



U.S. Global Investors, Inc. (GROW)

Updated March 27th, 2025 by Nikos Sismanis

Key Metrics

Current Price:	\$2.35	5 Year Annual Expected Total Return:	-6.4%	Market Cap:	\$31.3 M
Fair Value Price:	\$1.20	5 Year Growth Estimate:	1.0%	Ex-Dividend Date:	04/14/2025
% Fair Value:	196%	5 Year Valuation Multiple Estimate:	-12.6%	Dividend Payment Date:	04/28/2025
Dividend Yield:	3.8%	5 Year Price Target	\$1.26	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Financials	Rating:	Sell

Overview & Current Events

U.S. Global Investors is a small investment adviser. Headquartered in San Antonio, Texas, the firm was founded in 1968 and operates in two main segments: Investment Management Services and Corporate Investments. The firm provides advisory and administrative services to U.S. Global Investors Funds (USGIF) and several exchange-traded funds (ETFs), including the U.S. Global Jets ETF (JETS), U.S. Global GO GOLD and Precious Metal Miners ETF (GOAU), U.S. Global Sea to Sky Cargo ETF (SEA), and The Travel UCITS ETF (TRIP), a European-based ETF. U.S. Global primarily focuses on sectors such as airlines, gold and precious metals, natural resources, and emerging markets. As of its latest quarterly filings, the firm had about \$1.5 billion in assets under management (AUM). The firm is generally recognized for its niche expertise in gold mining and exploration, natural resources, and the airline industry. It now has a market cap of just \$31.3 million.

On February 12th, 2025, U.S. Global Investors reported its fiscal Q2 results for the period ending December 31st, 2024. The company posted operating revenues of \$2.2 million, a decline from \$2.8 million in the same quarter a year earlier, primarily driven by a reduction in assets under management (AUM), which stood at about \$1.5 billion at quarter-end compared to \$2.1 billion a year ago. This \$600 million drop in AUM significantly impacted fee income and reflects continued outflows, particularly from key ETF products.

The quarter also saw the launch of a new actively managed ETF—U.S. Global Technology and Aerospace & Defense ETF (NYSE: WAR), marking the firm's expansion into defense and advanced tech sectors through a Smart Beta 2.0 investment strategy. Meanwhile, strength in gold markets helped offset some of the weakness, with global gold demand reaching a record high in 2024, supporting performance in the company's GOAU gold-focused ETF.

Despite these efforts, the firm posted a net loss of \$86,000, or \$0.01 per share, compared to net income of \$1.2 million, or \$0.09 per share, in the same quarter last year. The decline was largely attributed to a combination of lower operating income and elevated operating expenses. For fiscal 2025, we expect EPS of \$0.12.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	(\$0.26)	(\$0.14)	(\$0.02)	\$0.03	(\$0.11)	(\$0.10)	\$1.53	\$0.46	\$0.17	\$0.08	\$0.12	\$0.13
DPS	\$0.06	\$0.04	\$0.03	\$0.03	\$0.03	\$0.03	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09
Shares¹	15.4	15.3	15.2	15.2	15.1	15.1	15.1	15.0	14.6	14.2	14.2	14.0

U.S. Global Investors has struggled to post consistent earnings growth over the past decade due to its heavy reliance on niche, highly cyclical sectors like airlines and gold, which are prone to sharp market swings. The company's revenue is closely tied to AUM, which can decline quickly during volatile periods, while operating costs remain relatively fixed, leading to frequent losses. The standout surge in EPS to \$1.53 in 2021 was largely driven by a massive increase in assets and inflows into the JETS ETF, as investors piled into airline stocks during the post-COVID reopening rally. Nevertheless, this performance, wasn't sustained, as flows normalized and markets cooled, highlighting the firm's dependence on short-lived sector trends rather than steady, diversified growth. For this reason, we have utilized a CAGR of just 1% in both our EPS and DPS estimates. GROW pays dividends on a monthly basis. No dividend hikes have occurred since 2021.

¹ Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/B	---	---	---	---	---	---	3.5	10.2	17.7	33.8	19.6	10.0
Avg. Yld.	5.2%	3.0%	0.8%	2.7%	2.1%	0.8%	2.8%	2.0%	3.2%	3.3%	3.8%	7.5%

Given the company's history of losses and volatile EPS, its P/E ratio is not a reliable valuation metric. That said, in a stable earnings environment, we believe a 10x multiple would fairly reflect its niche focus and earnings potential. Accordingly, we believe the stock is quite overvalued today. We believe investors pay a premium earnings-wise due to the appeal of the monthly dividend. It's worth noting, however, that the company has a net cash position of \$35.7 million, which is above its current market cap. This also explains why the current multiple appears elevated.

