



U.S. Global Investors

Searching for Opportunities, Managing Risk

What's Driving Gold?

Frank Holmes,
CEO and Chief Investment Officer



Fund Recognition

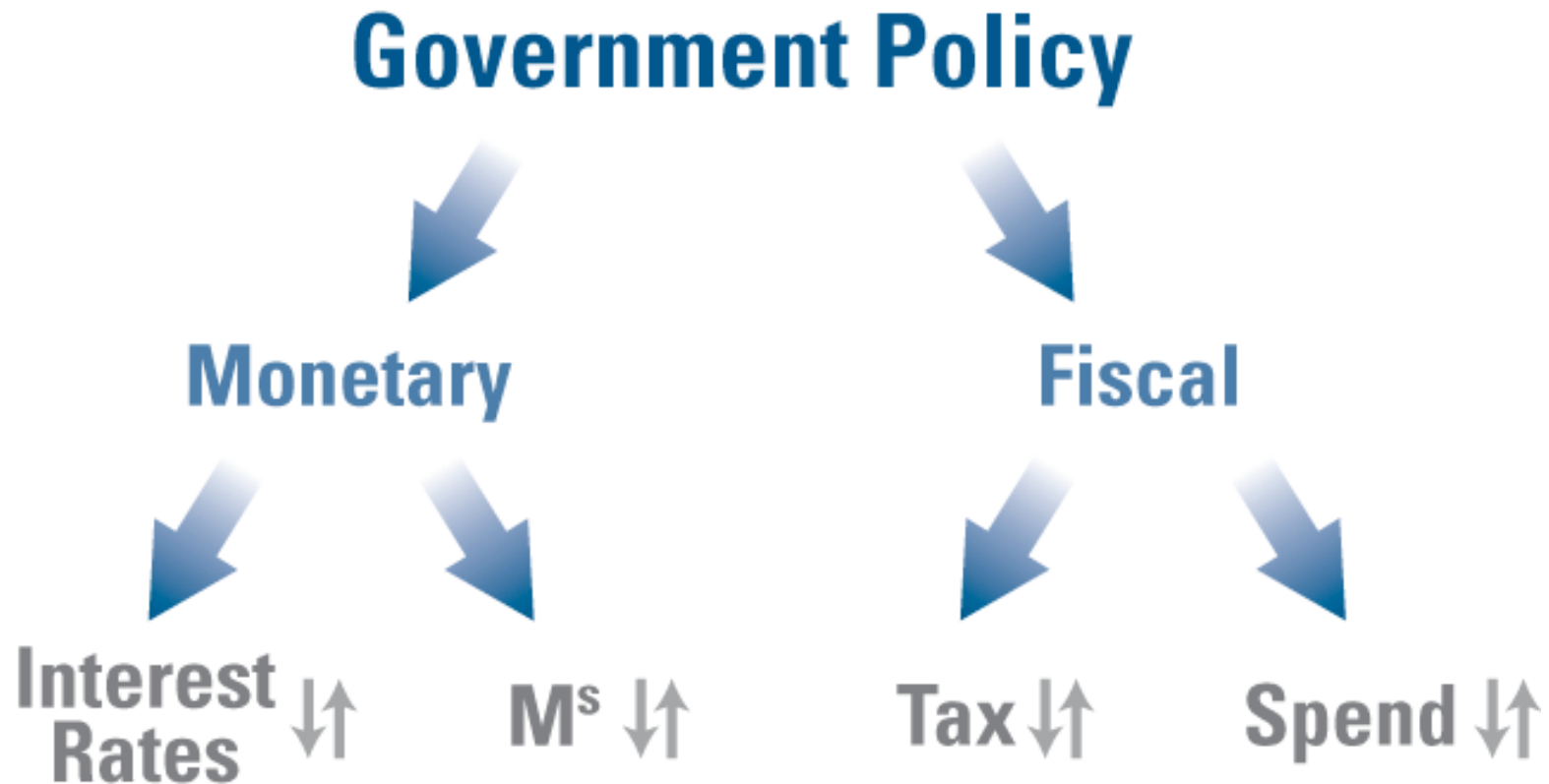
Investment
leadership results
in performance



Winner of 26 Lipper Fund Awards and certificates since 2000



Government Policy Model — Precursor for Change



G7 Countries



Stephen Harper
Prime Minister, Canada



Nicolas Sarkozy
President, France



Angela Merkel
Chancellor, Germany



Silvio Berlusconi
Prime Minister, Italy



Yukio Hatoyama
Prime Minister, Japan



Gordon Brown
Prime Minister, United Kingdom



Barack Obama
President, United States

E7 Countries



Luis Inacio Lula da Silva
President, Brazil



Hu Jintao
President, China



Manmohan Singh
Prime Minister, India



Susilo Bambang Yudhoyono
President, Indonesia



Felipe Calderon
President, Mexico

















Dmitry Medvedev
President, Russia



Asif Ali Zardari
President, Pakistan

E7 and G7 Population vs GDP — Inverse Relationship

		Population (million)*	Nominal GDP (bn USD) 2008*
E-7			
	China	1330	3860
	India	1148	1217
	Indonesia	238	514
	Brazil	196	1613
	Pakistan	173	168
	Russia	141	1608
	Mexico	110	1086
	Total	3335	10067
		50% of world total	17% of world total

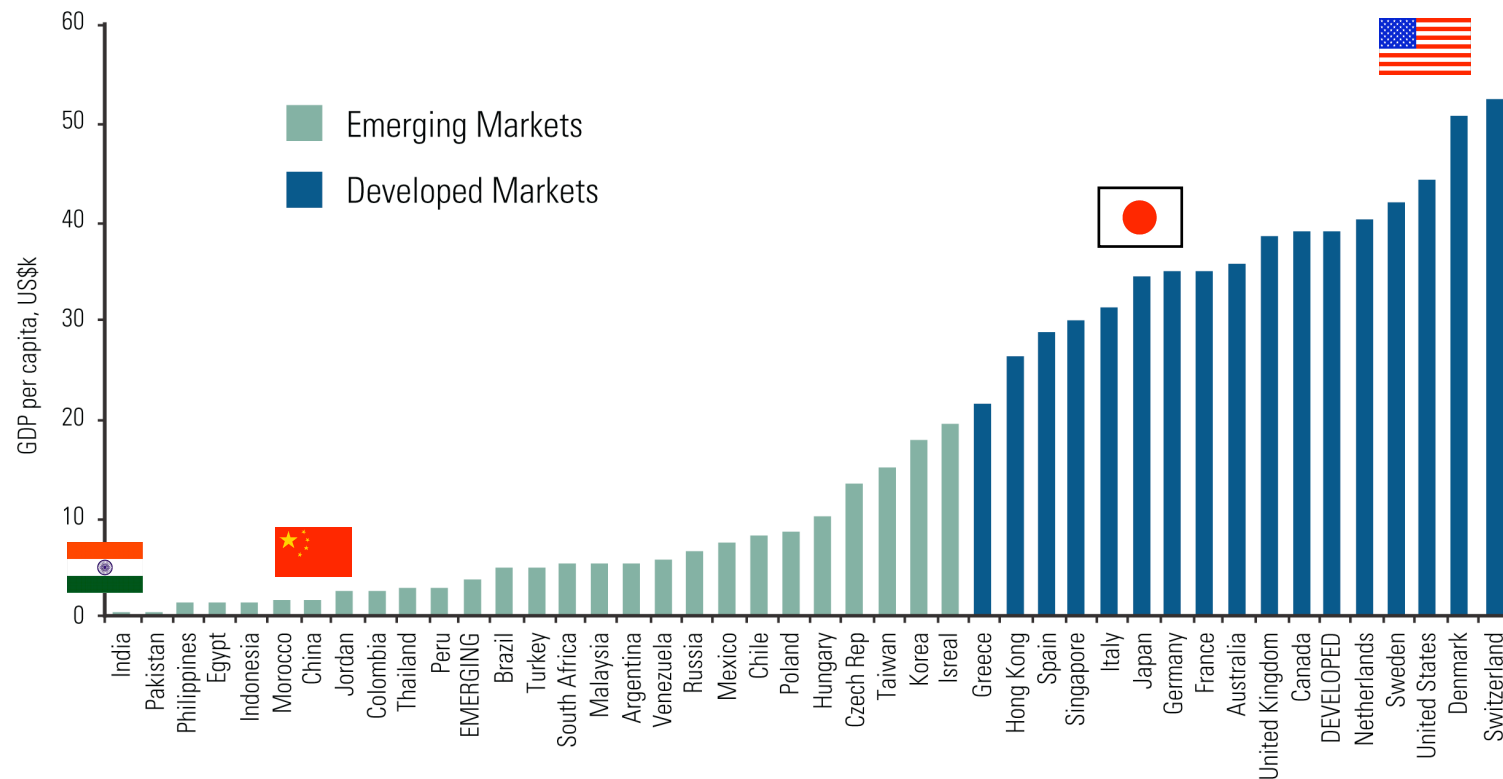
		Population (million)*	Nominal GDP (bn USD) 2008*
G-7			
	USA	304	14204
	Japan	127	4909
	Germany	82	3653
	France	64	2853
	UK	61	2646
	Italy	58	2293
	Canada	33	1400
	Total	730	31958
		11% of world total	53% of world total

Source: U.S. Global Research

*As of December 2008



Catch-Up Potential — Big Macro Trend



As of Sep 2006. Source: IMF, Merrill Lynch

- Poor countries grow faster than rich ones
- EM GDP per capita is US\$5,000 vs. \$40,000 in developed markets

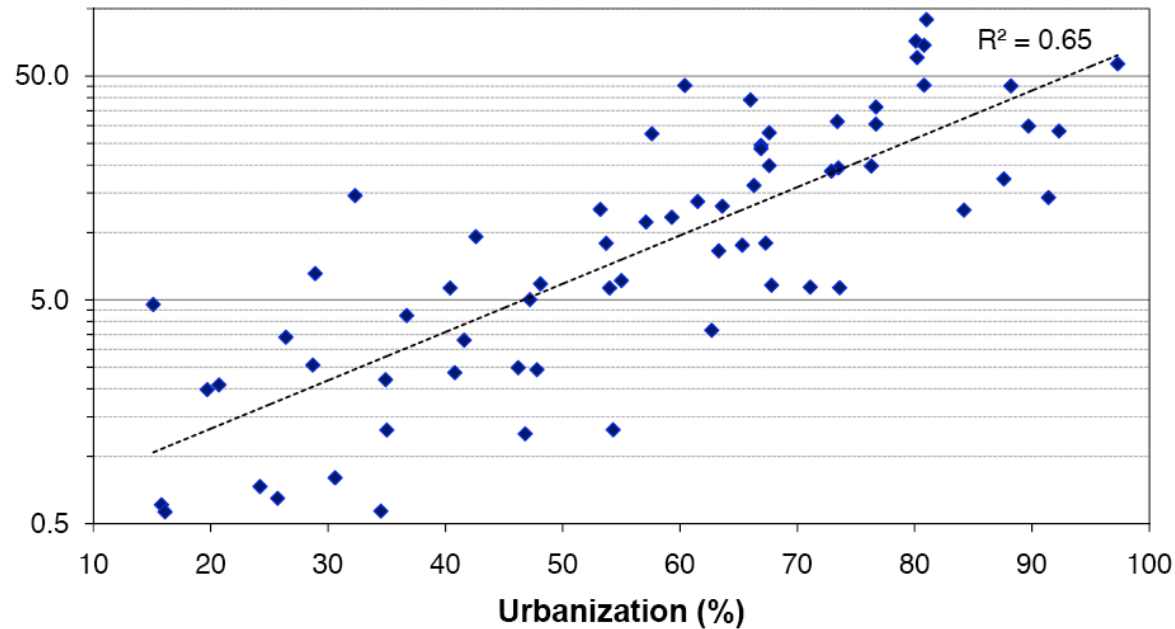


Infrastructure Spending and Oil Demand March Together

Barrels of Oil per Day/1000

BOD/1000
(Log Scale)

Oil Use Per Capita
vs. Urbanization



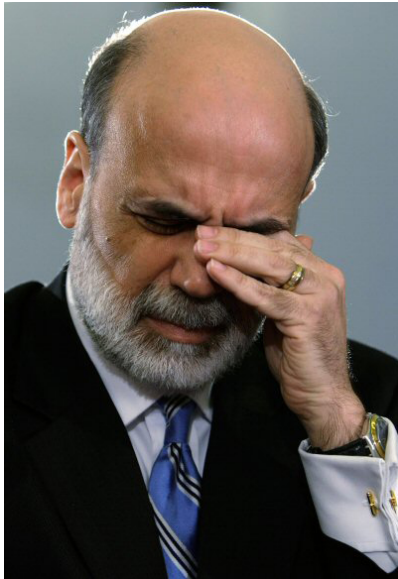
China

Source: PIRA

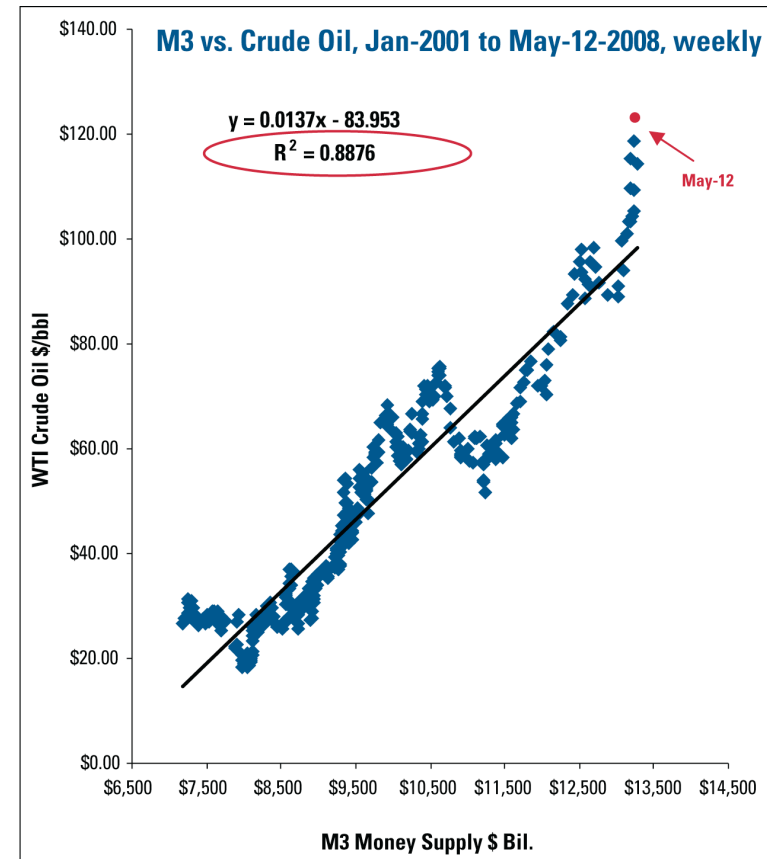


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High Correlation of Oil and Money Supply



Government will likely continue to print money, like the bailout of Fannie Mae and Freddie Mac, to support the economy



Source: Stifel Nicolaus & Co., BLS, Federal Reserve, WTI crude oil prices. Stifel Nicolaus recreation of Non-M2 M3 data components (not including institutional money funds) after February 2006.



