internet WEALTH builder

Vol. 29 No. 32
September 9, 2024

Editor and Publisher: Gordon Pape
Associate Publisher: Richard N. Croft

# GOLDEN DAYS

**By Gavin Graham, Contributing Editor**

The price of gold keeps hitting new highs, regardless of the fact it remains an unloved and neglected asset class for investors in developed markets.

The Comex commodities exchange reported at the end of August that the price of gold has risen for six consecutive months. The gain was nearly $450 an oz., to $2,561. That's the biggest six-month percentage advance (+21.9%) since the last peak in August 2020.

Moves of this magnitude have seen pullbacks in the past, including a seven-month $400 (18%) correction in the second half of 2020. A report on Bloomberg at the same time noted that "gold bullion has dropped every September since 2017, with an average decline of 3.2%, easily the worst month of the year."

Nonetheless, even if gold (and silver) are entering a seasonally weak period and may take a rest after their

*Continued on page 2…*

## IN THIS ISSUE



© 2024 by Gordon Pape Enterprises Ltd. All material in the Internet Wealth Builder is copyright Gordon Pape Enterprises Ltd. and may not be reproduced in whole or in part in any form without written consent. All recommendations are based on information that is believed to be reliable. However, results are not guaranteed and the publishers and distributors of the Internet Wealth Builder assume no liability whatsoever for any material losses that may occur. Readers are advised to consult a professional financial advisor before making investment decisions.

***Golden days—continued from page 1...***

strong run, gold is up 21.4% year-to-date, silver has gained 21.2%, and the VanEck Gold Miners ETF (NDQ: GDX) has climbed by 24.5%. Only the Global X Silver Miners is lagging somewhat, up 15.4%.

This performance compares favourably with the S&P 500 and Nasdaq, which are both up 18% year to date. Even more impressive, there has been no surge in gold buying as evidenced by the fall in the gold tonnage held by the largest single gold ETF, GLD. Amazingly, it has lost 16 tons this year and the tonnage it holds is down 863 tons (32%) from the August 2020 top.

Central banks around the world are cutting short term interest rates. The list now includes the Bank of England, the European Central Bank, the Bank of Switzerland, and, of course, our own Bank of Canada, which cut rates three times over the summer, the latest being on Sept. 4. The headwind of high interest rates that faced gold is now turning into a tailwind.

Federal Reserve Chair Jay Powell's clear statement of intent at the Fed's Jackson Hole conference at the end of August revealed that the Fed is no longer worried about inflation, which has fallen to 3% for CPI and 2.9% for the Fed's favoured PCE measure. Instead, it's focusing on unemployment, which has risen by 1% to 4.3% over the last year. This change of emphasis was taken by investors as confirmation that US short term rates would be cut at the next Federal Reserve meeting on Sept. 18, probably by 0.25% to 5%. Further rate cuts are expected by year-end, with the expectation that they will fall by 1% in total, meaning there will need to be a 0.5% cut at one of the two remaining meetings.

Other actions by central banks are reinforcing the bull case for gold. The Reserve Bank of India is buying 44.3 tons this year, more than the total purchases of the last two years combined, while the People's Bank of China has continued to buy gold without officially reporting it. The National Bank of Poland added 14 tons of gold in July, the largest increase of the year, and its president has stated the goal was to have 20% of its reserves in gold, up from about 15% at present. In the first half of this year net central bank buying came to 483 tons, 5% more than in the corresponding period last year, according to World Gold Council (WGC).

Furthermore, the sharp lowering of import duties holding periods and taxes on gold by India recently are expected to add 50 tons or more to gold demand in the second half of this year. Indian gold mutual funds experienced the highest inflows in July since February 2020.

While western investors continue to focus on the Magnificent Seven mega cap technology stocks and obsess about small changes to revenue growth for Nvidia or the introduction of the Apple 16 iPhone, gold companies are reporting record profits and cashflows. Some of them, including IWB recommendations Agnico Eagle, Pan American Silver, and

***Continued on page 3…***

***Golden days—continued from page 2...***

Equinox Gold are up 49%, 26% and 19% so far this year. That's well ahead of the S&P 500 and S&P/TSX 60 indices.

