Nuveen Preferred & Income Securities Fund
Form N-Q
June 29, 2018

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-21137

**Nuveen Preferred and Income Securities Fund**

(Exact name of registrant as specified in charter)

**333 West Wacker Drive, Chicago, Illinois 60606**

(Address of principal executive offices) (Zip code)

**Gifford R. Zimmerman Vice President and Secretary**

**333 West Wacker Drive, Chicago, Illinois 60606**

(Name and address of agent for service)

Registrant s telephone number, including area code: 312-917-7700

Date of fiscal year end: July 31

Date of reporting period: April 30, 2018

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ( OMB ) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

**Item 1. Schedule of Investments**

**JPS** **Nuveen Preferred and Income Securities Fund**

**Portfolio of Investments April 30, 2018**
(Unaudited)

| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|---|---|---|---|---|---|
| | **LONG-TERM INVESTMENTS 144.3% (96.7% of Total Investments)** | | | | |
| | **$1,000 PAR (OR SIMILAR) INSTITUTIONAL PREFERRED 68.3% (45.8% of Total Investments)** | | | | |
| | **Automobiles 0.1%** | | | | |
| $ 1,000 | General Motors Financial Company Inc. | 5.750% | N/A (3) | BB+ | $ 984,375 |
| | **Banks 28.2%** | | | | |
| 6,529 | Bank of America Corporation (3-Month LIBOR reference rate + 3.630% spread), (4), (5) | 5.989% | N/A (3) | BBB | 6,561,645 |
| 14,300 | Bank of America Corporation | 6.500% | N/A (3) | BBB | 15,158,000 |
| 15,000 | Bank of America Corporation | 6.300% | N/A (3) | BBB | 15,880,500 |
| 12,300 | Bank of America Corporation | 6.100% | N/A (3) | BBB | 12,745,875 |
| 3,600 | Bank One Capital III, (5) | 8.750% | 9/01/30 | Baa2 | 4,973,027 |
| 7,000 | Citigroup Inc. | 6.250% | N/A (3) | BB+ | 7,271,250 |
| 43,000 | Citigroup Inc., (5) | 6.125% | N/A (3) | BB+ | 44,935,000 |
| 9,250 | Citigroup Inc. | 5.950% | N/A (3) | BB+ | 9,468,763 |
| 24,389 | Citizens Financial Group Inc. | 5.500% | N/A (3) | BB+ | 24,998,725 |
| 18,000 | Cobank Agricultural Credit Bank | 6.250% | N/A (3) | BBB+ | 19,133,082 |
| 1,250 | Den Norske Bank | 2.250% | N/A (3) | Baa2 | 1,065,520 |
| 1,250 | Den Norske Bank | 2.378% | N/A (3) | Baa2 | 1,065,610 |
| 28,500 | Dresdner Funding Trust I, Reg S | 8.151% | 6/30/31 | BB+ | 36,255,420 |
| 4,500 | Dresdner Funding Trust, 144A | 8.151% | 6/30/31 | BB+ | 5,724,540 |
| 25,580 | First Union Capital Trust II, Series A, (5) | 7.950% | 11/15/29 | Baa1 | 32,331,775 |
| 30,000 | HSBC Capital Funding LP, Debt, 144A, (6) | 10.176% | N/A (3) | BBB+ | 46,668,600 |
| 27,300 | JPMorgan Chase & Company (3-Month LIBOR reference rate + 3.470% spread), (4) | 5.829% | N/A (3) | BBB | 27,504,750 |
| 54,000 | JPMorgan Chase & Company, (6) | 6.750% | N/A (3) | BBB | 58,657,500 |
| 10,000 | JPMorgan Chase & Company, (5) | 6.100% | N/A (3) | BBB | 10,362,500 |
| 11,000 | JPMorgan Chase & Company | 6.000% | N/A (3) | BBB | 11,188,980 |
| 4,900 | JPMorgan Chase & Company | 5.300% | N/A (3) | BBB | 5,047,000 |

| | | | | | |
|---|---|---|---|---|---|
| 3,500 | JPMorgan Chase & Company | 5.150% | N/A (3) | BBB | 3,465,000 |
| 8,000 | KeyCorp Capital III, (6) | 7.750% | 7/15/29 | Baa2 | 10,040,000 |
| 12,000 | Lloyds Bank PLC, 144A, (5) | 12.000% | N/A (3) | BBB | 15,221,124 |
| 20,900 | Lloyds Bank PLC, Reg S | 12.000% | N/A (3) | BBB | 26,508,118 |
| 9,850 | Lloyds Banking Group PLC, 144A | 6.657% | N/A (3) | Baa3 | 10,662,625 |
| 4,800 | Lloyds Banking Group PLC, 144A | 6.413% | N/A (3) | Baa3 | 5,148,000 |
| 9,100 | M&T Bank Corporation, (5) | 6.375% | N/A (3) | Baa1 | 9,191,000 |
| 29,100 | PNC Financial Services Inc., (6) | 6.750% | N/A (3) | Baa2 | 31,391,625 |
| 25,000 | Standard Chartered PLC, 144A | 7.014% | N/A (3) | Ba1 | 28,218,750 |
| 31,278 | Wells Fargo & Company (3-Month LIBOR reference rate + 3.770% spread), (4), (6) | 5.895% | N/A (3) | Baa2 | 31,629,876 |
| 3,000 | Wells Fargo & Company | 5.875% | N/A (3) | Baa2 | 3,105,000 |
| | Total Banks | | | | 571,579,180 |
| | **Capital Markets 2.1%** | | | | |
| 18,700 | Charles Schwab Corporation, (6) | 7.000% | N/A (3) | BBB | 20,570,000 |
| 12,100 | Bank of New York Mellon | 4.950% | N/A (3) | Baa1 | 12,342,000 |
| 3,500 | Goldman Sachs Group Inc. | 5.700% | N/A (3) | Ba1 | 3,578,750 |
| 6,150 | Morgan Stanley | 5.550% | N/A (3) | BB+ | 6,303,750 |
| | Total Capital Markets | | | | 42,794,500 |
| | **Consumer Finance 0.4%** | | | | |
| 8,000 | Capital One Financial Corporation | 5.550% | N/A (3) | Baa3 | 8,240,000 |