Money Supply on Steroids

It is no secret that the supply of fiat currencies, like the Euro, is growing at a much faster pace than gold

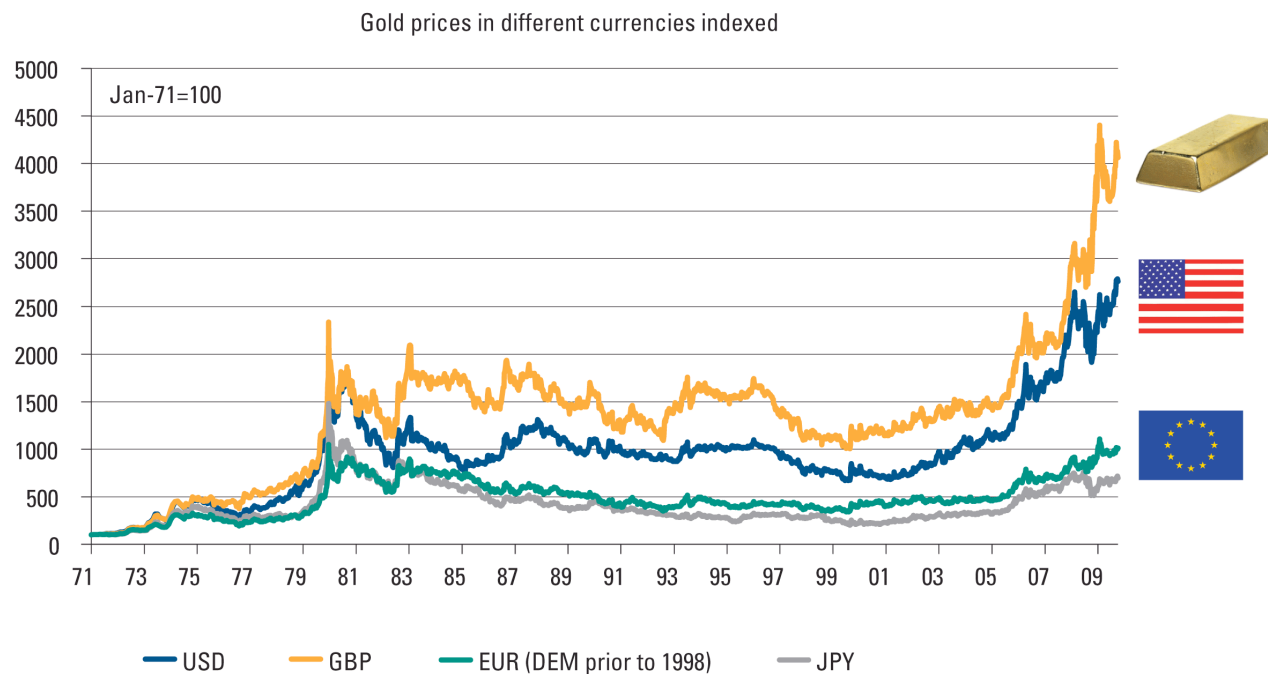


Source: Bloomberg, BofA Merrill Lynch Global Commodity Research



In “Gold” We Trust as a Form of Money

Gold is once again breaking free from a weak dollar and appreciating in all currencies



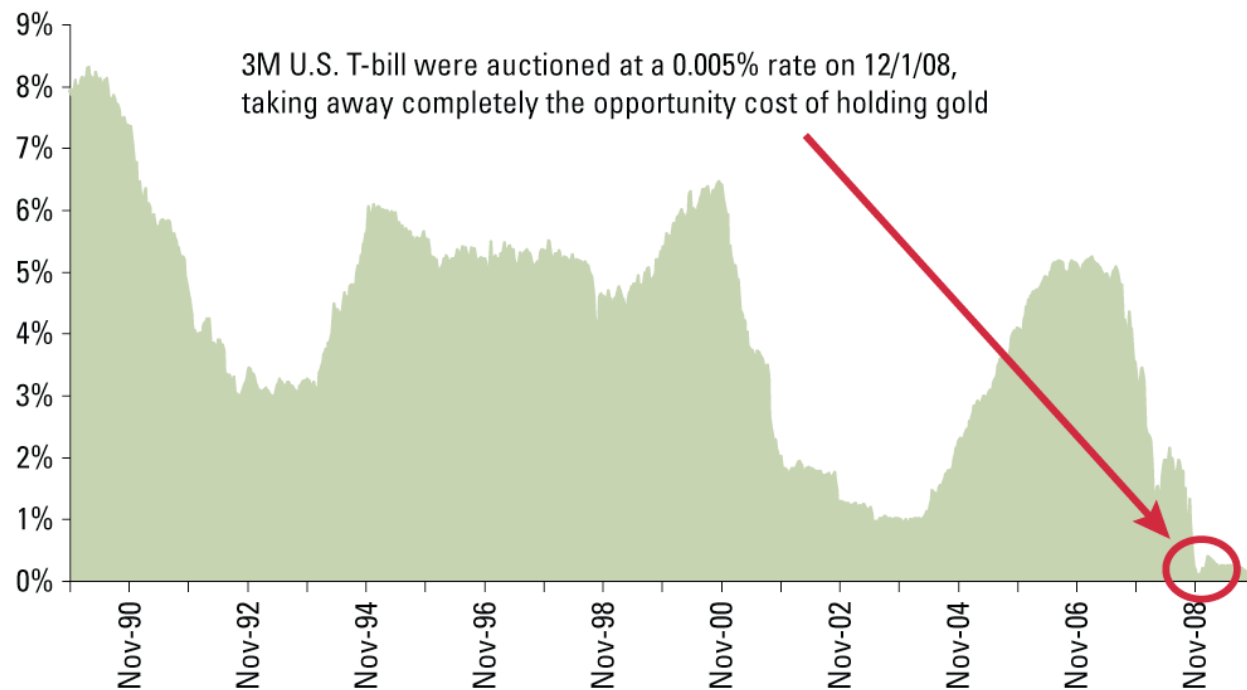
Source: Bloomberg, BofA Merrill Lynch Global Commodity Research



Holding T-bills Or Cash No Longer Generates Much Interest and, Unlike Gold, Still Bears Credit, Inflation, FX and Political Risk



3M U.S. Treasury Bill Weekly Auction Rates
(Nov 9, 1989 thru Nov 5, 2009)



Source: Bloomberg, U.S. Global Research



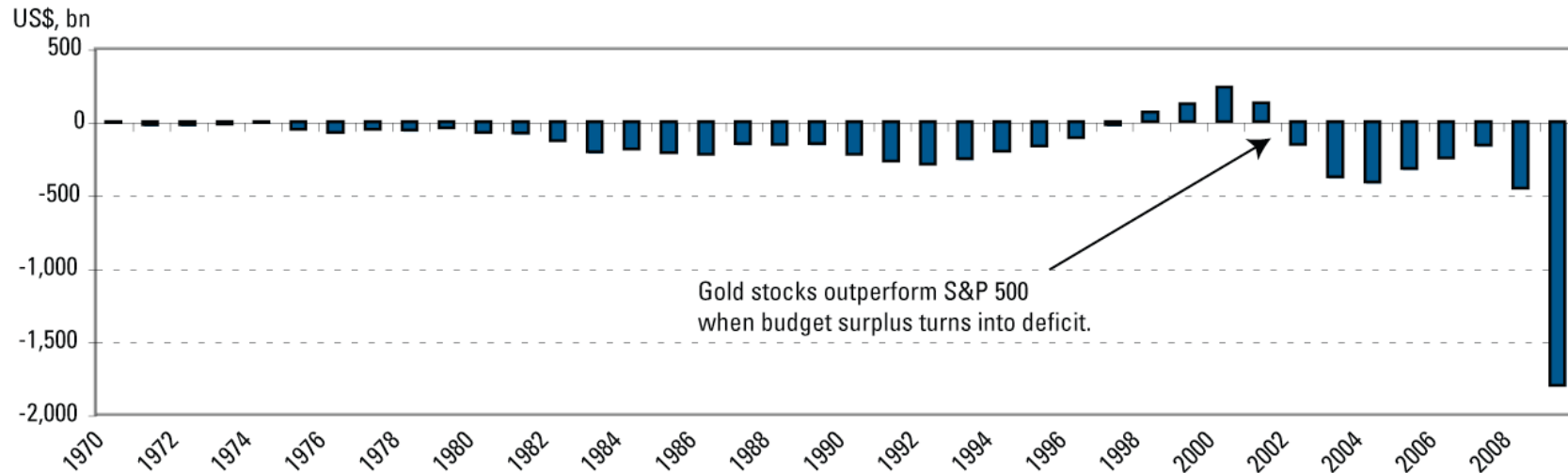
Sustainable Deficit Spending is Bullish for Gold



*Investor Alert
Special Report*

06/05/09

Federal Budget Surplus or Deficit



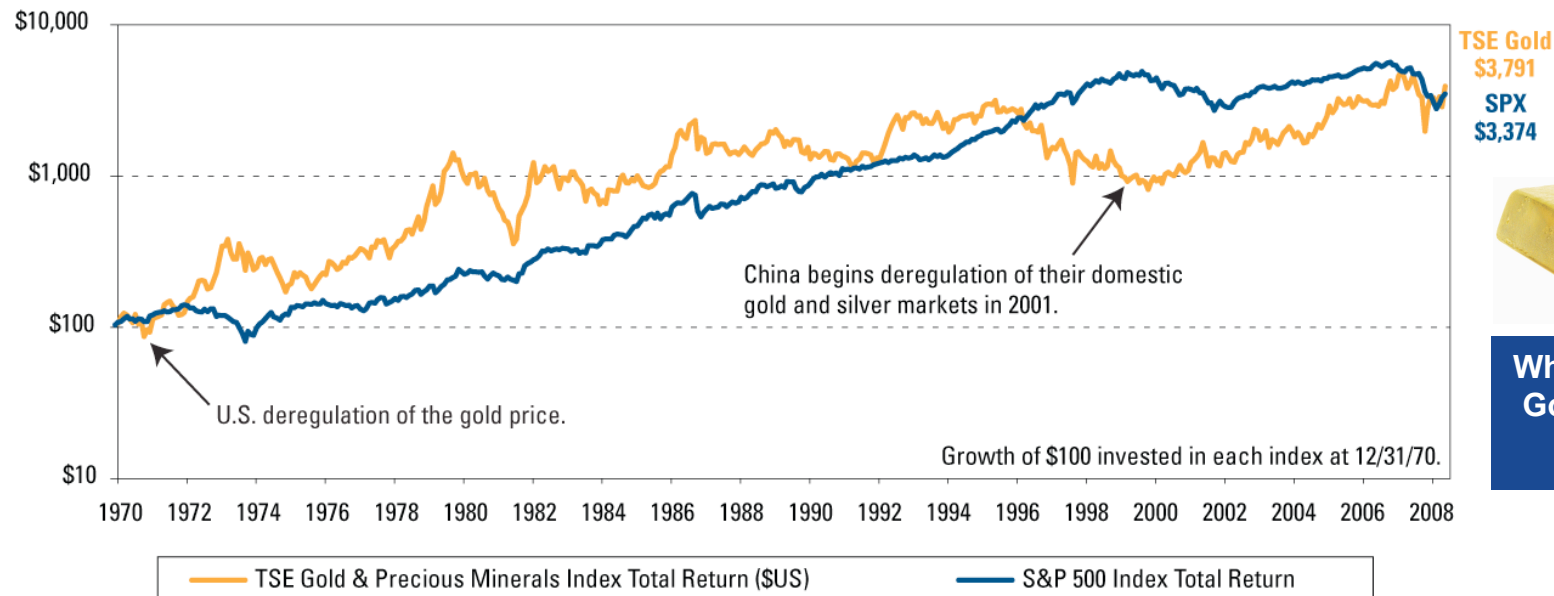
Source: 2009 Forecast: White House



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Excessive Spending on War or Welfare Harms a Currency's Value