While some major investment banks have target prices for gold of $2,700 by year-end, this is barely 6% above today's price. Should interest rates continue to fall over the next eighteen months and geopolitical tensions remain high, it's reasonable to expect gold to trade substantially higher. For example, $3,000 an oz. is less than 20% higher than gold's present price.

Even if prices do not rise by that amount, well-run gold and silver mines in politically stable jurisdictions with growth in output remain an excellent way to benefit from growing interest in an asset that is no one's liability and has retained its value in real terms over several centuries.

## Takeover action

On Aug. 12, South African based Gold Fields (NYSE: GFI), one of the largest gold producers in the world, announced it is buying the other 50% of the extremely high-grade and low-cost Windfall gold mine project in Quebec by taking over Osisko Mining (TSX: OSK) in an all-cash deal at a 68% premium to the pre-deal price. Gold Fields bought the first 50% of the project in May, 2023 and agreed to fully fund the construction of the mine. Gold Field's CEO Mike Fraser explained the decision by saying: "Over the past two years we have developed a strong understanding of Windfall and its potential and view it as the next long-life cornerstone asset in our portfolio." He told Mining.com: "It's a world class project in a great jurisdiction with a huge land package."

Bloomberg interviewed Barrick CEO Mark Bristow who claimed he, too, was looking for opportunities in Canada. "It's a good jurisdiction to invest in and if there's one place we look all the time, it's Canada. Would we like more Canadian exposure? Of course."

I believe there will be more acquisitions of Canadian smaller miners. One potential target is Alamos Gold Inc. (TSX: AGI), and it's my top pick this month. Details follow.

# GAVIN GRAHAM PICKS ALAMOS GOLD

I am recommending buying shares in Alamos Gold Inc. at the current price of C$24.55 (all figures in US dollars except per share numbers). The company recently made what seems to be a terrific acquisition of a financially distressed competitor with an excellent property (Argonaut Gold) and is experiencing solid growth from its existing mines, of which almost 90% are located in Canada. Regardless of whether one of the major players makes a takeover offer, Alamos should enjoy strong growth in revenues and cashflow over the next few years.

# Alamos Gold Inc. TSX: AGI

**BUY**

*Closed Friday at C$24.55 (all figures in US dollars except per share numbers)*

**Background:** Alamos Gold has two major producing gold mines in northern Ontario, Young Davidson and Island Gold, and a third producing mine, Mulatos, in Sonora Mexico. Lynn Lake, in Manitoba, is in the pipeline.

Alamos will have production of 500,000 oz. in 2024, with the potential to grow production by 80% to 900,000 oz. It also has a declining cost profile, with all-in sustaining costs (AISC) forecast to fall from $1,150 per oz in 2024 to $1,025 in 2026. About 88% of its net asset value is in Canada and the average mine life of its Canadian operations is 18 years, Alamos is probably the premier growing diversified intermediate gold producer in Canada.

**Performance**: The share price has risen 48% over the last year and 46% year to date. It .as tripled over the last five years, but its price is only 20% higher than it was in 2012, when it was a single producing mine company (Mulatos). With a market capitalization of just under $11 billion, Alamos trades an average of 750-800,000 shares daily,

**Recent developments**: For the second quarter ended June 30, Alamos reported record gold production of 139,100 oz. Revenue was $332.6 million, up 27% from the same quarter in 2023. Alamos reported record cash flow of $194.5 million and record free cash flow of $106.9 million, more than double the $24.4 million in the first quarter of 2024. AISC was $1,096 per oz., down 13% from the first quarter. Cash increased 31% to $313.6 million.

The major development was the acquisition of Argonaut Gold for $325 million via an all-share offer at a 34% premium to Argonaut's depressed share price. That deal closed on July 12. This meant Alamos has acquired Argonaut's Magino Mine, which is adjacent to its Island Gold mine in Ontario. The combined Magino and Island Gold, which is already expanding, will produce approximately 280,000 oz. in 2024 and increase to over 400,000 oz, when phase 3 is completed in 2026. It will have mineral reserves of 4.1 million and a mine life of 19 years.

The acquisition will also unlock production synergies of $375 million through the use of the larger mill and tailings facilities at Magino and capital savings of $140 million as the expansion of the mill and tailings facilities at Island Gold is no longer required. Alamos is now the third largest gold miner in Canada as a result of this deal.