**JPS** **Nuveen Preferred and Income Securities Fund** (continued)
**Portfolio of Investments April 30, 2018**
(Unaudited)

| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|---|---|---|---|---|---|
| | **Diversified Financial Services 2.5%** | | | | |
| 10,000 | Cooperatieve Rabobank U.A. of Netherlands, Reg S | 11.000% | N/A (3) | BBB | $ 10,800,000 |
| 2,861 | Countrywide Capital Trust III, Series B, (6) | 8.050% | 6/15/27 | BBB | 3,554,317 |
| 17,557 | Rabobank Nederland, 144A, (6) | 11.000% | N/A (3) | BBB | 18,961,560 |
| 17,705 | Voya Financial Inc., (5) | 5.650% | 5/15/53 | Baa3 | 18,041,395 |
| | Total Diversified Financial Services | | | | 51,357,272 |
| | **Electric Utilities 3.2%** | | | | |
| 25,600 | Emera, Inc., (5), (6) | 6.750% | 6/15/76 | BBB | 27,699,200 |
| 11,450 | FPL Group Capital Inc. (3-Month LIBOR reference rate + 2.125% spread), (4), (6) | 4.250% | 6/15/67 | BBB | 11,249,625 |
| 1,600 | NextEra Energy Inc., (6) | 4.800% | 12/01/77 | BBB | 1,524,080 |
| 1,000 | NextEra Energy Inc. (3-Month LIBOR reference rate + 2.068% spread), (4), (5) | 4.376% | 10/01/66 | BBB | 995,000 |
| 23,482 | PPL Capital Funding Inc. (3-Month LIBOR reference rate + 2.665% spread), (4), (5) | 4.967% | 3/30/67 | BBB | 23,425,643 |
| | Total Electric Utilities | | | | 64,893,548 |
| | **Energy Equipment & Services 0.7%** | | | | |
| 14,530 | Transcanada Trust, (5) | 5.875% | 8/15/76 | Baa2 | 14,965,900 |
| | **Food Products 0.3%** | | | | |
| 4,500 | Dairy Farmers of America Inc., 144A, (5) | 7.125% | N/A (3) | Baa3 | 4,927,500 |
| | **Industrial Conglomerates 0.6%** | | | | |
| 12,781 | General Electric Capital Corporation | 5.000% | N/A (3) | A | 12,653,190 |
| | **Insurance 24.2%** | | | | |
| 3,598 | Ace Capital Trust II | 9.700% | 4/01/30 | BBB+ | 5,145,140 |
| 9,800 | AIG Life Holdings Inc., (5) | 8.500% | 7/01/30 | Baa2 | 12,446,000 |
| 1,200 | Allstate Corporation | 6.500% | 5/15/57 | Baa1 | 1,356,000 |
| 4,400 | Allstate Corporation, (5) | 5.750% | 8/15/53 | Baa1 | 4,543,000 |
| 13,605 | American International Group, Inc., (5) | 8.175% | 5/15/58 | Baa2 | 17,822,550 |
| 10,000 | | 5.750% | 4/01/48 | Baa2 | 10,050,000 |

| | | | | | |
|---|---|---|---|---|---|
| | American International Group Inc., (5) | | | | |
| 2,299 | AON Corporation, (5) | 8.205% | 1/01/27 | BBB | 2,873,750 |
| 900 | AXA, Reg S | 5.500% | N/A (3) | A3 | 899,010 |
| 16,550 | AXA SA, (5) | 8.600% | 12/15/30 | A3 | 22,383,875 |
| 17,819 | AXA SA, 144A, (6) | 6.380% | N/A (3) | Baa1 | 19,712,269 |
| 32,854 | Catlin Insurance Company Limited, 144A (3-Month LIBOR reference rate + 2.975% spread), (4) | 5.330% | N/A (3) | BBB+ | 32,648,663 |
| 5,000 | Demeter Investments BV for Swiss Re Ltd, Reg S | 5.750% | 8/15/50 | BBB+ | 5,090,000 |
| 1,200 | Everest Reinsurance Holdings, Inc. (3-Month LIBOR reference rate + 2.385% spread), (4), (5) | 4.224% | 5/15/37 | BBB | 1,191,000 |
| 8,100 | Great West Life & Annuity Capital I, 144A | 6.625% | 11/15/34 | A | 9,653,783 |
| 12,250 | Great West Life & Annuity Insurance Capital LP II, 144A (3-Month LIBOR reference rate + 2.538% spread), (4), (5) | 4.388% | 5/16/46 | A | 12,250,000 |
| 11,688 | Hartford Financial Services Group Inc., (6) | 8.125% | 6/15/38 | BBB | 11,717,220 |
| 16,150 | Hartford Financial Services Group, Inc., 144A (3-Month LIBOR reference rate + 2.125% spread), (4), (5) | 3.964% | 8/15/67 | BBB | 15,600,900 |
| 5,500 | Legal & General Group PLC, Reg S | 5.250% | 3/21/47 | BBB+ | 5,443,130 |
| 30,860 | Liberty Mutual Group, 144A, (5), (6) | 7.800% | 3/15/37 | Baa3 | 37,340,600 |
| 20,369 | Liberty Mutual Group, 144A (3-Month LIBOR reference rate + 2.950% spread), (4), (6) | 5.030% | 3/15/37 | Baa3 | 20,063,465 |
| 3,277 | Lincoln National Corporation (3-Month LIBOR reference rate + 2.358% spread),(4), (5) | 4.242% | 5/17/66 | BBB | 3,162,305 |
| 10,390 | Lincoln National Corporation (3-Month LIBOR reference rate + 2.040% spread), (4), (5) | 4.399% | 4/20/67 | BBB | 9,938,035 |
| 6,800 | Meiji Yasuda Life Insurance Co, 144A | 5.100% | 4/26/48 | A3 | 6,929,192 |
| 26,100 | MetLife Capital Trust IV, 144A, (6) | 7.875% | 12/15/37 | BBB | 32,494,500 |
| 3,000 | MetLife Inc., (5) | 10.750% | 8/01/39 | BBB | 4,605,000 |
| 36,531 | MetLife Inc., 144A | 9.250% | 4/08/38 | BBB | 49,682,160 |
| 41,904 | Nationwide Financial Services Inc., (6) | 6.750% | 5/15/37 | Baa2 | 46,722,960 |

| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|---|---|---|---|---|---|
| | **Insurance** (continued) | | | | |
| 6,243 | Oil Insurance Limited, 144A (3-Month LIBOR reference rate + 2.982% spread), (4), (6) | 5.290% | N/A (3) | Baa1 | $ 6,024,495 |
| 10,750 | Provident Financing Trust I, (5), (6) | 7.405% | 3/15/38 | Baa3 | 12,147,500 |
| 6,225 | Prudential Financial Inc., (5) | 5.875% | 9/15/42 | BBB+ | 6,621,844 |
| 27,180 | Prudential Financial Inc., (5) | 5.625% | 6/15/43 | BBB+ | 28,369,125 |
| 1,300 | Prudential PLC, Reg S | 7.750% | N/A (3) | BBB+ | 1,333,150 |
| 5,405 | XL Capital Ltd (3-Month LIBOR reference rate + 2.458% spread), (4) | 4.805% | N/A (3) | BBB | 5,398,244 |
| 28,700 | XLIT Limited | 3.687% | N/A (3) | BBB | 28,700,000 |
| | Total Insurance | | | 44,314 | 46,198 |

| | | |
|---|---|---|
| Repurchases of common stock | (37,209) | - |
| Dividends paid | (232,085) | (928,438) |
| Net cash used in financing activities | (224,980) | (882,240) |
| Net increase (decrease) in cash and cash equivalents | 737,305 | (916,675) |
| Beginning cash and cash equivalents | 18,085,226 | 20,612,721 |
| Ending cash and cash equivalents | $ 18,822,531 | $ 19,696,046 |
| Supplemental Disclosures of Cash Flow Information | | |
| Cash paid for income taxes | $ - | $ - |

The accompanying notes are an integral part of this statement.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### NOTE 1. BASIS OF PRESENTATION

U.S. Global Investors, Inc. (the Company or U.S. Global ) has prepared the consolidated financial statements pursuant to accounting principles generally accepted in the United States of America ( U.S. GAAP ) and the rules and regulations of the United States Securities and Exchange Commission ( SEC ) that permit reduced disclosure for interim periods. The financial information included herein reflects all adjustments (consisting solely of normal recurring adjustments), which are, in management s opinion, necessary for a fair presentation of results for the interim periods presented. The Company has consistently followed the accounting policies set forth in the notes to the consolidated financial statements in the Company s Form 10-K for the fiscal year ended June 30, 2013.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, United Shareholder Services, Inc. ( USSI ), U.S. Global Investors (Guernsey) Limited ( USGG ) (on August 3, 2013, USGG was dissolved), U.S. Global Brokerage, Inc., U.S. Global Investors (Bermuda) Limited, U.S. Global Investors (Canada) Limited, and U.S. Global Indices, LLC.

All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts have been reclassified for comparative purposes. The results of operations for the three months ended September 30, 2013, are not necessarily indicative of the results to be expected for the entire year.

The unaudited interim financial information in these condensed financial statements should be read in conjunction with the consolidated financial statements contained in the Company s annual report.

**Recent Accounting Pronouncements**

On February 5, 2013, the FASB issued Accounting Standard Update (ASU) 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. ASU 2013-02 that does not change the current requirement for reporting net income or other comprehensive income but requires additional disclosures about significant amounts reclassified out of accumulated other comprehensive income. ASU 2013-02 is effective for fiscal years and interim periods within those years beginning after December 31, 2012 and did not have a material impact on the consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. Under this standard, an unrecognized tax benefit should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward, rather than as a liability, when the uncertain tax position would reduce the net operating loss or other carryforward under the tax law. The standard is effective for interim and annual periods beginning after December 15, 2013, and should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The Company is currently evaluating the impact of the standard on its consolidated results of operations and financial condition.

### NOTE 2. INVESTMENTS

As of September 30, 2013, the Company held investments with a market value of approximately $13.1 million and a cost basis of approximately $13.0 million. The market value of these investments is approximately 34.1 percent of the Company s total assets.

Investments in securities classified as trading are reflected as current assets on the consolidated balance sheet at their fair market value. Unrealized holding gains and losses on trading securities are included in earnings in the consolidated statements of operations and comprehensive income.

Investments in securities classified as available-for-sale, which may not be readily marketable, are reflected as non-current assets on the consolidated balance sheet at their fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income as a separate component of shareholders equity until realized.

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The Company records security transactions on trade date. Realized gains (losses) from security transactions are calculated on the first-in/first-out cost basis, unless otherwise identifiable, and are recorded in earnings on the date of sale.

The following summarizes the market value, cost, and unrealized gain or loss on investments as of September 30, 2013, and June 30, 2013.

| Securities | Market Value | Cost | Unrealized Gain (Loss) | Unrealized holding gains on available-for-sale securities, net of tax |
|---|---|---|---|---|
| Trading[1] | $ 4,866,924 | $ 5,457,989 | $ (591,065) | N/A |
| Available-for-sale[2] | 8,223,809 | 7,536,833 | 686,976 | $ 453,404 |
| Total at September 30, 2013 | $ 13,090,733 | $ 12,994,822 | $ 95,911 | |
| | | | | |
| Trading[1] | $ 4,758,220 | $ 5,457,989 | $ (699,769) | N/A |
| Available-for-sale[2] | 9,053,111 | 8,064,902 | 988,209 | $ 652,218 |
| Total at June 30, 2013 | $ 13,811,331 | $ 13,522,891 | $ 288,440 | |

[1]*Unrealized and realized gains and losses on trading securities are included in earnings in the statement of operations.*

[2]*Unrealized gains and losses on available-for-sale securities are excluded from earnings and recorded in other comprehensive income as a separate component of shareholders equity until realized.*

The following details the components of the Company s available-for-sale investments as of September 30, 2013, and June 30, 2013.

| | September 30, 2013 (in thousands) | | | |
|---|---|---|---|---|
| | | Gross Unrealized | | |
| | Cost | Gains | (Losses) | Market Value |
| Available-for-sale securities | | | | |
| Common stock | $ 842 | $ 900 | $ (3) | $ 1,739 |
| Venture capital investments | 168 | - | (5) | 163 |
| Offshore fund | 5,000 | - | (222) | 4,778 |
| Mutual funds | 1,527 | 20 | (3) | 1,544 |
| Total available-for-sale securities | $ 7,537 | $ 920 | $ (233) | $ 8,224 |

| | June 30, 2013 (in thousands) | | | |
|---|---|---|---|---|
| | | Gross Unrealized | | |
| | Cost | Gains | (Losses) | Market Value |
| Available-for-sale securities | | | | |
| Common stock | $ 870 | $ 529 | $ (5) | $ 1,394 |
| Venture capital investments | 168 | - | (5) | 163 |

| | | | | |
|---|---|---|---|---|
| Offshore fund | 5,000 | - | (288) | 4,712 |
| Mutual funds | 2,027 | 760 | (3) | 2,784 |
| Total available-for-sale securities | $ 8,065 | $ 1,289 | $ (301) | $ 9,053 |