Nominal Performance of Toronto Gold & Precious Minerals Total Return Index vs. the S&P 500 Total Return Index Since 1971 US Deregulation of the Gold Price



What's Driving Gold Webcast

03/05/09

Source: Bloomberg, U.S. Global Research

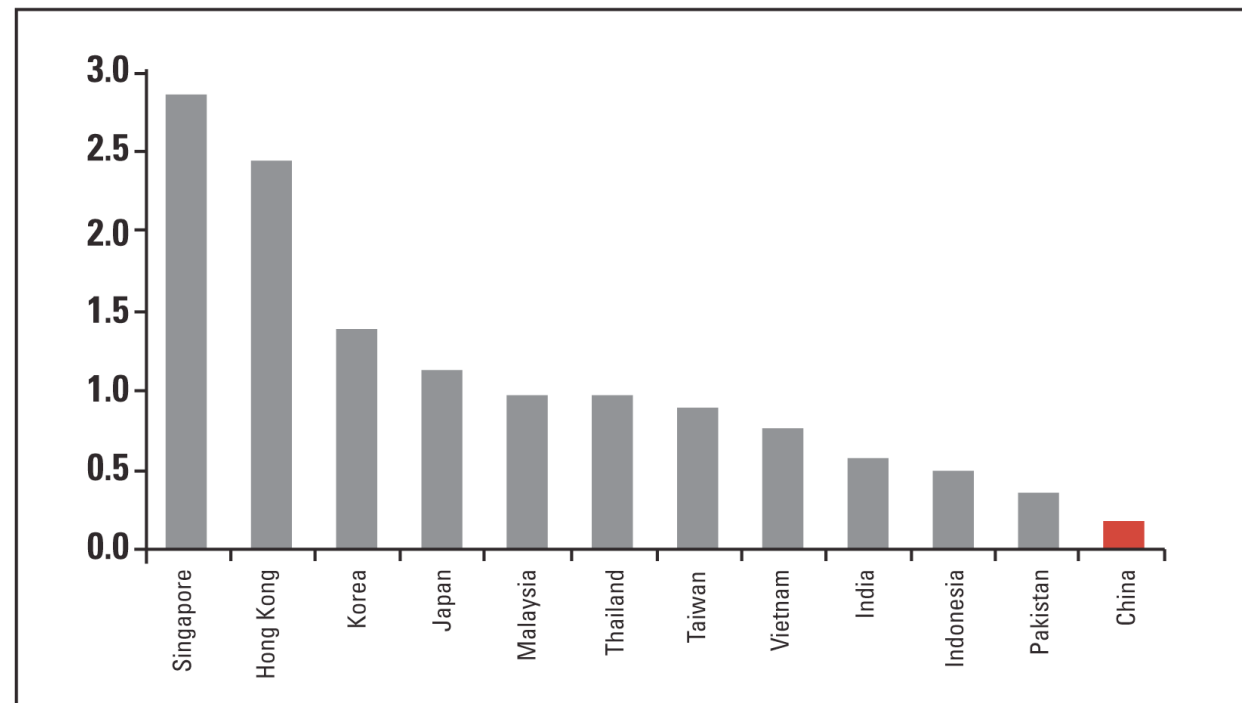


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China's Gold Demand

The Shanghai Gold Exchange and liberalization of citizens to freely buy gold and a cultural affinity towards gold, makes gold an attractive asset class.

Per Capita Gold Consumption in China is Low



Source: World Gold Council, CEIC, Merrill Lynch APR Economics Team



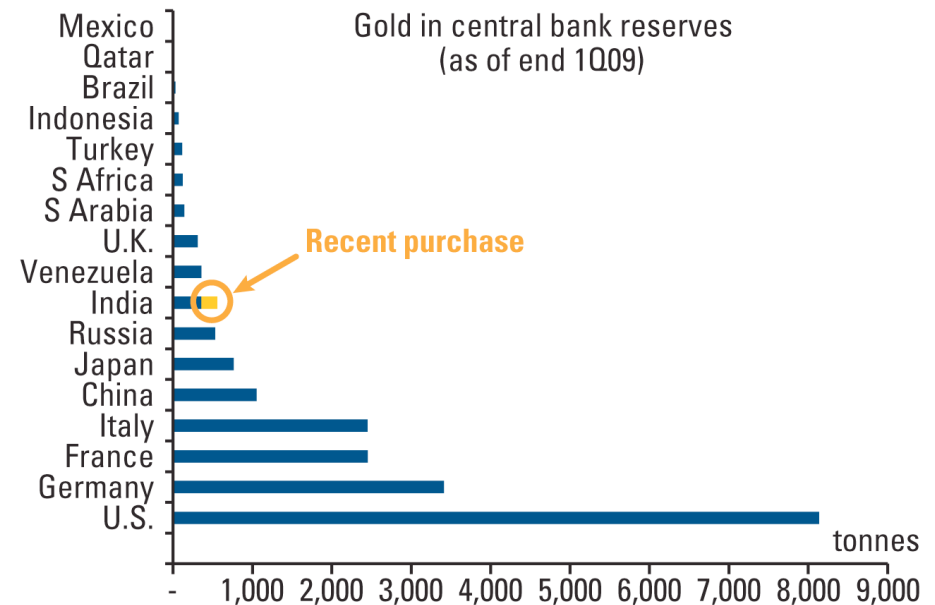
India-From Price Taker to Price Maker



Scene from *Slumdog Millionaire*

Source: padanisaa.blogspot.com

India's gold purchase reflects a growing emerging markets central bank preference for physical assets over fiat currencies in FX reserves



Source: World Gold Council, BofA Merrill Lynch Global Commodity Research

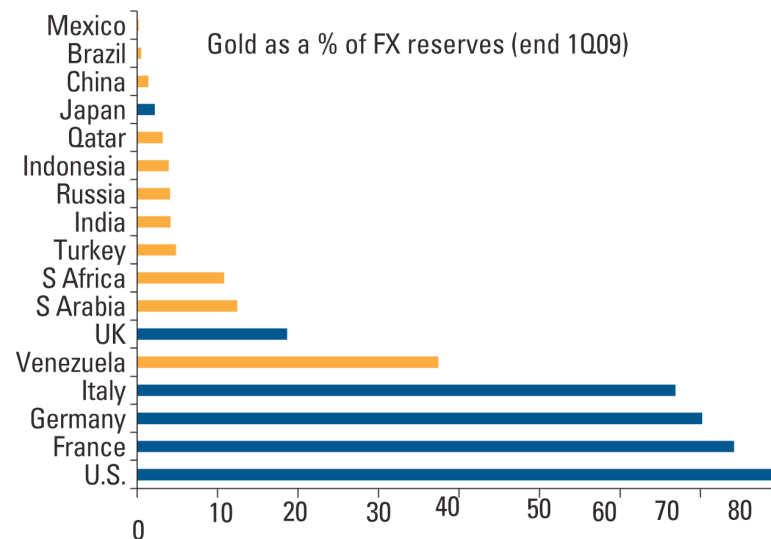


Emerging Market Central Banks are Switching to Gold as a Reserve



Nancy Pelosi, Speaker of the House

EM CB FX portfolios are geared towards G-10 currencies, while G-10 FX reserves are mostly in gold



Source: World Gold Council, BofA Merrill Lynch
Global Commodity Research

EM: Emerging Markets
CB: Commodity Based
FX: Foreign Currency



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Gold Fundamentals & Key Price Drivers

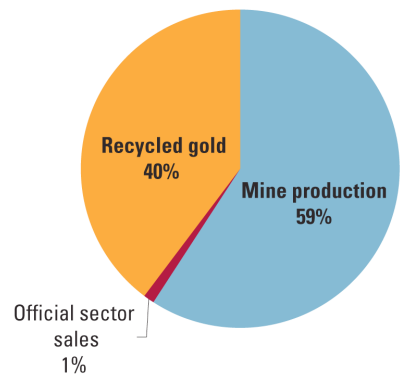


Gold Supply – Official Sector

Reducing Net Sales

- Only around 60% of annual gold demand is met with new mine supply.
- Rising prices are resulting in increased gold recycling.
- Official sector (central banks) has substantially cut-back net sales past two years and in three of the past four years.

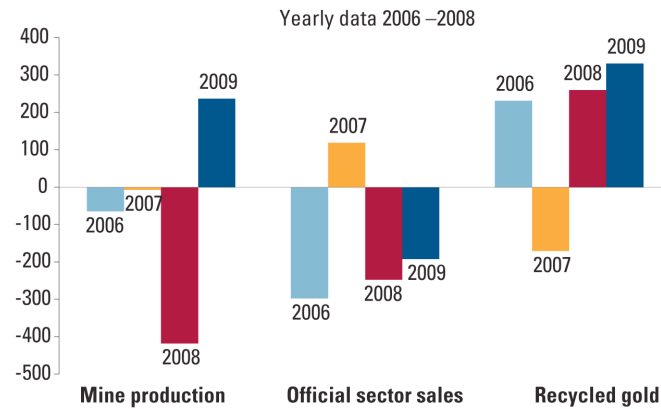
World Gold Supply in 2009 (3,890 tonnes)



Total above-ground stocks estimated at 163,000 tonnes at end 2008: WGC

Source: WGC

Gold Supply Change (tonnes)



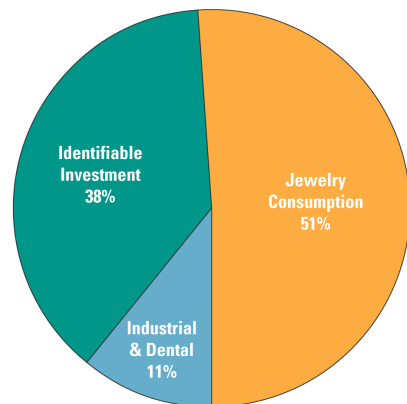
Source: WGC



Gold Demand Overview – Investment Demand Rising

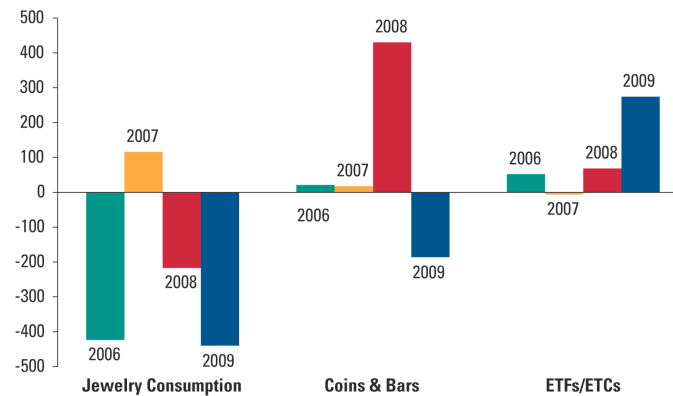
- Jewelry demand accounts for just over half of global gold demand.
- Investment demand accounts for over one-third of demand.
- Falling jewelry and coin/bar demand has been more partially offset by rising ETF investment.

World Gold Demand in 2009 (3,386 tonnes)



Source: WGC, etf Securities

Gold Demand Change (tonnes)



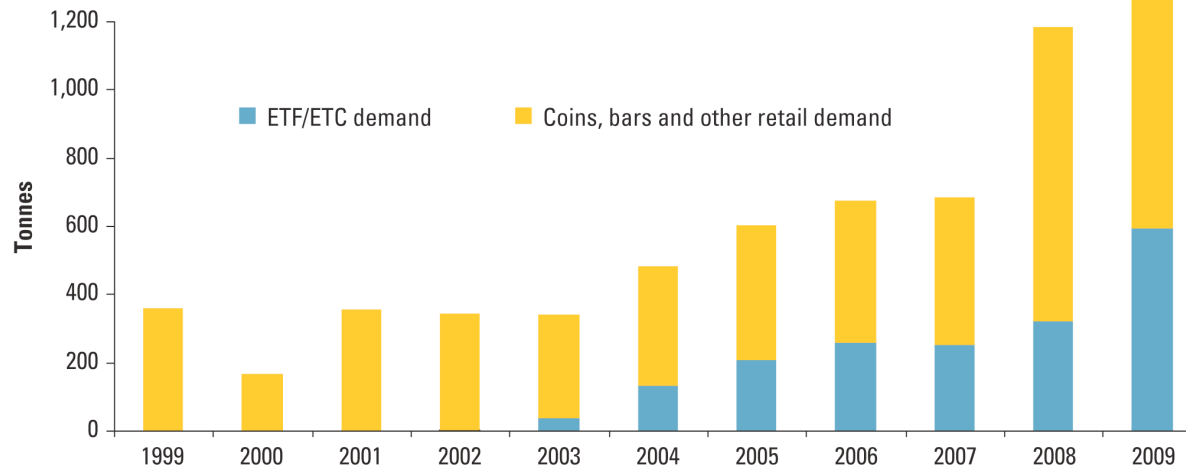
Source: WGC, etf Securities



Gold Demand – ETF Demand Outpaces Coins/Bars

- Investment demand for gold rose by nearly 10% with flows into physical gold ETFs/ETCs up by 274 tonnes, which offsetting a 186 tonne fall in coin and bar investment, indicating some switching from coins & bar holdings into more liquid, transparent and secure ETF holdings.

Investment Demand for Gold



Source: GFMS, etf Securities. Annual data: 1998–2009.



