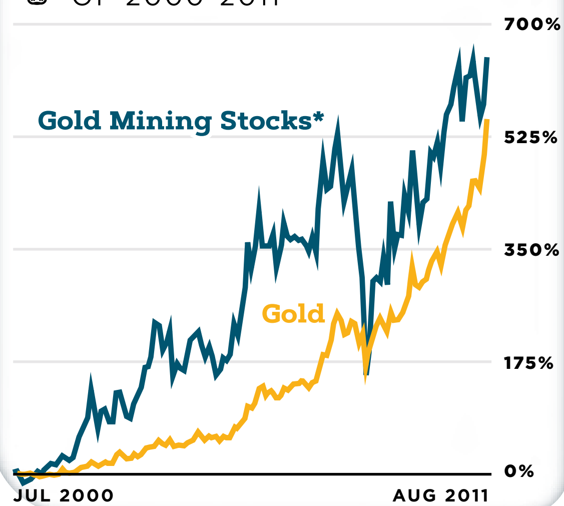
How Gold Stocks Excel in
Gold Bull Markets

THE RETURNS OF GOLD MINING STOCKS VS. GOLD BULLION

Because of their operating leverage, gold mining stocks have the potential to outperform as gold prices rise. Higher gold prices often result in increased profit margins and free cash flow for gold miners, which can result in higher returns and dividends for shareholders.

PRIOR GOLD BULL MARKET OF 2000-2011



CURRENT GOLD BULL MARKET OF 2015-2020

Case Study
Barrick Gold Performance

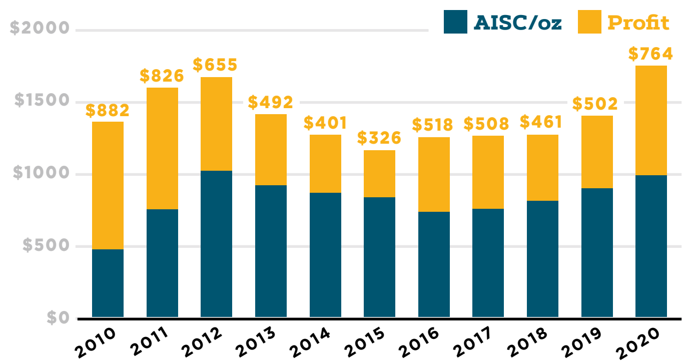
When the price of gold rises in a bull market, this can have a dramatic impact on the profitability of a gold mining company.

For gold miners, production costs rise much more slowly than the price of gold. So any increase in the price of gold can go straight to the bottom line.

For example, AISC (all-in sustaining costs) averaged $975 per ounce in 2019, while gold prices averaged $1,400; in other words, $425 in profits. In 2020, AISC have remained close to $984, and gold prices have averaged closer to $1,748, or **$764** in profits.

Even slight increases in gold's price can have large effects on a mining company's revenue and valuation.

AVERAGE REALIZED GOLD PRICE/OUNCE VS. ALL-IN SUSTAINING COSTS/OUNCE



"Capturing the benefit of higher gold prices through agile management and operational efficiency, Barrick Gold Corporation increased its operating cash flow by 80% quarter-on-quarter to $1.9 billion and free cash flow by 151% to $1.3 billion in the third quarter of 2020 — a record level of quarterly free cash flow for the company."