The following tables show the gross unrealized losses and fair values of available-for-sale investment securities with unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

| | September 30, 2013 (in thousands) | | | | | |
|---|---|---|---|---|---|---|
| | Less Than 12 Months | | 12 Months or Greater | | Total | |
| | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| Available-for-sale securities | | | | | | |
| Common stock | $ 97 | $ (3) | $ - | $ - | $ 97 | $ (3) |
| Venture capital investments | 163 | (5) | - | - | 163 | (5) |
| Offshore fund | - | - | 4,778 | (222) | 4,778 | (222) |
| Mutual funds | 4 | (3) | - | - | 4 | (3) |
| Total available-for-sale securities | $ 264 | $ (11) | $ 4,778 | $ (222) | $ 5,042 | $ (233) |

| | June 30, 2013 (in thousands) | | | | | |
|---|---|---|---|---|---|---|
| | Less Than 12 Months | | 12 Months or Greater | | Total | |
| | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| Available-for-sale securities | | | | | | |
| Common stock | $ 95 | $ (5) | $ - | $ - | $ 95 | $ (5) |
| Venture capital investments | 163 | (5) | - | - | 163 | (5) |
| Offshore fund | - | - | 4,712 | (288) | 4,712 | (288) |
| Mutual funds | 3 | (3) | - | - | 3 | (3) |
| Total available-for-sale securities | $ 261 | $ (13) | $ 4,712 | $ (288) | $ 4,973 | $ (301) |

Investment income can be volatile and varies depending on market fluctuations, the Company s ability to participate in investment opportunities, and timing of transactions. A significant portion of the unrealized gains and losses for the three months ended September 30, 2013, is concentrated in a small number of issuers. The Company expects that gains and losses will continue to fluctuate in the future.

Investment income (loss) from the Company s investments includes:

realized gains and losses on sales of securities;
unrealized gains and losses on trading securities;
realized foreign currency gains and losses;
other-than-temporary impairments on available-for-sale securities; and
dividend and interest income.

The following summarizes investment income reflected in earnings for the periods discussed:

| Investment Income | Three Months Ended September 30, 2013 | 2012 |
|---|---|---|
| Realized gains on sales of available-for-sale securities | $ 875,346 | $ - |
| Unrealized gains on trading securities | 108,704 | 171,581 |
| Realized foreign currency gains (losses) | 4,979 | (25) |
| Dividend and interest income | 71,621 | 29,095 |
| **Total Investment Income** | $ 1,060,650 | $ 200,651 |

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**Note 3. Fair Value Disclosures**

Accounting Standards Codification (ASC) 820, *Fair Value Measurement and Disclosures*, defines fair value 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. ASC 820 establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value and requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy (i.e., Levels 1, 2, and 3 inputs, as defined below). The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Additionally, companies are required to provide enhanced disclosures regarding instruments in the Level 3 category (which have inputs to the valuation techniques that are unobservable and require significant management judgment), including a reconciliation of the beginning and ending values separately for each major category of assets or liabilities.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities at the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, value of these products does not entail a significant degree of judgment.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the fair value measurement.

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.

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 actively traded, it is valued based on the last bid and/or ask quotation. Securities that are not traded on an exchange or market are generally valued at cost, monitored by management and fair value adjusted as considered necessary. The Company values the mutual funds, offshore funds and a venture capital investment at net asset value.

The following table presents fair value measurements, as of September 30, 2013, for the three major categories of U.S. Global s investments measured at fair value on a recurring basis:

| | Fair Value Measurement using (in thousands) September 30, 2013 | | | |
|---|---|---|---|---|
| | **Quoted Prices** (Level 1) | **Significant Other Inputs** (Level 2) | **Significant Unobservable Inputs** (Level 3) | **Total** |
| Trading securities | | | | |
| Common stock | $ 23 | $ - | $ - | $ 23 |
| Offshore fund | - | 902 | - | 902 |
| Mutual funds | 3,942 | - | - | 3,942 |
| Total trading securities | 3,965 | 902 | - | 4,867 |

| | | | | |
|---|---|---|---|---|
| Available-for-sale securities | | | | |
| Common stock | 1,642 | - | 97 | 1,739 |
| Venture capital investments | - | - | 163 | 163 |
| Offshore fund | - | 4,778 | - | 4,778 |
| Mutual funds | 1,544 | - | - | 1,544 |
| Total available-for-sale securities | 3,186 | 4,778 | 260 | 8,224 |
| Total Investments | $ 7,151 | $ 5,680 | $ 260 | $ 13,091 |

Approximately 55 percent of the Company s financial assets measured at fair value are derived from Level 1 inputs including SEC-registered mutual funds and equity securities traded on an active market, 43 percent of the Company s financial assets measured at fair value are derived from Level 2 inputs, including an investment in an offshore fund, and the remaining two percent are Level 3 inputs. The Company recognizes transfers between levels at the end of each quarter. The Company did not transfer any securities between Level 1 and Level 2 during the three months ended September 30, 2013.

In Level 2, the Company has an investment in an offshore fund with a fair value of $902,009, based on the net asset value per share, which invests in companies in the energy and natural resources sectors. The Company may redeem this investment on the first business day of each month after providing a redemption notice at least forty-five days prior to the proposed redemption date.

The Company also has a Level 2 investment in an offshore fund with a fair value of $4,778,290, based on the net asset value per share, which invests in dividend-paying equity and debt securities of companies located around the world. The Company may redeem this investment on the first business day of each month after providing a redemption notice at least forty-five days prior to the proposed redemption date. The Company has provided notice of redemption and anticipates that the redemption will be fulfilled by receiving securities in-kind before 2013 calendar year end.

In Level 3, the Company held investments in a private company and one venture capital investment. These investments are measured at fair value using significant unobservable inputs at September 30, 2013. Fair value is based on cost adjusted for known changes in value.

The Level 3 venture capital investment has a fair value of approximately $162,841 and primarily invests in companies in the medical and medical technology sectors. The Company may redeem this investment with general partner approval. As of September 30, 2013, the Company has an unfunded commitment of $62,500 related to this investment.