Gold Has Performed Well, With Low Volatility Over Past 10 Yrs

- Gold returns have substantially outperformed equities on a 3yr, 5yr and 10yr horizon (based on data in table below – see note for source).
- Historically, the volatility of gold returns has been lower than S&P 500 volatility.
- Gold has had a zero to modestly negative correlation to equities, providing strong portfolio diversification benefits.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Correlations with S&P 500	Volatility
Gold	25%	72%	150%	275%	-0.06	18%
All Commodities	19%	-11%	10%	99%	0.19	17%
Energy	-5%	-40%	-50%	69%	0.12	33%
Industrial Metals	80%	-16%	93%	183%	0.23	23%
Precious Metals	29%	56%	139%	243%	-0.01	20%
Livestock	-15%	-46%	-49%	-41%	0.10	14%
Agriculture	14%	7%	24%	18%	0.17	18%
S&P 500	26%	-16%	2%	-9%	1.00	21%

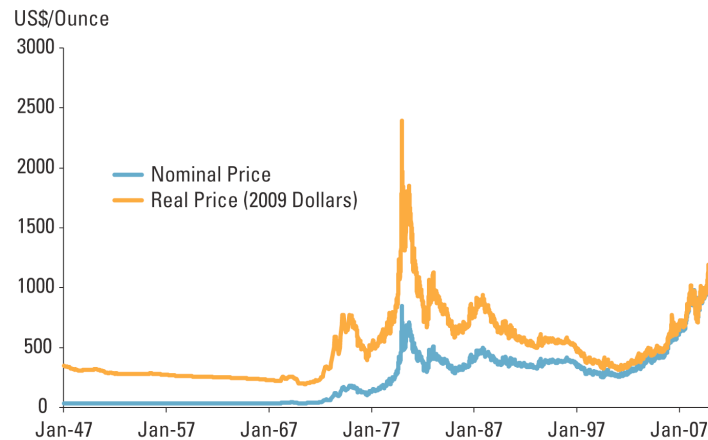
Source: etf Securities. All returns, correlations and volatility are based on actual index data or underlying commodity prices excluding fees. Returns are in USD, dates are from the December 31st 1999 (10 Yrs), 2004 (5 Yrs), 2006 (3 Yrs), 2008 (1 Yr) to the December 31st 2009. YTD Returns are from December 31st 2008 to December 31st 2009. Correlations and volatility are correlation or annual volatility of daily returns over period from the December 31st 1999 to the December 31st 2009.



Gold Price vs Inflation & Equities

- In nominal terms the gold price reached an all-time high in 2008. However, in real terms the gold price is still well below its 1980 peak of around \$2000/oz.
- At 8:1, The Dow Jones Industrial Average/Gold spot price ratio is now close to its average since 1920. The Ratio hit an all-time low of 1:1 in 1980.

Gold: Real Versus Nominal Prices 1947-2009



Source: Bloomberg, ETFs Calculations. 10 Year data Jan 1, 1947–Nov 30, 2009.

The Dow/Gold Ratio



Source: Bloomberg, etf Securities. Data range Aug 1, 1920–Jan 08, 2010



Recent Commodity ETF Investment Flows: What Can They Tell Us?

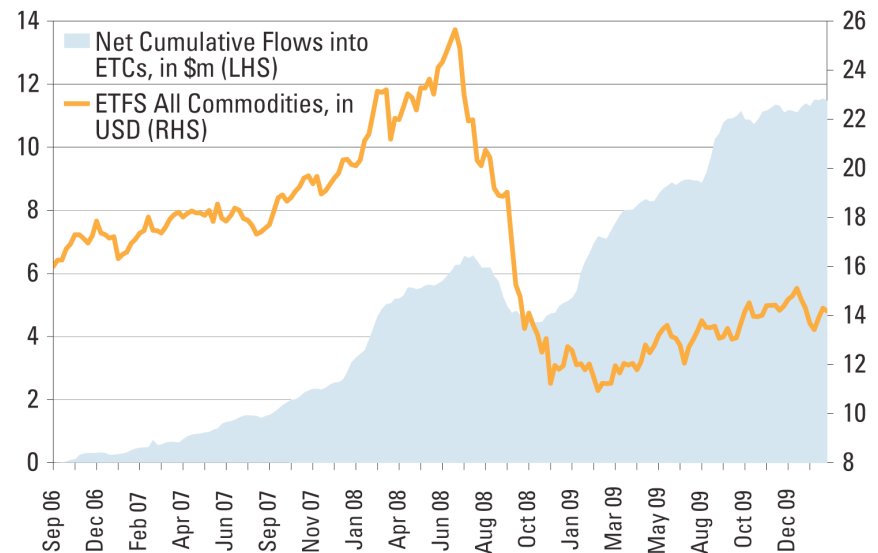


Flows into ETCs Now Well Above July 2008 Levels

- ETFS' exchange traded commodity inflows up nearly \$7bn since November bottom, 75% above July 2008 peak.
- We believe flows being driven by demand for “real assets” as hedge against inflation and currency risks as government debt levels rise and central banks expand their balance sheets.
- We believe price supportive long-term supply-demand fundamentals also likely driving flows.

Net Cumulative Flows into ETF Securities ETCs

(from 22 September 2006 to 26 February 2010)



Source: ETF Securities

Note: RHS=Right-Hand Scale, LHS= Left-Hand Scale

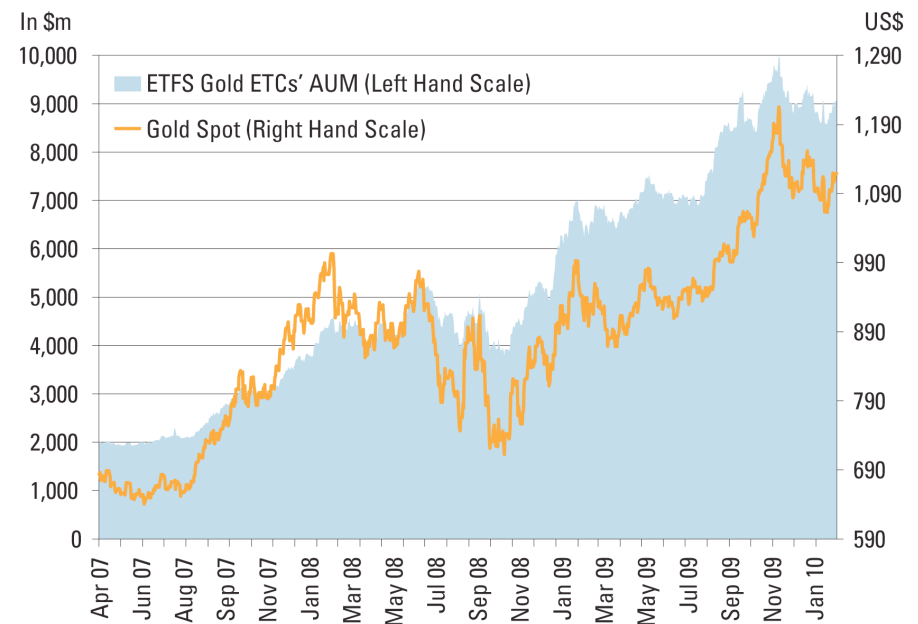


Steady Gold ETC Inflows Even During Price Corrections

- ETFs' physically-backed gold ETC holdings now over \$8bn, up \$3bn vs end-2008 levels.
- Gold inflows have remained relatively steady even when the gold price has corrected sharply likely due to the long-term strategic nature of most buying.
- It is interesting to note that the biggest flows came not when Lehman went bust but, we believe, when scale of U.S. quantitative easing and fiscal cost of financial bailout became apparent, indicating gold may be being used as hedge against sovereign (fx) and inflation risks.

Total Assets in ETFs Gold ETCs

April 25, 2007 to February 21, 2010



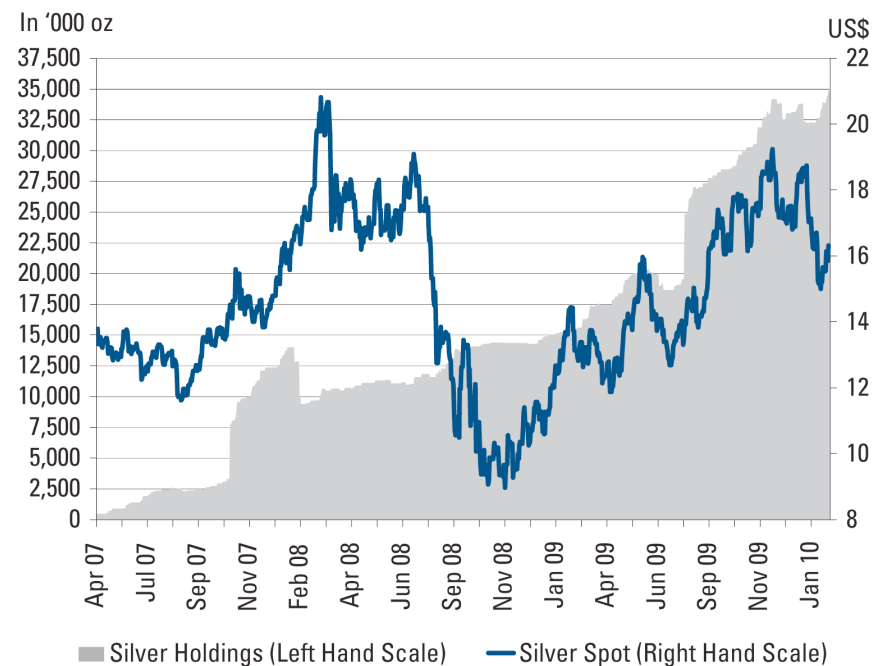
Source: ETF Securities



Silver ETC Flows Also Relatively Price Insensitive

- Inflows into ETFs Physical Silver continued to rise even during price corrections over the 2007-09 period, indicating ETC investors may be buying for longer-term safe haven/inflation hedge purposes.
- However, price underperformed gold in 2008 and outperformed in 2009 as cyclical indicators rose, indicating investors view it as more of an industrial play than gold.

ETF Securities Silver ETCs Metal Holdings and NAV
(April 25, 2007 to February 21, 2010)

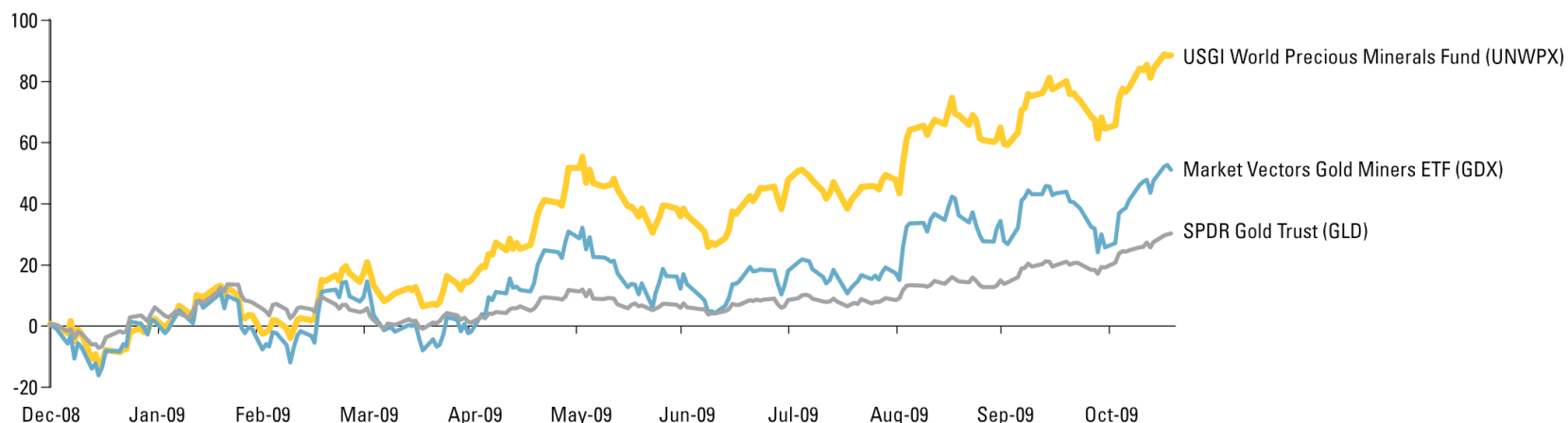


Source: ETF Securities



Compare — Active Management vs. Passive Gold ETFs

Comparative Returns (12/31/08-11/18/09)