**Action now**: With the closing of the Argonaut deal, Alamos has locked in substantial growth in output for the next few years while saving capital expenditures through being able to use the adjacent Magino mill and tailings facilities.

With expansion funded by cash flow from

***Continued on page 5…***

# THE WEEK

## Indexes

S&P/TSX Composite
22,781.43 (-2.4%)

S&P 500
5,408.42 (-4.2%)

Dow Jones Industrials
40,345.41 (-2.9%)

Nasdaq
16,690.83 (-6.6%)

It was a good week to hide under the covers. All major North American indexes took a beating.

## Noteworthy

**Alimentation Couche-Tard (TSX: ATD).** The company reported mixed results, with revenues beating forecasts while earnings slightly missed. Management warned that weakness in consumer behavior persists. On the 7/11 front, the Japanese company said ATD's bid was "insufficient" and regulatory concerns remain. The stock finished Friday at $76.86, down seven cents for the week.

**Parkland (TSX: PKI).** The company is moving to divest its Florida-based retail and commercial businesses. The sale is part of a previously announced non-core asset divestment program which the company now expects will significantly exceed $500 million by the end of 2025. The stock closed Friday at $35.57, down $0.90 for the short week.

**Teck Resources (TSX: TECK.B)**. Teck is implementing a new business structure organized around two regional business units, North America and Latin America. The shares closed Friday at $59.01, down $5.52 for the week.

**Lululemon Athletica (NDQ: LULU).** EPS for the second quarter of fiscal 2025 was better than the consensus while revenue missed expectations. The company opened 10 net new stores during the quarter, ending with a total 721 stores. The company lowered its full year EPS and revenue guidance. The shares ended the week at US$253.84, off $4.24.

***Alamos—continued from page 4...***

its profitable existing mines, and with Lynn Lake and the expansion at Island Gold due to come on stream in the next two to three years, even if gold prices don't rise much from present levels Alamos will be a very profitable and attractive investment. It even pays a quarterly dividend of $0.025, equivalent to a 0.52% yield. Buy now.

# GAVIN GRAHAM'S UPDATES

**Recommendations are colour-coded:**
**Green indicates Buy**
**Yellow indicates Hold**
**Red indicates Sell**

## Agnico Eagle Mines Ltd TSX, NYSE: AEM

**BUY**

*Originally recommended on Dec. 3/12 (#21242) at C$55.39, US$55.80. Closed Friday at C$104.31, US$76.89. (All figures in US dollars except share prices.)*

**Background:** Agnico Eagle is the largest listed Canadian gold miner and one of the three largest producing precious metals miners in North America. Its eleven mines are all located in mining-friendly jurisdictions in developed countries, with eight of them in Canada, including the largest (Malartic) and second largest (Detour Lake) in the country. Its other three mines are in Finland, Mexico, and Australia.

**Performance:** The stock has been one of the best performing gold miners in the last year, up 47% year-to-date as of the time of writing. It is up 22% since the last review and has just regained its all-time high of $110, reached in 2020, when gold first hit $2,000 an oz.

**Recent developments**: Agnico's second quarter results to June 30 saw production of 895,838 oz. at an all-in sustaining cost (AISC) of $1,169 per oz. The performance was led by strong production at Malartic, LaRonde, and Fosterville.

Net income was a record $472 million ($0.95 per share). Cash flow was a record $961.3 million ($1.92 per share) and free cash flow was $557.2 million ($1.12 per share) increasing its cash position by $397.4 million to $922 million.

The company reiterated its full-year forecast for gold production of 3.35 million to 3.55 million at an AISC of $1,200 to $1,250 per oz., with total capital expenditure of $1.6 billion to $1.7 billion.

**Dividend:** Agnico pays a quarterly dividend of US$0.40, equivalent to a yield of 2.1%.

**Action now**: Agnico remains a Buy for its growth in gold production, excellent cost controls, and strategic position as the largest Canadian gold miner.

# Franco-Nevada TSX, NYSE: FNV

**BUY**

*Originally recommended on July 26/10 (#20127) at C$31.59, US$30.45. Closed Friday at C$159.99, US$117.88.*

**Background:** Franco-Nevada is the longest established and largest of the royalty streaming companies by market capitalization ($31.7 billion). It has 120 producing assets, diversified both by geography and mineral type, as well as oil and gas properties. Approximately 75% of its production comes from precious metals, with most of the remainder from oil and gas and iron ore.