The Company also has an investment in restricted share of a private sports entertainment company with a fair value of approximately $97,000.

The following table presents additional information about investments measured at fair value on a recurring basis and for which the Company has utilized significant unobservable inputs to determine fair value:

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

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| (Dollars in Thousands) | Venture Capital Investments | Common Stock | Venture Capital Investments | Common Stock |
| Beginning Balance | $ 163 | $ 95 | $ 168 | $ - |
| Return of capital | - | - | - | - |
| Total gains or losses (realized/unrealized) | | | | |
| Included in earnings (investment income) | - | - | - | - |
| Included in other comprehensive income | - | 2 | - | - |
| Purchases, sales, issuances, and settlements | - | - | - | - |
| Transfers in and/or out of Level 3 | - | - | - | - |
| Ending Balance | $ 163 | $ 97 | $ 168 | $ - |

**NOTE 4. EQUITY INVESTMENT**

In January 2013, the Company entered into a Stock Purchase Agreement with Galileo Global Equity Advisors Inc. ( Galileo ), a privately held Toronto-based asset management firm, to purchase 50 percent of the issued and outstanding shares of Galileo for $600,000. The closing date of the transaction was March 31, 2013. Galileo will continue to have overall control of the operations and investment management activities of Galileo, including its management of the

Galileo Funds. After one year, Galileo may terminate the agreement or allow the Company to purchase an additional 15 percent of its shares. The Company is continuing to evaluate the transaction, and future changes to the amounts recorded could occur. There was no material basis difference between the cost of the Company s investment in Galileo and the Company s proportionate share of the underlying equity in net assets of Galileo. Frank Holmes, CEO, and Susan McGee, President and General Counsel, serve as directors of Galileo.

As the Company lacks control over the investee, the Company accounts for its interest in Galileo under the equity method with its share of Galileo s profit or loss recognized in earnings. Included in other income for the three months ending September 30, 2013, is $7,188 of equity method losses of Galileo.

**NOTE 5. INVESTMENT MANAGEMENT, TRANSFER AGENT AND OTHER FEES**

The Company serves as investment adviser to U.S. Global Investors Funds ( USGIF or the Funds ) and receives a fee based on a specified percentage of net assets under management.

USSI also serves as transfer agent to USGIF and receives fees based on the number of shareholder accounts as well as transaction and activity-based fees. The Company s Board of Directors formally agreed on August 23, 2013, to exit the transfer agency business so that the Company could focus more on its core strength of investment management. On August 23, 2013, the Funds Board of Trustees agreed to continue the existing transfer agency contract with USSI until conversion to the new transfer agent, which is projected to be in December 2013. The transfer agency fees are included in discontinued operations on the statement of operations. Additionally, the Company receives certain miscellaneous fees directly from USGIF shareholders. The Company will continue to receive the shareholder servicing fees based on the value of assets held thorough broker-dealer platforms.

The advisory agreement for the equity funds 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. For the three months ended September 30, 2013 and 2012, the Company realized a decrease in its base advisory fee of $132,611 and $346,914, respectively.

Effective May 1, 2013, the Company agreed to contractually limit the expenses of the two fixed income funds and the institutional class of Global Resources Fund through April 30, 2014. The Company has voluntarily waived or reduced its fees and/or agreed to pay expenses on the remaining 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 the three months ended September 30, 2013, were $855,370 compared with $850,042 for the corresponding period in the prior fiscal year.

The above waived fees include amounts waived under an agreement whereby the Company has voluntarily agreed to waive fees and/or reimburse the U.S. Treasury Securities Cash Fund and the U.S. Government Securities Savings Fund to the extent necessary to maintain the respective fund s yield at a certain level as determined by the Company (Minimum Yield). For the three months ended September 30, 2013, total fees waived and/or expenses reimbursed as a result of this agreement were $334,764. For the corresponding period in fiscal year 2013, the total fees waived and/or expenses reimbursed were $300,635.

The Company may recapture any fees waived and/or expenses reimbursed within three years after the end of the fund s fiscal year of such waiver and/or reimbursement to the extent that such recapture would not cause the fund s yield to fall below the Minimum Yield. Thus, $678,107 of the waiver for the U.S. Government Securities Savings Fund is recoverable by the Company through December 31, 2013; $736,531 through December 31, 2014; $509,874 through December 31, 2015; and $395,409 through December 31, 2016. The U.S. Treasury Securities Cash Fund also has waivers subject to future recapture; however, because the fund will be liquated in December 2013, no recapture is expected.

The Company provides advisory services for three offshore clients and receives monthly advisory fees based on the net asset values of the clients and monthly performance fees, if any, based on the overall increase in net asset values. The Company recorded advisory and performance fees from these clients totaling $52,278 for the three months ended September 30, 2013, and $90,562 for the corresponding period in the prior fiscal year. Frank Holmes, CEO, serves as a director of the offshore clients.

**NOTE 6. BORROWINGS**

As of September 30, 2013, the Company has no long-term liabilities.

The Company has access to a $1 million credit facility with a one-year maturity for working capital purposes. The credit agreement requires the Company to maintain certain quarterly financial covenants to access the line of credit. The Company has been in compliance with all financial covenants during the fiscal year. As of September 30, 2013, this credit facility remained unutilized by the Company.

**NOTE 7. STOCKHOLDERS EQUITY**

Payment of cash dividends is within the discretion of the Company s board of directors and is dependent on earnings, operations, capital requirements, general financial condition of the Company, and general business conditions. A monthly dividend of $0.005 per share is authorized through December 2013 and will be reviewed by the board quarterly.

The Board of Directors approved a share repurchase program on December 7, 2012, authorizing the Company to purchase up to $2.75 million of its outstanding common shares as market and business conditions warrant on the open market in compliance with Rule 10b-18 of the Securities Exchange Act of 1934. The share repurchase authorization expires at the end of calendar 2013. For the three months ended September 30, 2013, the Company had repurchased 13,219 class A shares using cash of $37,209. There remains approximately $2.539 million available for repurchase under this authorization. The acquired shares may be used for corporate purposes, including shares issued to employees in the Company s stock-based compensation programs.