Source: Bloomberg, U.S. Global Research

Total Annualized Returns as of 12/31/09

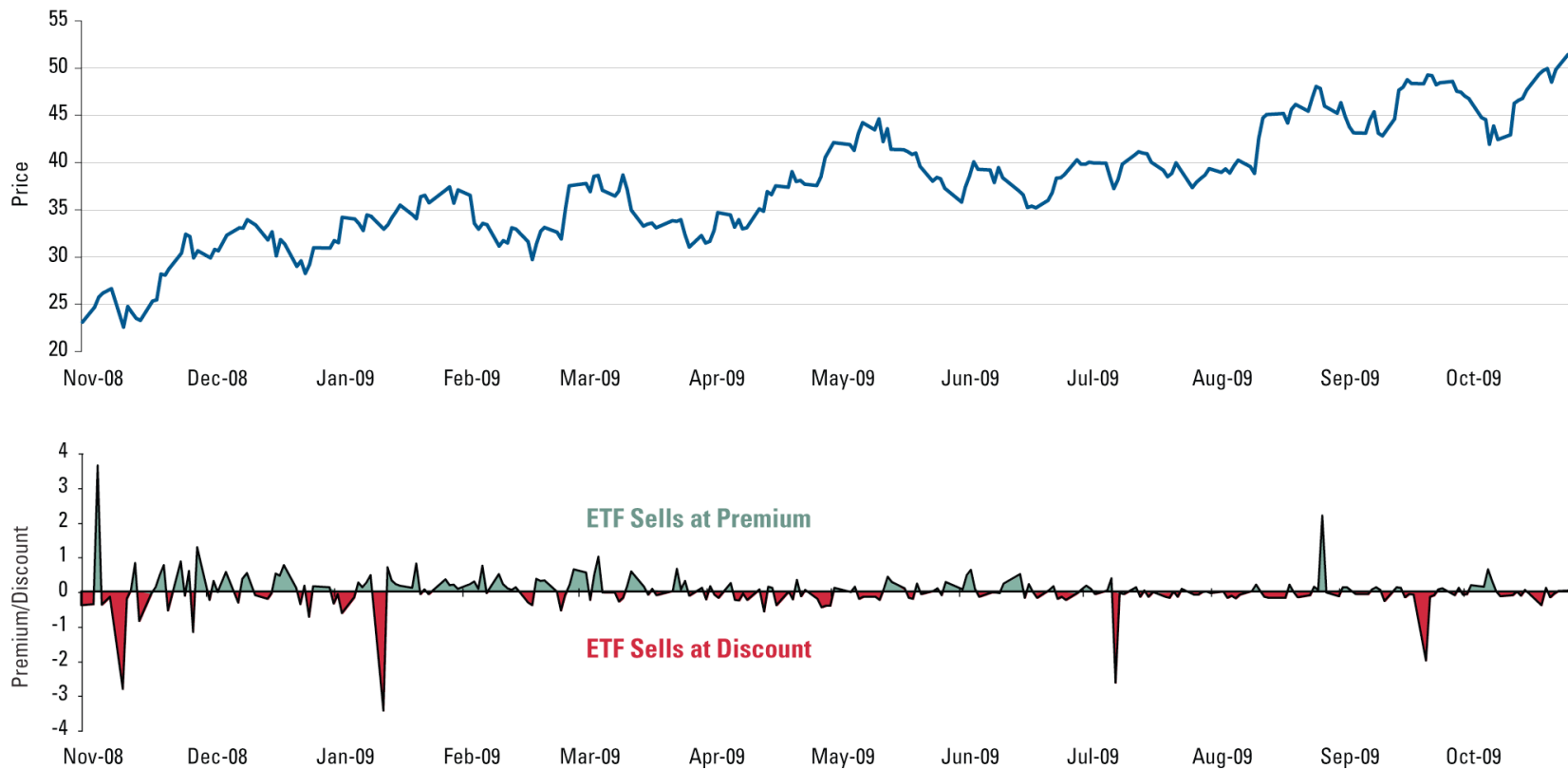
	Average Annual			Expense Ratio	
	1-year	5-year	10-year	Gross	Capped
World Precious Minerals Fund ¹	89.50%	16.92%	17.89%	1.82%	1.90%
Market Vectors Gold Miners ETF ²	36.72%	n/a	n/a	*	*
SPDR Gold Trust ²	24.03%	n/a	n/a	*	*

¹Gross expense ratio as stated in the most recent prospectus. Capped expense ratio is a voluntary limit on total fund operating expenses (exclusive of any acquired fund fees and expenses, performance fees, taxes, brokerage commissions and interest) that U.S. Global Investors, Inc. can modify or terminate at any time. Performance data quoted above is historical. Past performance is no guarantee of future results. Results reflect the reinvestment of dividends and other earnings. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance does not include the effect of any direct fees described in the fund's prospectus (e.g., short-term trading fees of 0.50%) which, if applicable, would lower your total returns. Obtain performance data current to the most recent month-end at www.usfunds.com or 1-800-US-FUNDS. High double-digit returns are attributable, in part, to unusually favorable market conditions and may not be repeated or consistently achieved in the future. Please consider carefully a fund's investment objectives, risks, charges and expenses. For this and other important information, obtain a fund prospectus by visiting www.usfunds.com or by calling 1-800-US-FUNDS (1-800-873-8637). Read it carefully before investing. Distributed by U.S. Global Brokerage, Inc. Gold, precious metals, and precious minerals funds may be susceptible to adverse economic, political or regulatory developments due to concentrating in a single theme. The prices of gold, precious metals, and precious minerals are subject to substantial price fluctuations over short periods of time and may be affected by unpredicted international monetary and political policies. We suggest investing no more than 5% to 10% of your portfolio in these sectors. ²Performance data as quoted on Bloomberg, the inception dates for the Market Vectors Gold Miners ETF and the SPDR Gold Trust are 5/16/06 and 11/12/04, respectively, so 5- and 10-Year performance figures are unavailable. *See the prospectuses of these ETFs for details about their objectives, strategies, fees, liquidity and risks.



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Trading Premium and Discount to NAV



Source: Bloomberg, U.S. Global Research

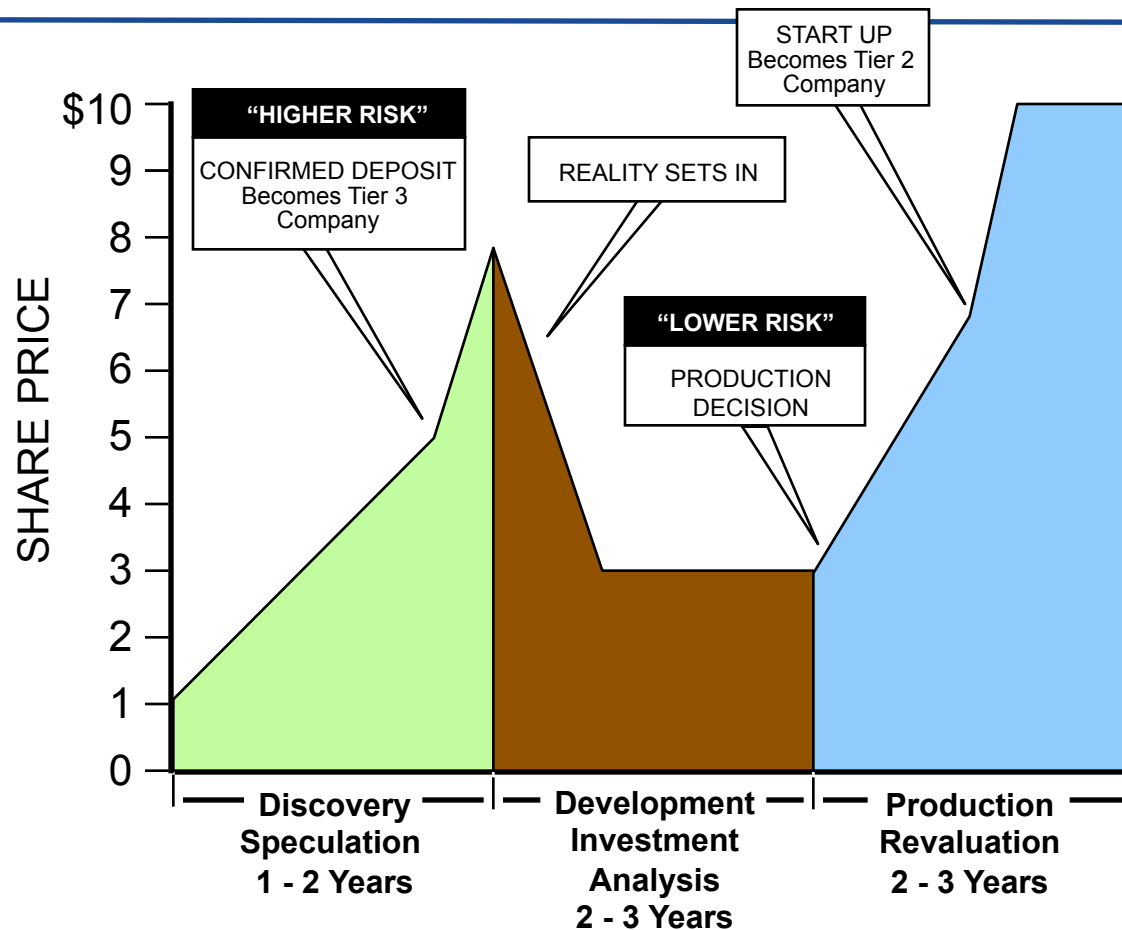


The Five M's for Gold Miners

- Market Cap
- Management
- Money
- Minerals
- Mine Lifecycle



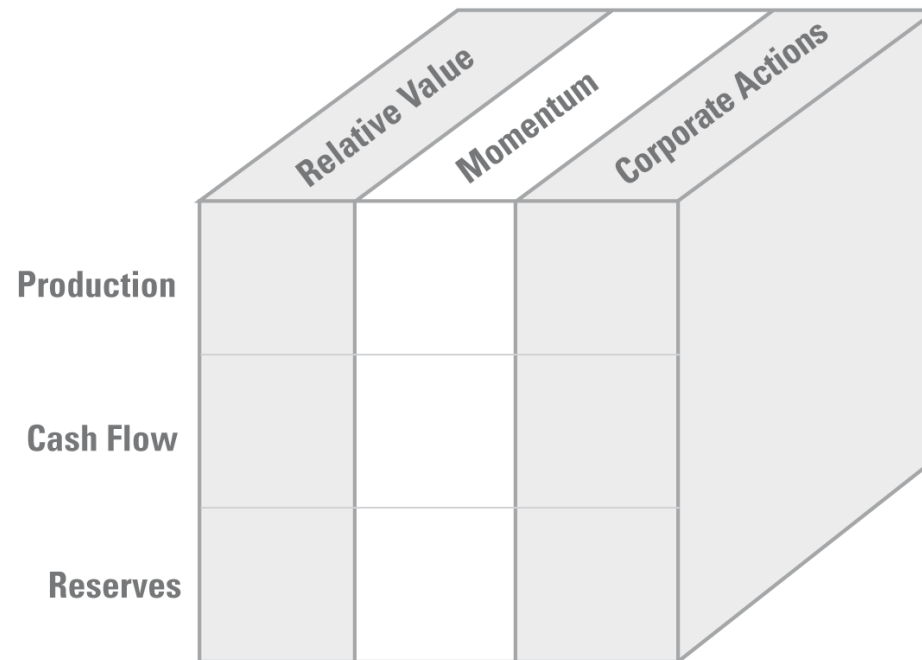
Life Cycle of a Mining Share



The performance shown is hypothetical and does not necessarily reflect the performance of any U.S. Global Investors product.



Value Drivers for Superior Performance

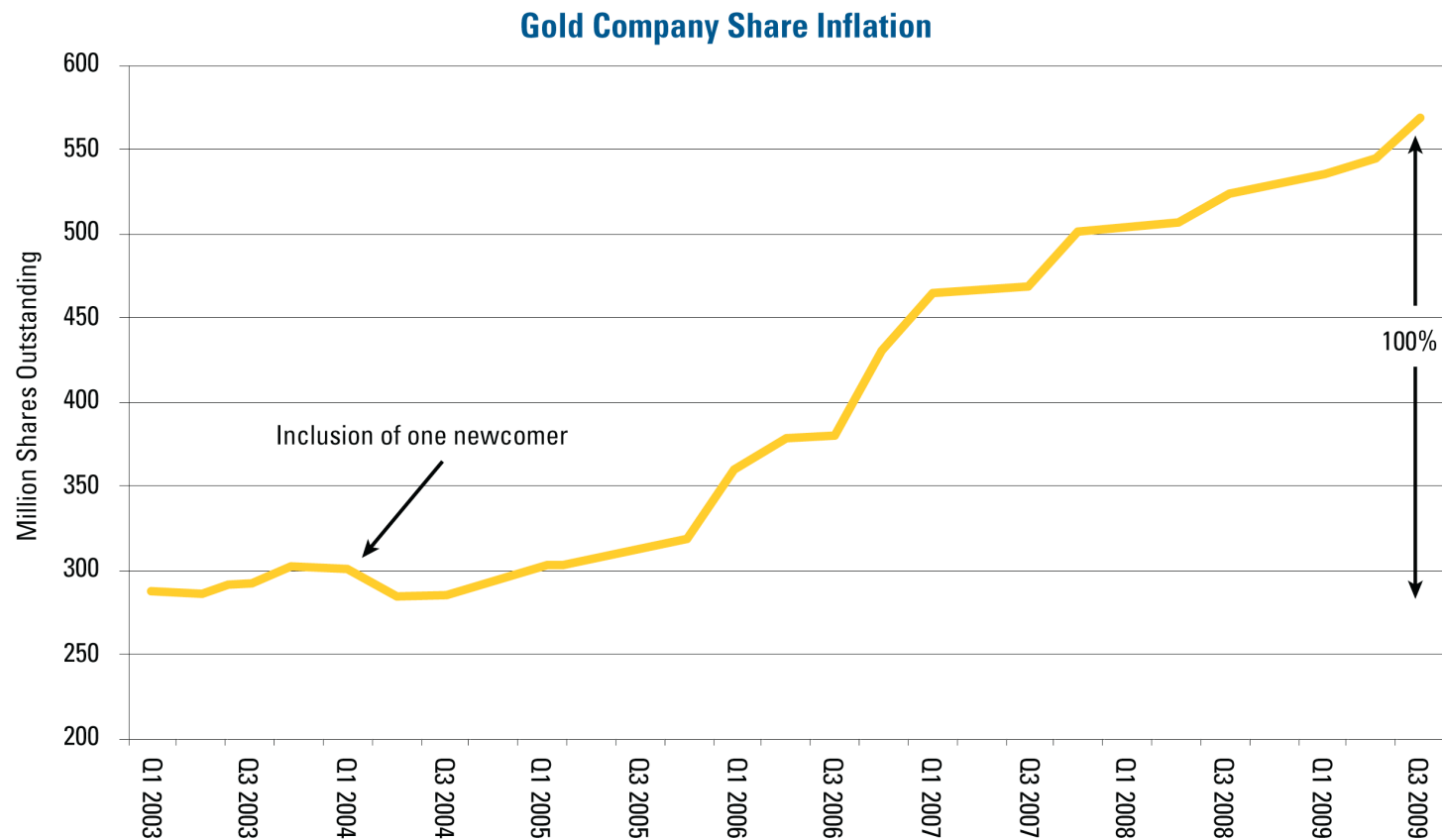


The key success factor to superior stock performance is growth on a per share basis in the 3 value drivers.