**Performance:** Franco-Nevada has been the best performing precious metals stock since its IPO in 2007, with its 15% p.a. return beating both the S&P 500 and Nasdaq over the period. It also outperformed the return from gold itself (6% p.a.) and the flat performance from the GDX gold miners ETF.

But the closure of the massive Cobre Panama copper mine in December 2023 by the previous Panamanian government, which accounted for over 20% of Franco-Nevada's NAV, saw its share price fall 30% from $200 to $130 in March. It has since recovered to $160 but is only ahead about 10% for the year.

**Recent developments**: The closure of Cobre Panama, which is on care and maintenance while the new Panamanian government conducts an environmental assessment, saw Franco-Nevada's gold equivalent ounces (GEO), the measure it uses to translate all its revenues into comparable numbers, decline 35% to 110,264 GEO for the quarter ended June 30. Revenues declined 21% to $260.1 million, which was a 1% increase excluding Cobre Panama.

EBITDA fell 20% to $221.9 million ($1.15 per share), a 2% increase excluding Cobre Panama. Adjusted net income was off 21% to $144.9 million ($0.75 per share).

Net income fell 57% to $79.5 million ($0.41 per share) due to $69.8 million in additional income tax due to the introduction of the Global Minimum Tax Act in June by the government of Canada. It imposed a minimum 15% tax on multinationals with global revenues over €750 million.

Management expects the company's output for 2024 to be at the lower end of the 480-550,000 GEOs forecast, with stronger deliveries of precious metals in the second half.

Franco-Nevada has no debt and $2.4 billion in available capital as of June 30.

**Purchases**: Subsequent to quarter-end, FNV purchased a 1.8% royalty on Newmont's Yanacocha gold mine in Peru for $210 million with a $15 million contingent payment. Gold production in 2024 is expected to be 290,000 oz.

It also partnered with Osisko Gold Royalties to purchase a gold stream on

***Continued on page 13…***

# Pan American Silver TSX, NYSE: PAAS

**BUY**

*Originally recommended on June 17/19 (#21923) at C$15.58, US$11.66. Closed Friday at C$25.24, US$18.62. (Figures in US dollars except share prices.)*

**Background**: Pan American Silver is the second largest producing silver miner in North America and the second largest by market capitalization ($9.9 billion). It operates silver and gold mines in mining-friendly jurisdictions in North and South America, such as Mexico, Peru, Canada, Chile, and Brazil.

Its 2018 acquisition of Tahoe Resources gave it gold production of 500,000 oz. p.a. as well as the Escobal silver mine in Guatemala. It's shut down at present but produced as much silver as all of Pan American's other mines in its last year of production in 2018.

Its takeover of Yamana Gold in 2023 gave it four gold mines in South America. It almost doubled gold production to 882,990 oz. in 2023 as well as increasing its silver production 50% to 20.4 million oz. Its gold AISC was $1,317 per oz. while for silver it was $18.17 per oz.

**Performance**: The 157 million shares issued to fund the Yamana deal saw the share price drop to as low as $16.50 in April. They subsequently almost doubled to a high of $33.20 in July, before pulling back somewhat. The price is still below the all-time high of $38.50 reached after the Russian invasion of Ukraine.

**Recent developments**: Production of silver and gold for the second quarter to June 30 was affected by ventilation issues at Pan American's large La Colarada silver mine and weather disruptions at Dolores and Minera Florida. Silver production was 4.57 million oz. and gold production was 220,400 oz. With two exhaust fans installed at La Colorada, production is increasing, and gold production is back end loaded for the second half of 2024.

Pan American reported record revenue of $686.3 million, record cash flow from operations of $203.3 million, free cash flow of $102.1 million, adjusted net income of $40 million ($0.11 per share) and a net loss of $21.4 million (-$0.06 per share). The loss was largely due to income tax of $93.1 million driven by foreign exchange effects on tax assets and an inflation adjustment to Argentinian income.

Production guidance for 2024 is for 21-23 million oz. of silver and 880,000-1,000,000 oz. of gold at AISCs of $16 to $18.50 for silver and $1,475-1,575 per oz. for gold. Silver production is likely to be at the lower end of the guidance range.