The Company accounts for stock-based compensation in accordance with ASC 718 *Compensation Stock Compensation*. Stock-based compensation expense is recorded for the cost of stock options. Stock-based compensation expense for the three months ended September 30, 2013, was $610, compared to $7,710 in the corresponding period in fiscal 2013. As of September 30, 2013, and 2012, respectively, there was approximately $7,117 and $9,557 of total unrecognized share-based compensation cost related to share-based compensation granted under the plans that will be recognized over the remainder of their respective vesting periods.

**Stock compensation plans**

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. Options outstanding at September 30, 2013, were 29,000 at a weighted average exercise price of $17.03. Options exercisable at September 30, 2013, were 26,000 at a weighted average exercise price of $18.25. There was no option activity for the three months ended September 30, 2013.

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**Note 8. Earnings Per Share**

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

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

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | | 2013 | | 2012 |
| Income (loss) from continuing operations | $ | (8,768) | $ | 93,039 |
| Loss from discontinued operations | | (28,645) | | (44,239) |
| **Net income (loss)** | $ | (37,413) | $ | 48,800 |
| **Weighted average number of outstanding shares** | | | | |
| Basic | | 15,471,268 | | 15,475,887 |
| **Effect of dilutive securities** | | | | |
| Employee stock options | | - | | - |
| Diluted | | 15,471,268 | | 15,475,887 |
| **Earnings (loss) per share** | | | | |
| Basic: | | | | |
| Income (loss) from continuing operations | $ | 0.00 | $ | 0.00 |
| Loss from discontinued operations | $ | 0.00 | $ | 0.00 |
| Net income (loss) | $ | 0.00 | $ | 0.00 |
| Diluted: | | | | |
| Income (loss) from continuing operations | $ | 0.00 | $ | 0.00 |
| Loss from discontinued operations | $ | 0.00 | $ | 0.00 |
| Net income (loss) | $ | 0.00 | $ | 0.00 |

The diluted EPS calculation excludes the effect of stock options when their exercise prices exceed the average market price for the period. For the three months ended September 30, 2013, and 2012, 29,000 options were excluded from diluted EPS, respectively.

The Company may repurchase stock from employees. The Company made no repurchases of shares of its class B, or class C common stock during the three months ended September 30, 2013. During the three months ended September 30, 2013, the Company repurchased 13,219 class A shares on the open market using cash of $37,209. The Company did not repurchase any shares of its class A common stock on the open market during the same period in fiscal year 2013. Upon repurchase, these shares are classified as treasury shares and are deducted from outstanding shares in the earnings per share calculation.

**Note 9. Income Taxes**

The Company and its subsidiaries file a consolidated federal income tax return. 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. The current deferred tax asset primarily consists of unrealized losses on trading securities. The long-term deferred tax asset is composed primarily of capital loss carryover, unrealized losses and other-than-temporary impairments on available-for-sale securities and the difference in tax treatment of stock options.

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For federal income tax purposes at September 30, 2013, the Company has capital loss carryovers of approximately $734,000 expiring in fiscal year 2018. The Company also has charitable contribution carryovers of approximately $82,000 expiring in fiscal years 2018 - 2019.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax amount will not be realized. At September 30, 2013, and June 30, 2013, a valuation allowance of $27,993 and $27,286, respectively, was included related to the charitable contribution carryover.

**Note 10. Financial Information by Business Segment**

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

| | Investment Management Services | Corporate Investments | Consolidated |
|---|---|---|---|
| **Three months ended September 30, 2013** | | | |
| Net operating revenues | $ 3,052,001 | $ - | $ 3,052,001 |
| Net other income | $ - | $ 1,053,462 | $ 1,053,462 |
| Income (loss) from continuing operations before income taxes | $ (1,076,236) | $ 1,053,462 | $ (22,774) |
| Loss from discontinued operations | $ (28,645) | $ - | $ (28,645) |
| Net income (loss) | $ (1,090,680) | $ 1,053,267 | $ (37,413) |
| Depreciation | $ 64,452 | $ - | $ 64,452 |
| Interest expense | $ - | $ - | $ - |
| Capital expenditures | $ - | $ - | $ - |
| Gross identifiable assets at September 30, 2013 | $ 23,862,044 | $ 13,806,572 | $ 37,668,616 |
| Deferred tax asset | | | $ 668,352 |
| Consolidated total assets at September 30, 2013 | | | $ 38,336,968 |
| **Three months ended September 30, 2012** | | | |
| Net operating revenues | $ 4,412,542 | $ - | $ 4,412,542 |
| Net other income | $ - | $ 200,651 | $ 200,651 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Income (loss) from continuing operations before income taxes | $ | (44,086) | $ | 200,651 | $ | 156,565 |
| Loss from discontinued operations | $ | (44,239) | $ | - | $ | (44,239) |
| Net income (loss) | $ | (150,810) | $ | 199,610 | $ | 48,800 |
| Depreciation | $ | 68,747 | $ | - | $ | 68,747 |
| Interest expense | $ | - | $ | - | $ | - |
| Capital expenditures | $ | - | $ | - | $ | - |

**Note 11. Contingencies and Commitments**

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

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

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The Board has authorized a monthly dividend of $0.005 per share through December 2013, 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 to be paid to class A and class C shareholders from October to December 2013 will be approximately $232,000.

**Note 12. Discontinued Operations**

The Company s Board of Directors formally agreed on August 23, 2013, to exit the transfer agency business so that the Company could focus more on its core strength of investment management. On August 23, 2013, the Funds Board of Trustees agreed to continue the existing transfer agency contract with USSI until conversion to the new transfer agent, which is projected to be in December 2013.

The transfer agency results, together with expenses associated with discontinuing transfer agency operations, are reflected as discontinued operations in the statement of operations and are therefore exclude from continuing operations results. Comparative periods shown in the statement of operations have been adjusted to conform with this presentation.

The assets and liabilities related to the transfer agency business are as follows at September 30, 2013:

| | As of September 30, 2013 |
|---|---|
| **Assets** | |
| Receivables | $ 240,962 |
| Property and equipment, net | 37,487 |
| **Total assets held related to discontinued operations** | $ 278,449 |
| **Liabilities** | |
| Other Accrued expenses | $ 5,002 |
| Accrued compensation | 59,646 |
| **Total liabilities held related to discontinued operations** | $ 64,648 |

The components of income from discontinued operations were as follows for the three months ended September 30, 2013, and 2012:

| | Three Months Ended September 30, 2013 | 2012 |
|---|---|---|
| Operating revenue | $ 313,592 | $ 364,373 |
| Operating expenses | 356,993 | 431,402 |
| Loss from discontinued operations before income taxes | (43,401) | (67,029) |
| Income tax benefit | (14,756) | (22,790) |
| Loss from discontinued operations, net of tax | $ (28,645) | $ (44,239) |

**Note 13. Subsequent Events**

As discussed in Notes 5 and 12, the Company anticipates discontinuing its transfer agency business in December 2013.