Production, Cash Flow, Reserves.



Gold Company Share Issuance Inflation

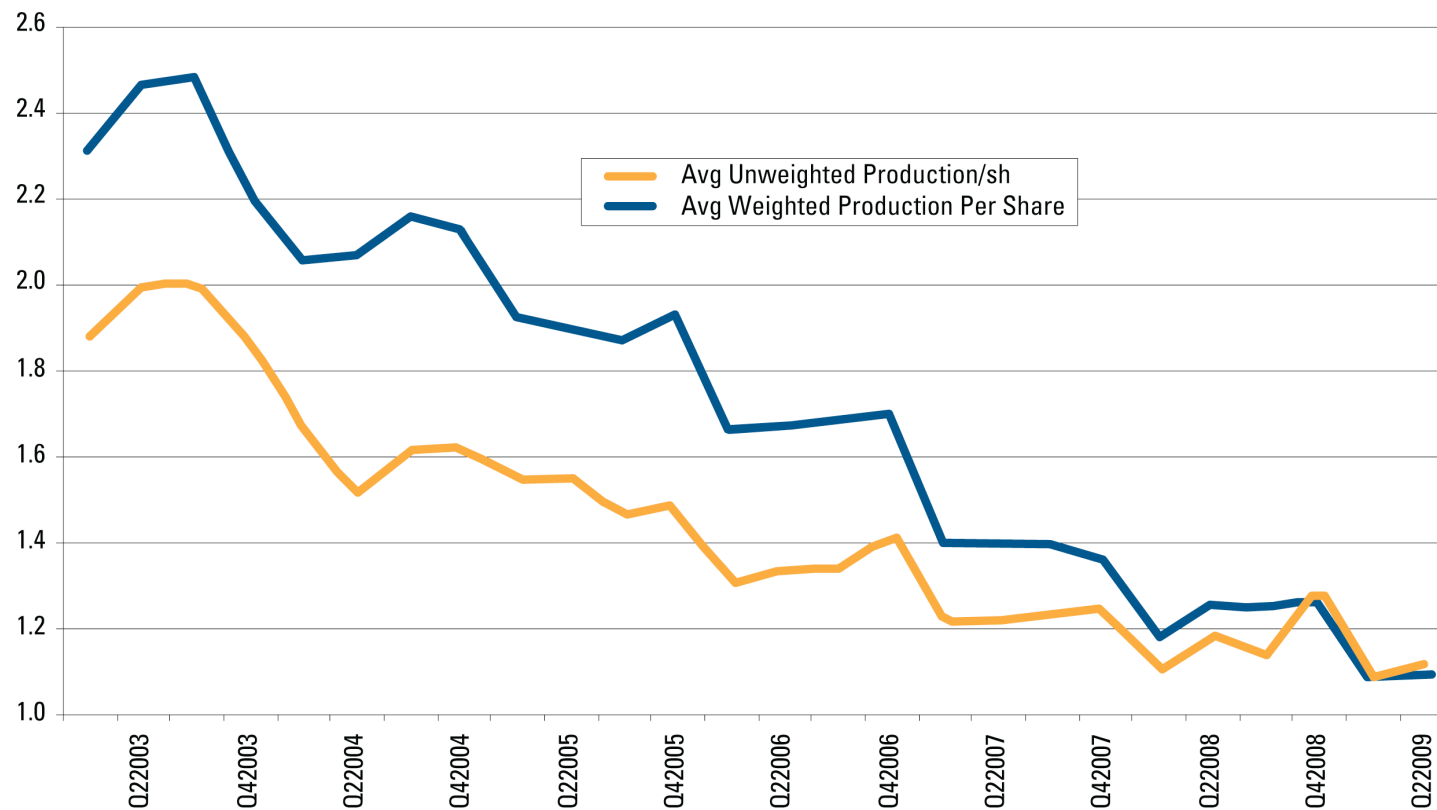


Source: Company Reports, CIBC.



Production Per Share Has Dropped

Production Per Share has Dropped Dramatically

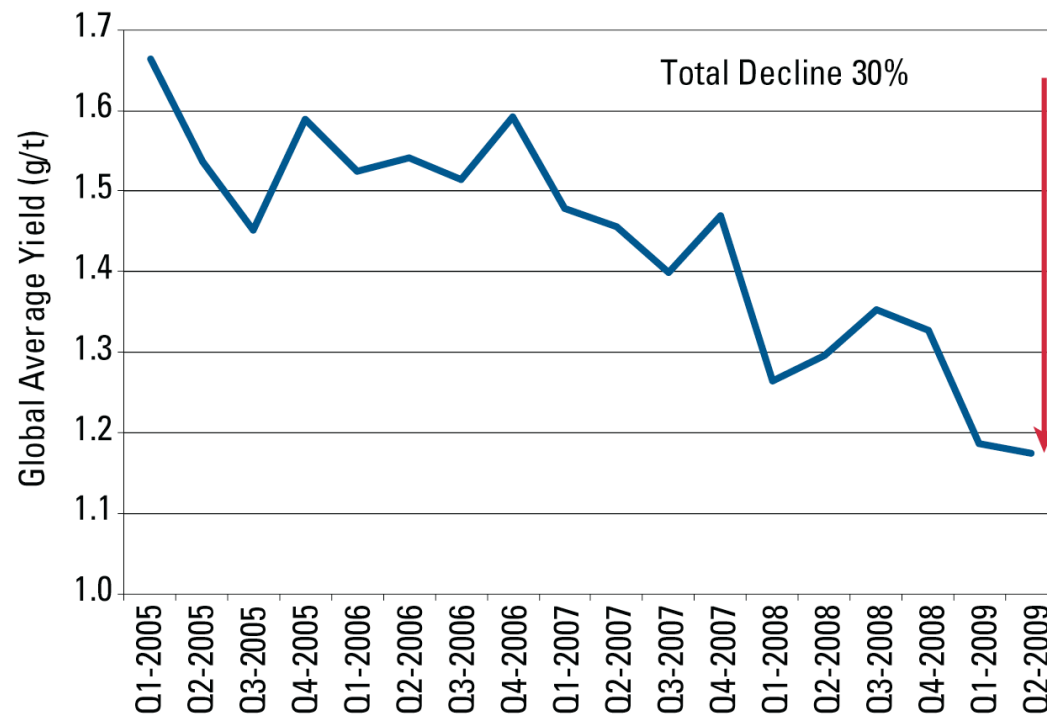


Source: Company Reports, CIBC.



Falling Profit Margin with Rising Gold Prices

Declining Average Recovered Grades

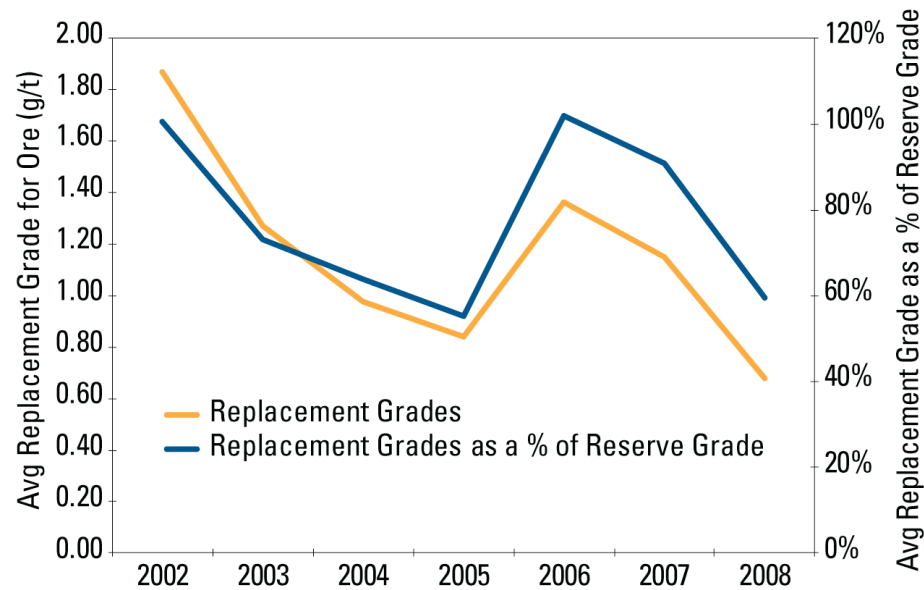


Source: Company reports and CIBC World Markets Inc.



Mine Supply Issues

Average Replacement Grades



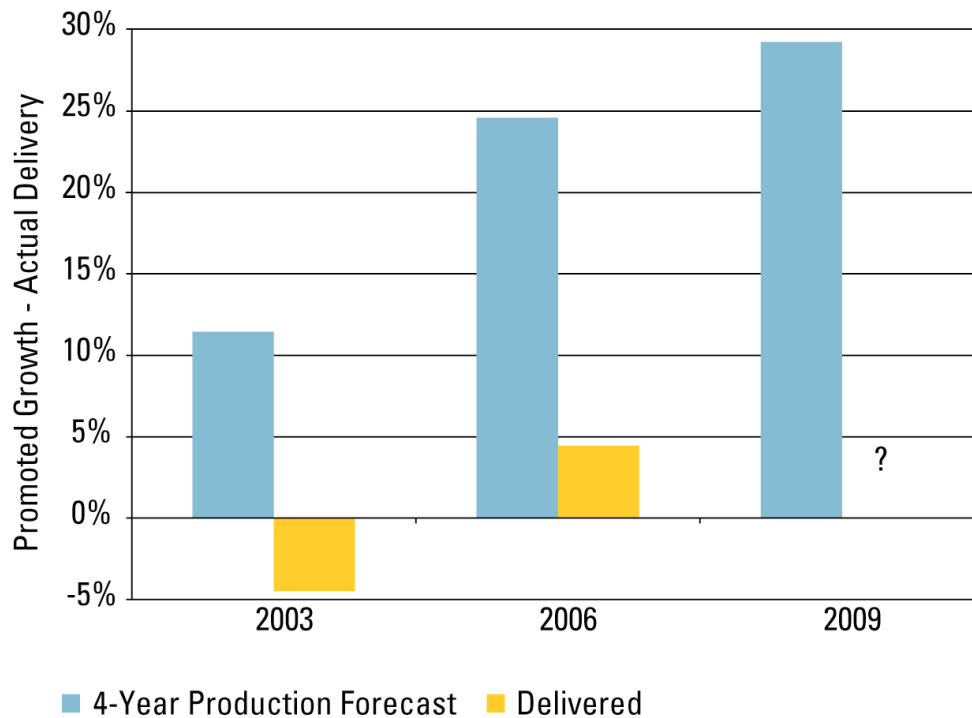
Source: Company reports and CIBC World Markets Inc.



Macraes Gold Mine, Otago, New Zealand.

2013 Hope or Hype – The Four-Year Story – Will it be Different this Time?

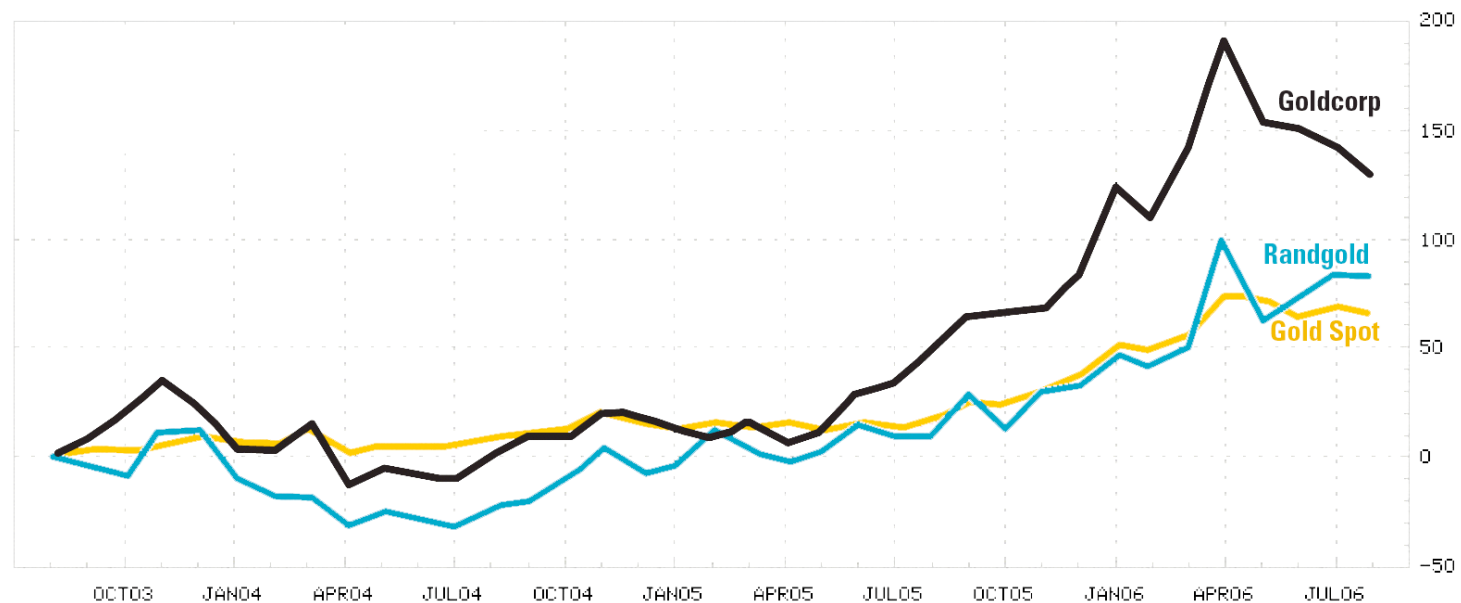
Promises Versus Performance



Source: Company reports and CIBC World Markets Inc.