Barrick Gold Corporation Nov 5, 2020

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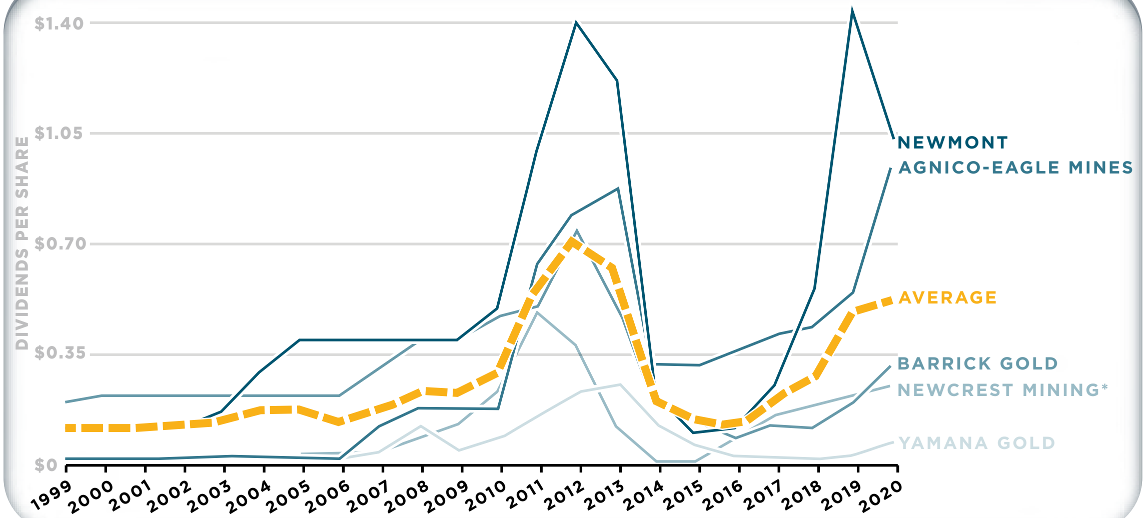
Why there's room for more upside

Gold mining stocks offer an undervalued growth opportunity for investors looking to capitalize on the gold bull market.

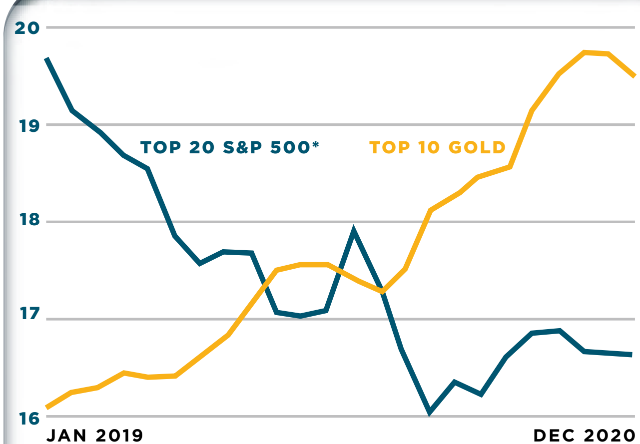
RISING DIVIDENDS IN BULL MARKETS



Gold mining companies actively increase dividends in bull markets, enabling shareholders to reinvest and accelerate potential growth, or hold onto the payout and trim the risk of a potential cyclical downturn in gold prices.

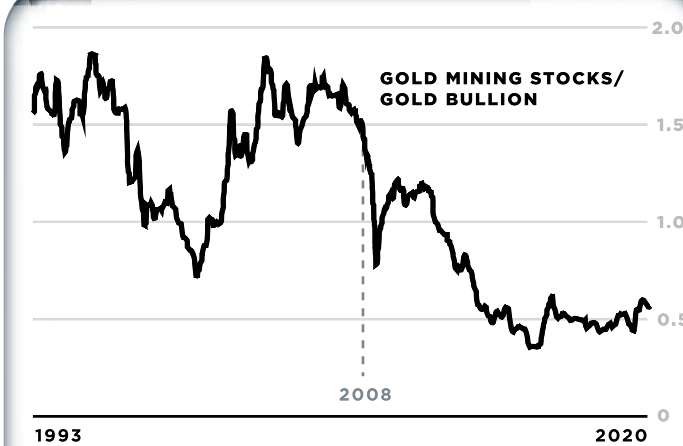
* NEWCREST MINING VALUES ARE IN $AUD 2000-2013 AND $USD 2016 ONWARDS. NEWCREST MINING DID NOT PAY DIVIDENDS IN 2014 OR 2015.

EARNINGS PER SHARE (EPS) ESTIMATES



EPS estimates are up **~174%** for the top 10 gold mining companies and are down **~16%** for the top 20 S&P 500 companies.

GOLD MINING STOCKS*/ GOLD BULLION RATIO



Gold Mining Stocks vs. gold bullion ratio is at historically low levels and a return to pre-2008 levels is more than a **200%** increase.

*Gold mining stocks are represented by the NYSE Arca Gold Miners Index. The Index provides exposure to publicly traded companies worldwide involved primarily in the mining for gold, representing a diversified blend of small-, mid- and large-capitalization stocks. The S&P 500 Index is an index of stocks issued by the 500 largest U.S. companies. You cannot invest directly in an index.

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