**Divestiture:** Pan American sold the La Arena gold mine in Peru to Zijin Mining

***Continued on page 13…***

# Equinox Gold TSX, NYSE: EQX

**BUY**

*Originally recommended on March 14/22 (#22211) at C$10.08, US$7.92. Closed Friday at C$7.04, US$5.21. (All figures in US dollars except share prices.)*

**Background**: Equinox Gold, in which mining entrepreneur Ross Beatty owns 5%, describes itself as a growth focused gold producer, operating entirely in the Americas.

Following the start of production at its Greenstone mine in Geraldton Ontario in the second quarter, Equinox has a total of eight mines. Two are in the US, one in Mexico, and four in Brazil.

In 2023, Equinox produced 564,648 oz. of gold at an AISC of $1,612. Greenstone, which poured its first gold in April, is expected to produce 240,000 oz. this year and an average of 400,000 oz. p.a. for the next five years.

**Performance:** Like many other miners with projects in development during a period of high and rising interest rates, Equinox saw its shares fall almost 40% to bottom at $5.36 in February this year. It recovered in line with the gold price, trading at $7.04 at present.

The issue of 56.4 million new shares at $5.30 for $299 million to fund part of the acquisition of its partner Orion Minerals' 40% stake in Greenstone (total cost $961 million) marked the bottom.

**Recent developments**: Equinox produced 122,221 oz. of gold in the second quarter, with an AISC of $2,041 per oz.

Adjusted EBITDA was $51.3 million, cashflow from operations was $45.1 million, and adjusted net loss was $5.8 million (-$0.01 per share).

With Greenstone entering production and the suspension of mining at its Castle Mountain Mine until permitting for Phase 2, which will produce 200,000 oz. p.a., is complete, Equinox's revised guidance for 2024 shows estimated production of 655-750,000 oz. at an AISC of $1,635 to $1,725 per oz. with growth capital expenditures of $255 million.

**Dividend**: Equinox doesn't pay a dividend, using its cash flows to develop and expand its mines.

**Action now**: The acquisition of the other 40% of Greenstone gives Equinox full ownership of one of the largest and lowest cost mines in Canada. As a result, Equinox expects solid growth in production for the next few years. Buy now.

# ANOTHER GAIN FOR RRSP PORTFOLIO

***By Gordon Pape, Editor and Publisher***

The good times are back for RRSP investors. Three rate cuts by the Bank of Canada over the summer and the prospect of more to come have changed the investment dynamic entirely. Interest-sensitive stocks, which were beaten down when rates were on the rise, are posting gains again. High-flying growth stocks are pulling back.

We saw the first signs of this in the returns for our RRSP Portfolio when we reviewed it in February and reported a gain of over 7%. The latest six-month period has been even better, with the portfolio ahead 10.5%.

The RRSP portfolio was launched in February 2012. It has two main objectives: to preserve capital and to earn a higher rate of return than you could get from a GIC. The original value was $25,031.92.

The portfolio contains a mix of ETFs and stocks, so readers who wish to replicate it must have a self-directed RRSP with a brokerage firm.

These are the securities we currently hold, with comments on how they have performed since the last review in February. Results are as of the afternoon of Sept. 5.

## IWB RRSP PORTFOLIO HOLDINGS

**iShares 0-5 Years TIPS Bond Index ETF (TSX: XSTP)**. This ETF invests in short-term US Government inflation protected notes. They pay a low rate of return, but both the face value and the interest increase as inflation rises. This provides downside portfolio protection. The units are up $0.70 since the last review in February. We received distributions that totaled $0.752 per unit. Note that while distributions are monthly, they vary considerably and some months the payout is zero, as was the case in the first three months of this year.

**CI High Interest Savings ETF (TSX: CSAV)**. We added this high interest ETF at the time of our review in August 2023. It was trading at $50 at that time, and it's designed not to vary too much from that level. This fund invests in high-interest deposit accounts at Canada's major banks. It earns a better rate of return than a retail customer can obtain because of its hefty purchasing power. The units are down $0.10 since the last review, and we received monthly distributions totaling $1.361 per unit.

***Continued on page 11...***

*RRSP portfolio—continued from page 10…*

**BMO S&P/TSX Banks Equal Weight Index ETF (TSX: ZEB).** This ETF invests in shares of the Big Six Canadian banks. Banking stocks were hurt by recession fears, but they are now starting to recover. The units gained $3.65 since the last review. Monthly distributions totaled $0.98.