Goldcorp Before Acquisition of Glamis Gold Ltd

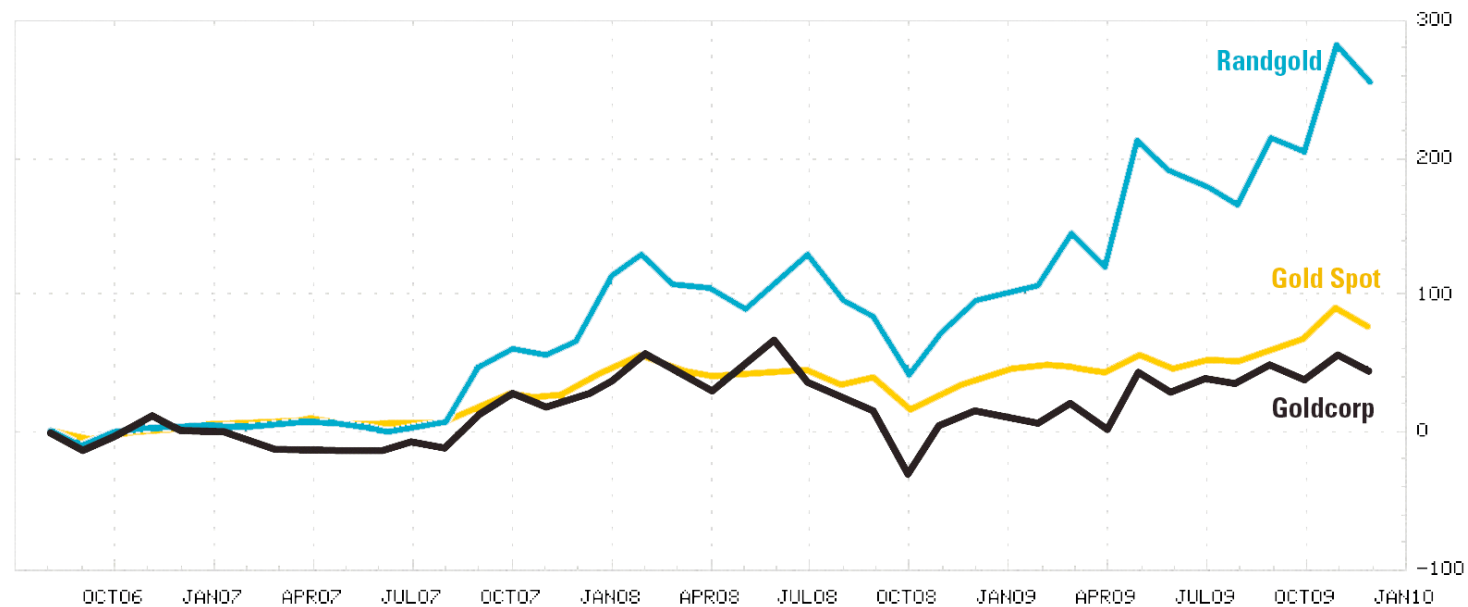


Source: Bloomberg

Goldcorp - Gold Equivalent Production per 1,000 Shares Outstanding								
	Sep-02	Sep-03	Sep-04	Sep-05	Sep-06	Sep-07	Sep-08	Sep-09
GOLD EQUV/1,000 SH	3.41	3.26	3.3	4.99	6.8	4.64	4.14	4.07
Growth		-4.40%	1.23%	51.21%	36.27%	-31.76%	-10.78%	-1.69%
SH Out (mill)	182.109	183.08	189.711	336.199	418.073	704.52	712.767	731.558



Goldcorp After Acquisition of Glamis Gold Ltd

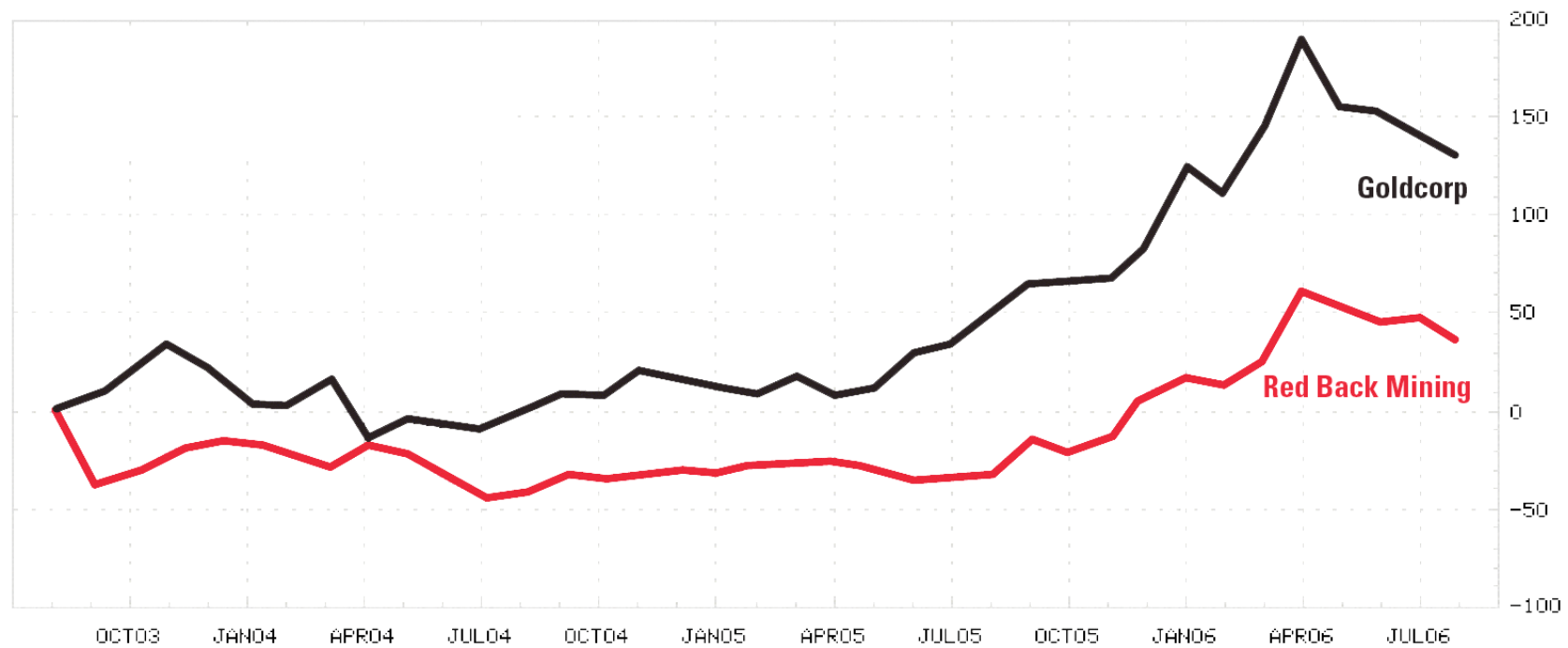


Source: Bloomberg

Goldcorp - Gold Equivalent Production per 1,000 Shares Outstanding								
	Sep-02	Sep-03	Sep-04	Sep-05	Sep-06	Sep-07	Sep-08	Sep-09
GOLD EQUV/1,000 SH	3.41	3.26	3.3	4.99	6.8	4.64	4.14	4.07
Growth		-4.40%	1.23%	51.21%	36.27%	-31.76%	-10.78%	-1.69%
SH Out (mill)	182.109	183.08	189.711	336.199	418.073	704.52	712.767	731.558



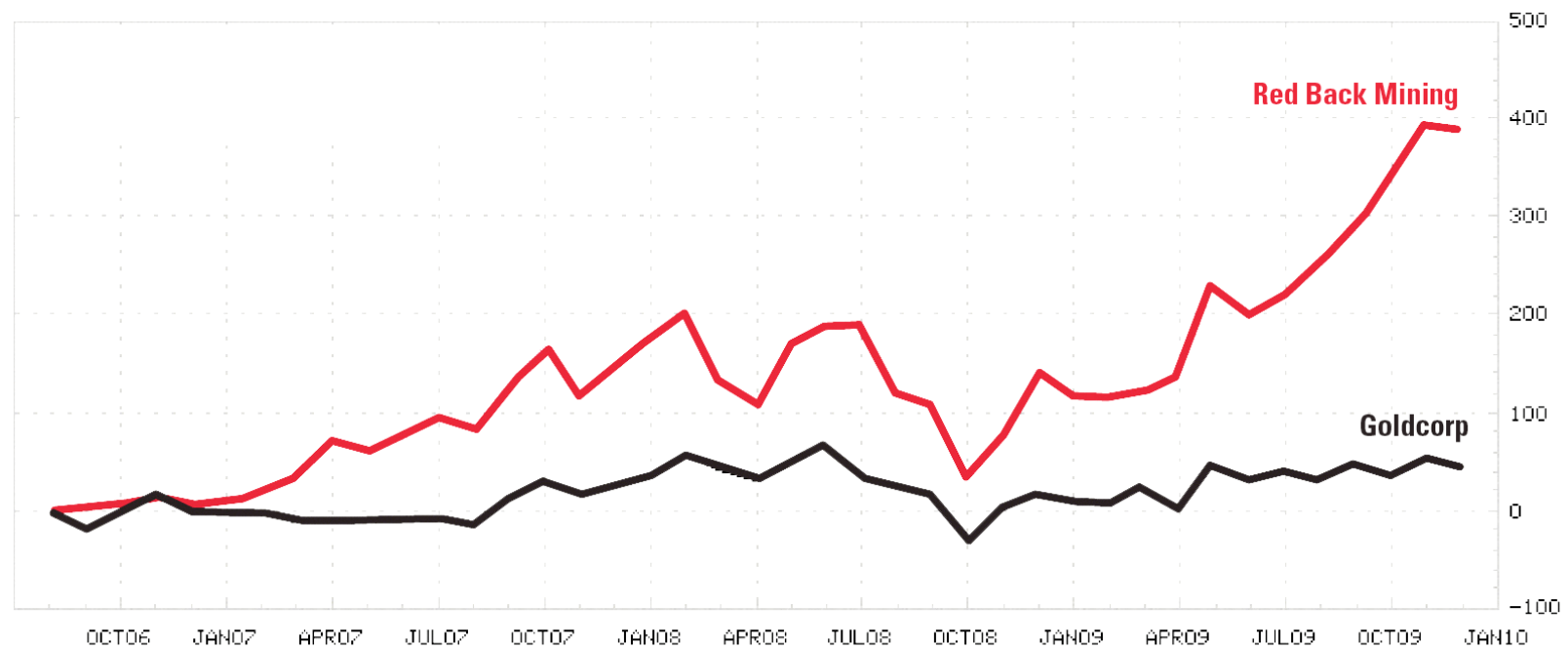
Compare: Goldcorp and Red Back Mining 2003-2006 Pre Goldcorp Acquisition of Glamis



