



GSA Pro TM

The version of Gold Stock Analyst newsletter for Professional Investors
 Reports on 60+ Gold miners plus the mid-month GSA-Top10 newsletter

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Where Are We Now?

Based on 03/31/16's Comex close at \$1,233/oz Gold, and GSA's proprietary Market Cap/oz database compiled since 1994, Gold stocks trade as if Gold was \$787/oz. On average, Gold stocks are:

Undervalued -36%

What's the Best Gold Stock?

It's a question heard too often by your Editor at cocktail parties and whenever meeting new people. The usual answers are "Who is your favorite child?" or "I don't know, that's why there's a Top 10, not a Top 1".

But in terms of performance, since Gold's peak close on Sept 5, 2011 at \$1,895/oz, there's only one stock that's up over the four and one-half years since then in GSA's entire 60 stock coverage universe. That stock is **Franco-Nevada**. The chart below compares it to GLD, a proxy for the Metal and the largest Gold ETF, and seven large Gold miners. Since its Sept 5 close, Franco has gained ~40% to its recent close, as shown. Every other stock followed by GSA is down!

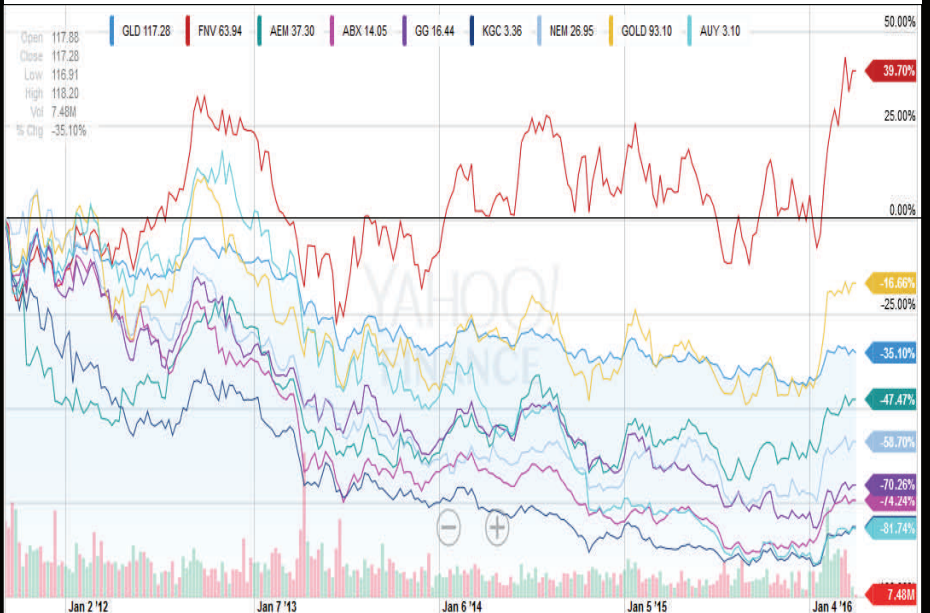
What accounts for the spectacular performance? Well, as Franco likes to say, it's "The Gold Investment that Works", and here's why:

1) Since achieving royalties and net stream revenues of \$348 mil for 2011, GSA fcsts this total will have increased to \$465 mil in 2016, a 34% increase despite that GLD (Gold) is down 35% over the period.

2) FNV pays a growing dividend, \$0.48 in 2011 and \$0.84 in 2016, for a current yield of 1.4%; this versus the barren Gold ETFs that have only costs, not income.

3) As FNV has shown, the business is scalable, with the marginal cost to service new streams and royalties near zero, FNV's net income grows faster than costs as the business grows.

It's hard to think that any Gold stock in this volatile sector could be suitable for "widows and orphans", but Franco is the clear choice above all others and the Metal itself. That's because it's the Gold investment that works and why it's GSA-Top10.



Coverage Added: **Roxgold**: Building low cost 100K oz/yr mine in Burkina Faso.