**iShares Edge MSCI Minimum Volatility USA Index ETF (CAD-Hedged) (TSX: XMS)**. XMS invests in low-beta US stocks such as Progressive Group, T-Mobile, Motorola, Eli Lilly, and IBM. Low beta means they are less sensitive to broad market movements and, in theory, less risky. The fund posted a gain of $4.02 in the latest period. Quarterly distributions totaled $0.217 per unit.

**BMO Low Volatility Canadian Equity ETF (TSX: ZLB)**. This ETF invests in a portfolio of large-cap Canadian stocks that have a low beta history. It's up $4.57 since the last review. We received two quarterly distributions for a total of $0.56.

**BMO Low Volatility International Equity Hedged to Canadian Dollar ETF (TSX: ZLD)**. This ETF focuses on international stocks and is hedged to Canadian dollars, so the currency risk is removed. It gained $1.97 in the latest period. Distributions totaled $0.34 per unit.

**Brookfield Corporation (TSX, NYSE: BN)**. Brookfield operates in a range of business areas including real estate, asset management, renewable resources, infrastructure, and insurance. The stock has made a big recovery over the past year and is up $9.76 since the last review. We received two quarterly dividends of US$0.08 each.

**Enbridge (TSX, NYSE: ENB)**. Enbridge offers an attractive yield (currently 6.7%) and modest capital gains potential. The stock is up $7.66 since the last review and the quarterly dividend is $0.915.

**Fortis Inc. (TSX, NYSE: FTS)**. Interest-sensitive stocks took a beating when rates were on the rise but now that the Bank of Canada has cut three times and forecasts more to come, we're seeing a strong revival in these securities. Fortis gained $7.34 in the latest period. We received two dividends for a total of $1.18 per share.

**BCE Inc. (TSX, NYSE: BCE)**. BCE suffered a hit to its credit rating when Moody's lowered it to just one notch above junk status, citing the company's high debt level. Cut-throat competition in the cell phone business is also hurting. The shares are down $2.61 since the last review. We received two quarterly dividends for a total of $1.995 per share.

**Interest.** We have cash totaling $2,880.63 which we invested at Duca Credit Union, which was offering 5.75%. We earned $82.82 in interest.

Here is how the RRSP Portfolio stood as of Sept. 5. Commissions have not been factored in. All amounts are in Canadian dollars.

## IWB RRSP Portfolio (a/o Sept. 5/24)

| Security | Weight % | Shares | Average Price | Book Value | Current Price | Market Value | Retained Income | Gain/ Loss % |
|---|---|---|---|---|---|---|---|---|
| XSTP | 8.6 | 140 | $40.03 | $5,603.80 | $41.08 | $5,751.20 | $123.60 | +5.1 |
| CSAV | 16.5 | 220 | $50.00 | $11,000.00 | $50.08 | $11,017.60 | $520.70 | +4.9 |
| ZEB | 10.4 | 180 | $41.91 | $7,544.00 | $38.76 | $6,976.80 | $392.80 | -2.3 |
| XMS | 8.5 | 150 | $28.19 | $4,228.50 | $37.68 | $5,652.00 | $308.40 | +41.0 |
| ZLB | 11.3 | 160 | $31.97 | $5,114.80 | $47.30 | $7,568.00 | $370.48 | +55.2 |
| ZLD | 4.7 | 110 | $24.08 | $2,649.30 | $28.27 | $3,109.70 | $117.20 | +21.8 |
| BN | 19.1 | 200 | $49.53 | $9,886.00 | $63.72 | $12,744.00 | $100.00 | +29.9 |
| ENB | 8.2 | 100 | $52.90 | $5,290.00 | $54.64 | $5,464.00 | $540.75 | +13.5 |
| FTS | 6.4 | 70 | $57.67 | $4,050.90 | $61.13 | $4,279.10 | $508.59 | +18.2 |
| BCE | 5.1 | 70 | $63.80 | $4,466.10 | $48.59 | $3,401.30 | $355.02 | -15.9 |
| Cash | 1.2 | | | $720.83 | | $803.65 | | |
| Totals | 100.0 | | | $60,554.23 | | $66,767.35 | $3,337.54 | +15.8 |
| Inception | | | | $25,031.92 | | | | +180.1 |

**Comments:** Every security in the portfolio showed a profit in the latest six-month period except for BCE (again). Overall, the portfolio was up 10.5%, due mainly to the shift by the Bank of Canada from a tightening policy to aggressive easing.

