



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 04/29/16's close for Gold at \$1,293/oz, and GSA's proprietary Market Cap/oz database compiled since 1994, Gold Stocks trade as if Gold was at \$1,045/oz. On average, Gold Stocks are:

Undervalued -19%

It's Official!

Gold's Bear Market is Over.

Gold bottomed Dec 17, 2015 at \$1,049/oz. A 20% move higher to \$1,259 would mark the end of the bear market. This was actually achieved for a few days in mid-March, but the move wasn't convincing and the Metal fell back to \$1,214/oz on April 1, 2016.

Gold has now traded to \$1,286 at April's end (still higher on May 2), and has wind in its sails. The Metal's continued rise is based on poor economic data that's bringing trivial or negative interest rates world-wide: 1) US GDP grew only 0.5% in 1Q16 which will keep the Fed on hold ... they never change rates near Presidential elections to avoid charges of political meddling. 2) Japan's economy flounders and its interest rates will go more negative if necessary says the Bank of Japan, already with US\$5.6 trillion of Govt debt at negative yields. And 3) Europe has another US\$3.0 bil Govt debt trading negatively and the ECB struggles to force inflation higher to stimulate spending and create jobs.

This economic scenario will not change for several years. Gold bull markets are always driven by economic fundamentals that causes investors to flee fiat money, and the policy makers will stick with their strategies until their goals are achieved. **Investors should stay the course.** There will be inevitable pullbacks, but the economic drivers, weak economies and negative interest rates, will be here for a while.

The GSA Top 10 portfolio is up +80.7% in 2016. This spectacular return tempts one to take profits and hope to re-enter on a pullback. But, there may never be a good buying opportunity, so other than trimming some profits on big gainers, GSA says **you should stay mostly invested.** These stocks can run a lot higher as Gold makes further gains.

As a totally non-scientific example and just to show what's possible, the table considers what the gains would be if each of the Top 10 simply retraced the path

back to its past peak (data from Yahoo.com). Note, many of these are much different from before, i.e. Torex has moved from explorer to producer, Franco has become the industry's blue chip and a must for every portfolio it IPO'd at \$15 in Dec-07.

The point of this little study is that it can be easier for a stock to return to former levels than to break new ground. Hence, from the 4/29/16 closes, **the Top 10 could gain another +178%** just to return to past peaks.

Stock	April 29 Close	Gain YTD 2016	Record High	% Gain To High
		+41.8%	\$19.86	+372%
		+102.6%	\$13.57	+189%
		+152.0%	\$3.72	+178%
Subscribe		+81.6%	\$36.10	+152%
to learn		+92.2%	\$2.31	+31%
Top 10		+53.4%	\$70.16	+/-0%
Stocks		+71.7%	\$99.83	+59%
		+62.4%	\$14.73	+245%
		+33.6%	\$7.66	+436%
		+11.3%	\$1.70	+115%
Top10 Avg	—	+86.7%	—	+178%
Gold	\$1,286	+19.0%	\$1,895	+47.4%