Source: Bloomberg



Compare: Goldcorp and Red Back Mining 2006-2009 Post Acquisition of Glamis

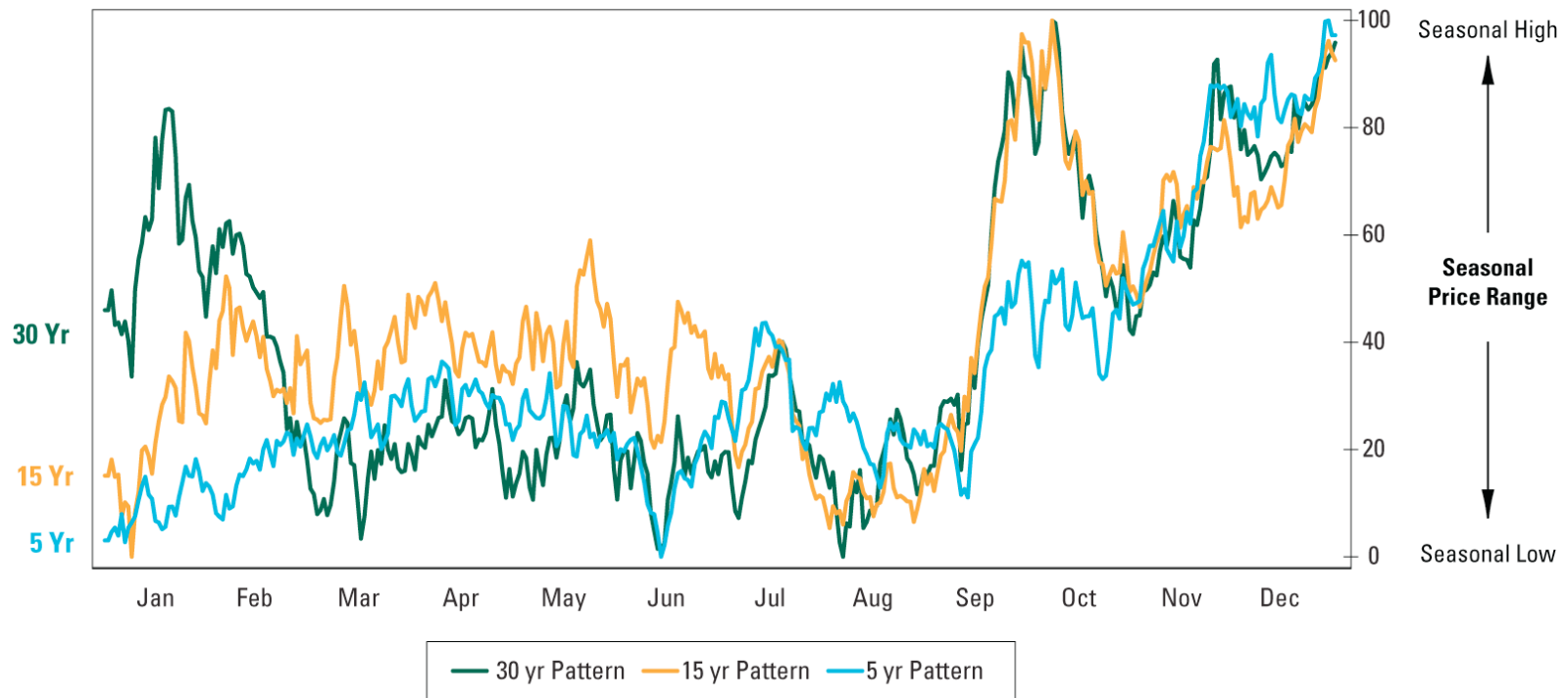


Source: Bloomberg



Gold Seasonality

**Gold: Handy & Harman Base Price
Historical Patterns (1972-2008)**

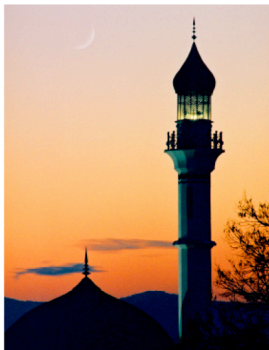


Source: Moore Research Center, Inc.



Holidays Drive Gold Demand

HOLIDAYS



RAMADAN



DIWALI



CHRISTMAS



CHINESE NEW YEAR

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

JANUARY

FEBRUARY



Anticipate Before You Participate

Rolling 1 Year

NYSE Arca Gold BUGS Index (HUI)	41.9%
Crude Oil	41.4%
Copper	37.7%
Silver	26.2%
S&P 500 Index (SPX)	17.9%

12-month rolling volatility of price action over 10 year period

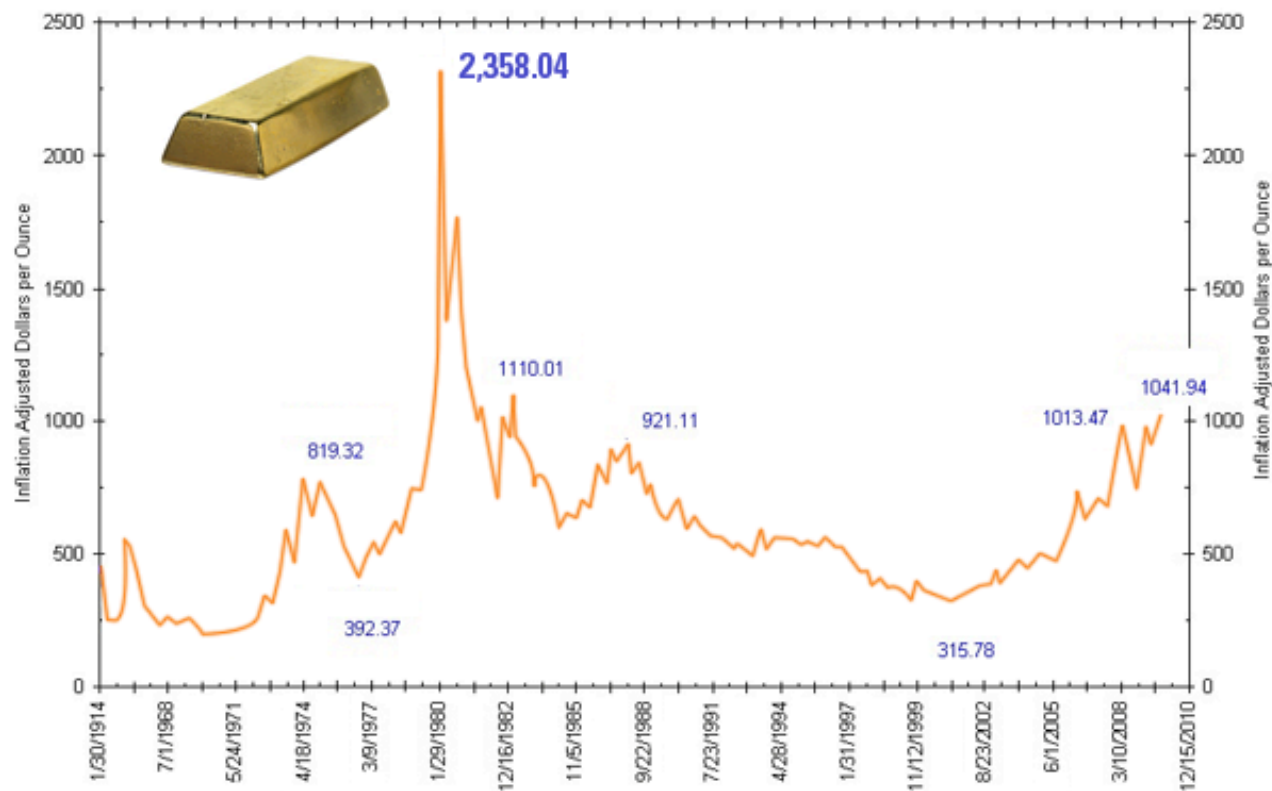


View the presentation “Anticipate Before You Participate” at www.usfunds.com/investor-resources/publications/research



Inflation-Adjusted Gold Prices in 2009 Dollars

Inflation-Adjusted Gold Prices in 2009 Dollars

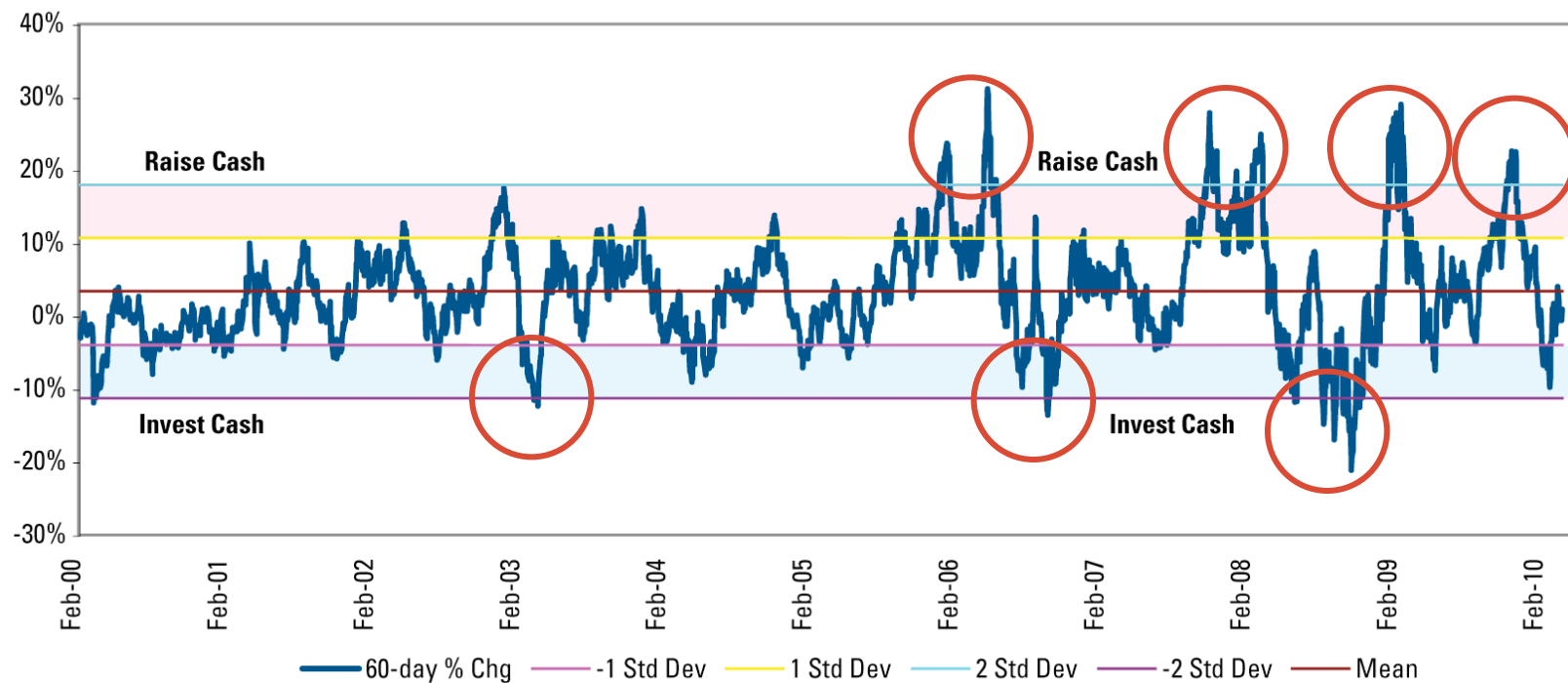


Source: Solari.com



60 Day Rolling Volatility

Gold (Daily, 10 years thru 3-26-2010)

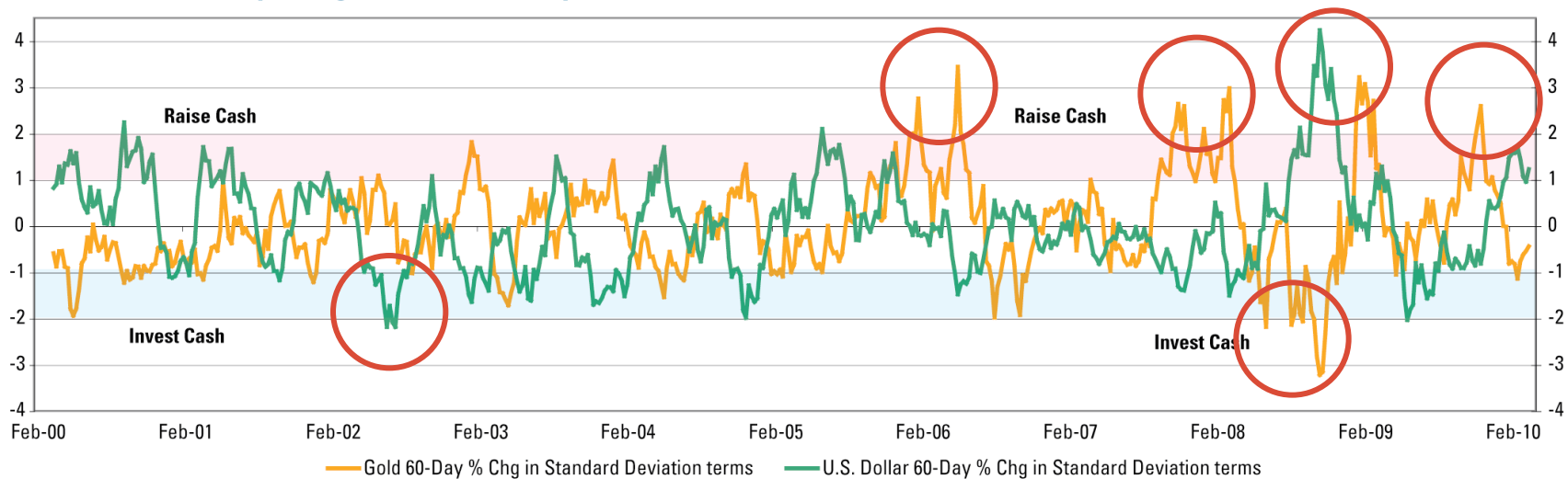


Source: Bloomberg, U.S. Global Research



60 Day Rolling Oscillator

Gold vs. Dollar 60-day % Chg Oscillator (Weekly Data, 10 Years thru March 26, 2010)



Source: Bloomberg, U.S. Global Research



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Frank E. Holmes



Frank E. Holmes

CEO and Chief Investment Officer of U.S. Global Investors, Inc., a registered investment adviser that manages U.S. mutual funds specializing in natural resources, emerging markets and global infrastructure.

Investment team leader for the Meridian Global Gold and Resources Fund and the Meridian Global Energy and Resources Fund, also managed by U.S. Global Investors.

As CIO, U.S. Global's funds have earned more than two dozen Lipper Fund Awards and certificates since 2000. The World Precious Minerals Fund was Lipper's top-performing gold fund in 2009, the second time in four years that it has achieved that distinction.

Named the 2006 mining fund manager of the year by Mining Journal, a leading publication for the global natural resources industry.

Co-author of the book "The Goldwatcher: Demystifying Gold Investing."

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For more information on the Meridian Funds,
contact info@meridianfundmanagers.com

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