On August 23, 2013, the Funds Board of Trustees approved an increase to the administrative services fees paid to the Company. The new fees, projected to be effective in December 2013, will change from an annual rate of 0.08 percent to 0.10 percent per investor class and from 0.06 percent to 0.08 percent per institutional class of each Fund, based on average daily net assets, plus $10,000 per Fund.

Over the next few months, the Company is anticipating several changes to the mutual funds it manages. The Global Emerging Markets Fund liquidated on October 31, 2013. The following activities are anticipated to be completed by the end of 2013: (1) pending shareholder approval, reorganize the MegaTrends Fund into the Holmes Growth Fund (to be named Holmes Macro Trends Fund), (2) reorganize the Tax Free Fund into the Near-Term Tax Free Fund, (3) pending shareholder approval, change the U.S. Government Securities Savings Fund from a money market fund to a U.S. government ultrashort bond fund, and (4) liquidate the U.S. Treasury Securities Cash Fund.

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

*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, (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.*

### 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. Although the Company generates the majority of its revenues from its investment advisory segment, the Company holds a significant amount of its total assets in investments. The following is a brief discussion of the Company s two business segments.

#### Investment Management Services

The Company generates substantially all of its operating revenues from managing and servicing USGIF and other advisory clients. 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 funds asset levels, thereby affecting income and results of operations.

Detailed information regarding the SEC-registered funds managed by the Company can be found on the Company s website, www.usfunds.com, including performance information for each fund for various time periods, assets under management as of the most recent month end and inception date of each fund.

SEC-registered mutual fund shareholders are not required to give advance notice prior to redemption of shares in the funds; however, the equity funds charge a redemption fee if the fund shares have been held for less than the applicable periods of time set forth in the funds prospectuses. The fixed income and money market funds charge no redemption fee. Detailed information about redemption fees can be found in the funds prospectus, which is available on the Company s website, www.usfunds.com.

The Company provides advisory services for three offshore clients and receives monthly advisory fees based on the net asset values of the clients and monthly performance fees, if any, based on the overall increase in net asset values. The Company recorded advisory and performance fees from these clients totaling $52,278 for the three months ended September 30, 2013, and $90,562 for the corresponding period in fiscal 2013. Frank Holmes, CEO, serves as a director of the offshore clients.

At September 30, 2013, total assets under management as of period-end, including both SEC-registered funds and offshore clients, were $1.192 billion versus $1.766 billion at September 30, 2012, a decrease of 32.5 percent. During the three months ended September 30, 2013, average assets under management were $1.199 billion versus $1.664 billion during the three months ended September 30, 2012. Total assets under management as of period-end at September 30, 2013, were $1.192 billion versus $1.162 billion at June 30, 2013, the Company s prior fiscal year end.

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The following tables summarize the changes in assets under management for the SEC-registered funds for the three months ended September 30, 2013, and 2012:

| | Changes in Assets Under Management Three Months Ended September 30, 2013 | | |
|---|---|---|---|
| (Dollars in Thousands) | Equity | Money Market and Fixed Income | Total |
| Beginning Balance | $ 857,302 | $ 283,144 | $ 1,140,446 |
| Market appreciation | 71,184 | 141 | 71,325 |
| Dividends and distributions | - | (443) | (443) |
| Net shareholder redemptions | (30,000) | (15,839) | (45,839) |
| Ending Balance | $ 898,486 | $ 267,003 | $ 1,165,489 |
| Average investment management fee | 0.96% | 0.00% | 0.73% |
| Average net assets | $ 894,411 | $ 278,577 | $ 1,172,988 |

| | Changes in Assets Under Management Three Months Ended September 30, 2012 | | |
|---|---|---|---|
| (Dollars in Thousands) | Equity | Money Market and Fixed Income | Total |
| Beginning Balance | $ 1,289,160 | $ 302,770 | $ 1,591,930 |
| Market appreciation | 190,008 | 840 | 190,848 |
| Dividends and distributions | - | (395) | (395) |
| Net shareholder redemptions | (42,478) | (8,772) | (51,250) |
| Ending Balance | $ 1,436,690 | $ 294,443 | $ 1,731,133 |
| Average investment management fee | 0.97% | 0.00% | 0.79% |
| Average net assets | $ 1,328,897 | $ 301,727 | $ 1,630,624 |

As shown above, period-end assets under management were lower at September 30, 2013, compared to September 30, 2012. Also, average net assets for the current quarter were lower than the same quarter in the previous fiscal year. Net shareholder redemptions adversely affected both the current quarter and the same quarter in the previous year. The money market funds in both periods decreased as shareholders sought alternatives to low yields. Both periods had shareholder redemptions and were offset by market appreciation, resulting in an overall increase in net assets.

The average annualized investment management fee rate (total mutual fund advisory fees, excluding performance fees, as a percentage of average assets under management) was 73 basis points in the first quarter of fiscal 2014 and 79 basis points in the same period in fiscal 2013. The average investment management fee for the fixed income funds was nil for the periods. This is due to voluntary fee waivers on these funds as discussed in Note 5 to the financial statements, including a voluntary agreement to support the yields for the money market 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 September 30, 2013, the Company held investments with a market value of approximately $13.1 million and a cost basis of approximately $13.0 million. The market value of these investments is approximately 34.1 percent of the Company s total assets. See Note 2 (Investments) and Note 3 (Fair Value Disclosures) for additional detail regarding investment activities.

**RESULTS OF OPERATIONS THREE MONTHS ENDED SEPTEMBER 30, 2013, AND 2012**

The Company posted net loss of $37,413 ($0.00 per share loss) for the three months ended September 30, 2013, compared with net income of $48,800 ($0.00 per share) for the three months ended September 30, 2012, a decrease of $86,213, or 176.7 percent.

