corporation, or other identified body. Trading markets for cryptocurrencies are often unregulated and may be more exposed to operational or technical issues as well as the potential for fraud or manipulation than established, regulated exchanges for securities, derivatives and traditional currencies.

Cryptocurrencies have been subject to significant fluctuations in value. The value of a cryptocurrency may significantly fluctuate precipitously (including declining to zero) and unpredictably for a variety of reasons, including, but not limited to: investor perceptions and expectations; regulatory changes; general economic conditions; adoption and use in the retail and commercial marketplace; public opinion regarding the environmental impact of the creation ("minting" or "mining") of cryptocurrency; confidence in, and the maintenance and development of, its network and open-source software protocols such as blockchain for ensuring the integrity of cryptocurrency transactional data; and general risks tied to the use of information technologies, including cybersecurity risks.

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, 2023, 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, 2023, due to the existence of the material weaknesses in internal control over financial reporting described below (which we view as an integral part of our disclosure controls and procedures).

The material weaknesses in internal controls over financial reporting that were disclosed in our annual report on Form 10-K as of and for the year ended June 30, 2023, were also present as of December 31, 2023. Notwithstanding the material weaknesses, we believe that the 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.

Other than as described above, there has been no change in the Company's internal control over financial reporting that occurred during the three and six months ended December 31, 2023, 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, 2023. There have been no material changes since the 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
10-01-23 to 10-31-23	57,631	$ 160	$ 2.78	57,631	$ 3,416
11-01-23 to 11-30-23	44,757	128	$ 2.86	44,757	$ 3,288
12-01-23 to 12-31-23	93,907	272	$ 2.90	93,907	$ 3,016
Total	196,295	$ 560	$ 2.85	196,295	

1. *The Board of Directors of the company approved on December 7, 2012, and has renewed annually, repurchases 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. On February 25, 2022, the Company announced that the Board of Directors of the Company approved an increase to the limit of its annual share buyback program from $2.75 million to $5.0 million.*
2. *The average price paid per share of stock repurchased under the stock repurchase program includes the commissions paid to brokers.*
3. *The total amount of shares that may be repurchased in 2023 under the program is $5.0 million.*

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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 8, 2024	BY: /s/ Frank E. Holmes Frank E. Holmes Chief Executive Officer
DATED:	February 8, 2024	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 8, 2024

/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 8, 2024

/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, 2023, 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 8, 2024

/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, 2023, 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 8, 2024

/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.