Safety, Quality, Competitive Advantage, & Recession Resiliency

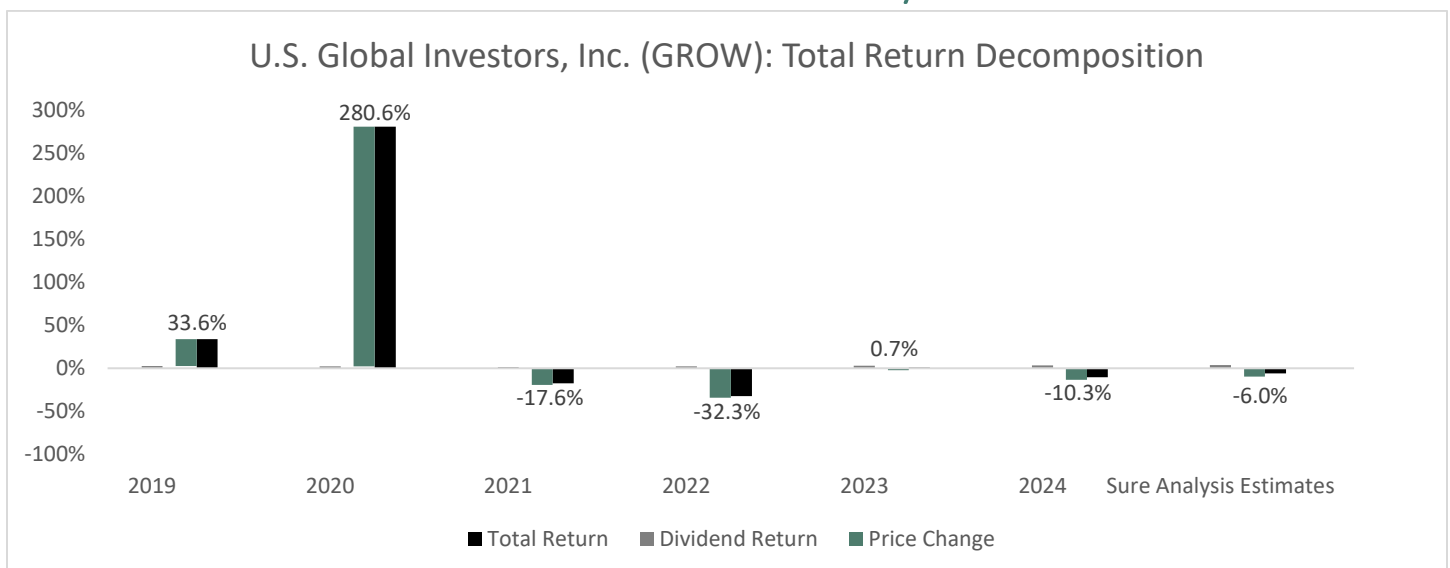
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	---	100%	---	---	6%	20%	53%	113%	75%	75%

The business lacks a significant competitive advantage due to its small size, but it is recognized for its expertise in precious metals and emerging markets. These niche sectors allow it to compete more effectively and build stronger relationships with clients. Specifically, one of the largest holders of its funds is BlackRock, a leading name in asset management, which supports the firm's credibility. The company has also branched into airline and crypto-themed ETFs—areas outside its traditional focus—that have nonetheless attracted strong investor interest and boosted AUM. Still, we do not view the stock as a reliable income investment. However, despite the balance sheet being solid, EPS has been volatile, dividend cuts have been frequent and severe, and the business remains vulnerable to both competition and broader market disruption.

Final Thoughts & Recommendation

U.S. Global Investors is a bit of a gamble given how erratic its earnings and dividends have been over the past decade. While the company appears to be trending in the right direction thanks to some popular funds, there is not enough of a competitive advantage or track record here to have confidence in continued robust growth moving forward. The balance sheet is very strong too, but other than that there isn't much to like here. In fact, we believe the stock might not be able to produce positive returns to investors in the coming years. For this reason we have assigned GROW a sell rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	7	6	7	6	3	4	22	25	15	11
Gross Profit	2	1	3	2	1	2	14	19	10	6
Gross Margin	26.4%	10.7%	44.5%	31.8%	16.6%	36.6%	66.0%	75.5%	68.2%	56.3%
SG&A Exp.	5	4	4	4	3	4	6	7	7	6
D&A Exp.	0	0	0	0	0	0	0	(0)	(0)	(0)
Operating Profit	(4)	(4)	(1)	(2)	(3)	(2)	8	11	4	(0)
Operating Margin	-47.8%	-75.9%	-12.9%	-36.5%	-79.7%	-53.7%	37.7%	45.0%	23.4%	-4.3%
Net Profit	(4)	(4)	(1)	1	(3)	(5)	32	3	3	1
Net Margin	-55.0%	-66.8%	-7.6%	10.3%	-97.9%	-105%	147.6%	13.9%	20.9%	12.1%
Free Cash Flow	(1)	3	1	(0)	(1)	(2)	5	10	3	1
Income Tax	1	(0)	0	0	(1)	(0)	5	2	1	1

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	31	26	26	29	24	19	62	58	56	52
Cash & Equivalents	4	4	4	6	1	2	14	22	25	27
Accounts Receivable	2	1	1	1	0	1	3	2	1	1
Total Liabilities	2	1	1	3	2	2	8	5	4	3
Accounts Payable	1	1	0	1	0	0	1	1	1	1
Long-Term Debt	-	-	-	-	-	0	-	-	-	-
Shareholder's Equity	29	25	24	26	22	17	54	54	52	49
LTD/E Ratio	-	-	-	-	-	0.03	-	-	-	-

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2025
Return on Assets	-11.7%	-12.9%	-2.0%	2.4%	-12.9%	-22.0%	78.8%	5.7%	5.5%	2.5%
Return on Equity	-12.4%	-13.6%	-2.1%	2.6%	-14.0%	-24.1%	89.9%	6.4%	6.0%	2.6%
ROIC	-12.4%	-13.6%	-2.1%	2.6%	-14.0%	-23.8%	89.4%	6.4%	6.0%	2.6%
Shares Out.	15.4	15.3	15.2	15.2	15.1	15.1	15.1	15.0	14.6	14.2
Revenue/Share	0.48	0.36	0.44	0.41	0.23	0.30	1.44	1.65	1.03	0.77
FCF/Share	(0.05)	0.20	0.05	(0.00)	(0.07)	(0.13)	0.31	0.69	0.20	0.05

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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