**Operating Revenues**

Total consolidated operating revenues for the three months ended September 30, 2013, decreased $1,360,541, or 30.8 percent, compared with the three months ended September 30, 2012. This decrease was primarily attributable to the following:

- Mutual fund advisory fees decreased by $880,063, or 30.2 percent, as a result of lower assets under management. Mutual fund 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.
  - Base management fees decreased $1,094,366 as a result of lower assets under management due to market depreciation and shareholder redemptions in the natural resources and emerging markets funds.
  - This decrease in management fees was offset by a $214,303 decrease in performance fee adjustments paid out in the current period versus the prior period.
- Distribution fee revenue, shareholder service fee revenue and administrative service fee revenue decreased by $240,641, $118,673, and $82,880, or 31.2 percent, 31.3 percent and 32.6 percent, respectively, as a result of lower average net assets under management upon which these fees are based.

**Operating Expenses**

Total consolidated operating expenses for the three months ended September 30, 2013, decreased $328,391, or 7.4 percent, compared with the three months ended September 30, 2012. This was largely attributable to the following:

- Employee compensation and benefits decreased by $275,426, or 12.8 percent, primarily as a result of lower performance-based bonuses and fewer employees.
- Platform fees decreased $206,643, or 28.9 percent, primarily due to lower assets held through broker-dealer platforms.
- This was offset by an increase in general and administrative expenses of $185,401, or 13.8 percent, primarily due to expenses related to strategic fund changes.

**Other Income**

Total consolidated other income for the three months ended September 30, 2013, increased $852,811, or 425.0 percent, compared with the three months ended September 30, 2012. This was largely attributable to gains realized upon sale of available-for-sale securities during the three months ended September 30, 2013.

**Loss on Discontinued Operations**

Total loss on discontinued operations for the three months ended September 30, 2013, decreased by $15,594, or 35.2 percent, compared to the prior period as a result of a reduction in general and administrative expenses in the current period.

**LIQUIDITY AND CAPITAL RESOURCES**

At September 30, 2013, the Company had net working capital (current assets minus current liabilities) of approximately $23.7 million and a current ratio (current assets divided by current liabilities) of 13.2 to 1. With approximately $18.8 million in cash and cash equivalents and approximately $13.1 million in marketable securities, the Company has adequate liquidity to meet its current obligations. Total shareholders equity is approximately $36.4 million, with cash, cash equivalents, and marketable securities comprising 83.2 percent of total assets.

As of September 30, 2013, the Company has no long-term liabilities. The Company has access to a $1 million credit facility with a one-year maturity for working capital purposes. The credit agreement requires the Company to maintain certain quarterly financial covenants to access the line of credit. The Company has been in compliance with all financial covenants during the fiscal year. As of September 30, 2013, this credit facility remained unutilized by the Company.

Management believes current cash reserves, financing available, and potential cash flow from operations will be sufficient to meet foreseeable cash needs or capital necessary for the above-mentioned activities and allow the Company to take advantage of opportunities for growth whenever available.

With the exception of the mutually agreed upon termination of the transfer agency agreement between USSI and USGIF, the investment advisory and related contracts between the Company or its subsidiaries and USGIF have been renewed through September 2014. The Company provides advisory services to three offshore clients for which the Company receives a monthly advisory fee and performance fee, if any, based on agreed-upon performance measurements. The contracts between the Company and these offshore clients expire periodically, and management anticipates that its offshore clients will renew the contracts.

**CRITICAL ACCOUNTING ESTIMATES**

For a discussion of 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, 2013. As discussed in Note 1 of the Notes to Consolidated Financial Statements, the Company has adopted certain recently issued financial accounting pronouncements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company s balance sheet includes assets whose fair value is subject to market risks. Due to the Company s investments in equity securities, 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 market value.

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.

The table below summarizes the Company s equity price risks as of September 30, 2013, and shows the effects of a hypothetical 25 percent increase and a 25 percent decrease in market prices.

| | Fair Value at September 30, 2013 | Hypothetical Percentage Change | Estimated Fair Value After Hypothetical Price Change | Increase (Decrease) in Shareholders Equity, Net of Tax |
|---|---|---|---|---|
| Trading securities [1] | $4,866,924 | 25% increase | $6,083,655 | $803,042 |
| | | 25% decrease | $3,650,193 | ($803,042) |
| Available-for-sale [2] | $8,223,809 | 25% increase | $10,279,761 | $1,356,928 |
| | | 25% decrease | $6,167,857 | ($1,356,928) |

*[1]Unrealized and realized gains and losses on trading securities are included in earnings in the statement of operations.*
*[2]Unrealized and realized gains and losses on available-for-sale securities are excluded from earnings and recorded in other comprehensive income as a component of shareholders equity until realized.*

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 equity markets and the concentration of the Company s investment portfolio.

**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 September 30, 2013, 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 effective as of September 30, 2013.

There has been no change in the Company s internal control over financial reporting that occurred during the three months ended September 30, 2013, that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

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U.S. Global Investors, Inc.



## 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, 2013. There has been no material changes since fiscal year end to the risk factors listed therein.

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

Issuer Purchases of Equity Securities

| 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 |
|---|---|---|---|---|---|
| 07-01-13 to 07-31-13 | 3,980 | $ 9,627 | $ 2.42 | 3,980 | $ 2,566,765 |
| 08-01-13 to 08-31-13 | 3,480 | 10,682 | 3.07 | 3,480 | 2,556,083 |
| 09-01-13 to 09-30-13 | 5,759 | 16,900 | 2.93 | 5,759 | 2,539,183 |
| Total | 13,219 | $ 37,209 | $ 2.81 | 13,219 | 2,539,183 |

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

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

3 *The repurchase plan was approved on December 7, 2012, and will continue for twelve months in calendar year 2013.*

### ITEM 5. OTHER INFORMATION

Investors and others should note that the Company announces material financial information to its investors using the website, SEC filings, press releases, public conference calls and webcasts. The Company also uses social media to communicate with its customers and the public about the Company. It is possible that the information it posts on social media could be deemed to be material information. Therefore, the Company encourages investors, the media, and others interested in the Company to review the information it posts on social media channels listed below. This list may be updated from time to time.

https://www.facebook.com/USFunds

https://twitter.com/USFunds

Information contained on the Company s website or on social media channels is not deemed part of this report.

**ITEM 6. EXHIBITS**

1. Exhibits

| | |
|---|---|
| 31 | Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002 |
| 32 | Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002 |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Labels Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |

**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: November 7, 2013 BY: /s/ Frank E. Holmes
Frank E. Holmes
Chief Executive Officer

DATED: November 7, 2013 BY: /s/ Lisa C. Callicotte
Lisa C. Callicotte
Chief Financial Officer