Over the 12-1/2 years since the portfolio was launched, we have a total return of 180.1%. That's an average annual growth rate of 8.6%, well ahead of our target.

**Changes**: With rates declining, we are seeing a boost to asset values. So, we won't make any changes in the securities we hold at this time. However, we are keeping a close watch on BCE and may remove it from the portfolio if we don't see improvement in the next six months.

We will use some retained earnings to add to these positions:

*CSAV* – We will buy 10 units at $50.08 for a cost of $500.80. We now have 230 units with $19.90 remaining in cash.

*ZEB* – We'll purchase another 10 units for $387.60. That gives us 190 units, with $5.20 left.

*ENB* – We will buy 10 shares for $546.40. That will use up all the retained earnings and we'll take $5.65 from cash to make up the difference. We now own 110 shares.

The new cash balance (including retained income) is $2,706.39. We will move it to EQ Bank which is paying 2.75% on retirement accounts.

Here is the revised portfolio. I'll review it again in February.

# IWB RRSP Portfolio (revised Sept. 5/24)

| Security | Weight % | Shares | Average Price | Book Value | Current Price | Market Value | Retained Income |
|---|---|---|---|---|---|---|---|
| XSTP | 8.4 | 140 | $40.03 | $5,603.80 | $41.08 | $5,751.20 | $123.60 |
| CSAV | 16.9 | 230 | $50.00 | $11,500.80 | $50.08 | $11,518.40 | $19.90 |
| ZEB | 10.8 | 190 | $41.75 | $7,931.60 | $38.76 | $7,364.40 | $5.20 |
| XMS | 8.3 | 150 | $28.19 | $4,228.50 | $37.68 | $5,652.00 | $308.40 |
| ZLB | 11.1 | 160 | $31.97 | $5,114.80 | $47.30 | $7,568.00 | $370.48 |
| ZLD | 4.5 | 110 | $24.08 | $2,649.30 | $28.27 | $3,109.70 | $117.20 |
| BN | 18.7 | 200 | $49.53 | $9,886.00 | $63.72 | $12,744.00 | $100.00 |
| ENB | 8.8 | 110 | $52.90 | $5,836.40 | $54.64 | $6,010.40 | $0 |
| FTS | 6.3 | 70 | $57.67 | $4,050.90 | $61.13 | $4,279.10 | $508.59 |
| BCE | 5.0 | 70 | $63.80 | $4,466.10 | $48.59 | $3,401.30 | $355.02 |
| Cash | 1.2 | | | $798.00 | | $798.00 | |
| Totals | 100.0 | | | $62,066.20 | | $68,196.50 | $1,908.39 |
| Inception | | | | $25,031.92 | | | |

***Franco-Nevada—continued from page 7...***

the world class copper/gold Cascabel Project in Ecuador split 70/30 with Franco-Nevada providing $525 million and Osisko $225 million.

**Dividend**: Franco-Nevada pays a quarterly dividend of US$0.36 a share, a 5.9% increase from the first quarter of 2024. That's equivalent to a yield of 1.2%. The dividend has been increased every year for the last seventeen years.

**Action now**: Franco-Nevada is selling well below its all-time high of $220 first reached in 2020. Its new projects coming on stream such as Greenstone in Canada, Tocantinzinho, and Salares Norte will see growth in its GEOs. This gives it potential upside even in the event of no reopening of the Cobre Panama mine. Buy now.

***Pan American—continued from page 8...***

in April this year for $245 million and a $50 million contingent payment.

**Dividend:** Pan American pays a quarterly dividend of US$0.10, equivalent to a 2.1% yield, with occasional special payments.

**Action now:** Pan American's transformational acquisition of Yamana's gold mines and the expansion of the La Colorada mine through its Skarn silver/zinc vein means it should enjoy growth in revenues for the next few years. There is upside should Escobal be reopened. Silver is a more volatile metal than gold and has industrial applications which affect its price, but when precious metals are in a bull market, as now, it tends to outperform gold on the upside. Buy now.