

GSA-Pro

TM

The version of *Gold Stock Analyst* newsletter for Professional Investors
Reports on 70+ Gold miners plus the GSA-Top10 newsletter in mid-month

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Where Are We Now?

Based on 9/30/11's \$1,625 close in NY for Gold, and GSA's proprietary Market Cap/oz data base, gold stocks trade as if gold was \$1,311/oz; gold stocks on average are:

-19% Undervalued

It's 2008 All Over Again!

We at GSA are not Financial Advisors. Everyone has different needs and circumstances, and we cannot possibly give custom advice to our thousands of subscribers. In fact, it would be illegal as we are not SEC-registered. Our job is to find the best Gold stock portfolio to own (the GSA Top 10), and our audited track record proves we do that better than anyone else.

We did give a general guide on how we thought one should structure one's total investment holdings in the July 15, 2011 issue of *GSA-Top10*. Then, fears of default by both Greece and the US Govt led us to consider what was the best portfolio to have held on June 30, 2008, ahead of the October 2008 Crash.

For the period beginning 6/30/2008, we looked at various combinations of Cash, Gold, the GSA Top 10, and the S&P 500. (See thumbnails to right and the full size charts in July 15 *Top 10*.)

The conclusion was clear. While 100% GSA Top 10 outperformed all in the long term (with ~100% gain from 6/30/08), a portfolio with ~100% gain from 6/30/08), a portfolio of 33% Cash, 33% Gold, and 33% GSA Top 10 (green circles and blue line) outperformed all combos of the four alternatives with a +49% gain, and likely allowed a better night's sleep. We restructured our portfolio, and know from emails that many subscribers did too.

Now the markets are again in disarray, in part due Greece and the other PIIGS's unresolved long term debt, so how has the "Portfolio for All Seasons" done?

Gold was run up to \$1,900 in early September by speculators and hedge funds. They have now left and it's pulled back to close on 9/30 at \$1,625. This is painful, but healthy. Gold is still well above: 1) \$1,500 we use to calculate Top 10 Target Prices, 2) its \$1,534 YTD average, and 3) its July 15, 2011 close of \$1,587/oz. The S&P500 closed July 15 at 1316, and it's down -14%% since. The Top 10, acting like stocks and not Gold, are also off -14% from July 15. Cash is unchanged.

Adding the three thirds together we get a tolerable loss of -4% for the 10 weeks since mid-July (see chart below). But it's still a loss, so why do we hang in?

Because 3 years ago, we didn't know when the bottom would come, but the proven right course was wait it out for the best gains.

Now, we don't know when politicians will find the will to solve the issues, but we know the solution will include "printing more money" to drive Gold higher.

We are ready w/positions in place for maximum gains (plus the 1/3 cash to buy more), rather than trying to guess at Where's the bottom and When to buy back in.

• **Belize Conference Booking Up.** While there's overflow lodging nearby, the host hotel, Exotic Caye Beach Resort, has only 23 rooms/suites and many are now booked. If you wish to maximize interaction with the Conference speakers, this is the place to stay and you should act now. More info on Page 14.

| Portfolio On 6/30/08 | End-of-Period | End-08 | End-09 | End-10 |
|----------------------|---------------|--------|--------|--------|
| Cash: 100% | 0% | 0% | 0% | 0% |
| Cash: 50% | 50% | -3% | +9% | +26% |
| Gold: 50% | 50% | -3% | +9% | +26% |
| Cash: 33% | 33% | -18% | -12% | +49% |
| Gold: 33% | 33% | -18% | -12% | +49% |
| Top 10: 33% | 33% | -18% | -12% | +49% |
| Cash: 25% | 25% | -21% | +6% | +37% |
| Gold: 25% | 25% | -21% | +6% | +37% |
| Top 10: 25% | 25% | -21% | +6% | +37% |
| S&P500: 25% | 25% | -21% | +6% | +37% |

