

Investments - Flash



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NEW OPPORTUNITIES IN GOLD MINING

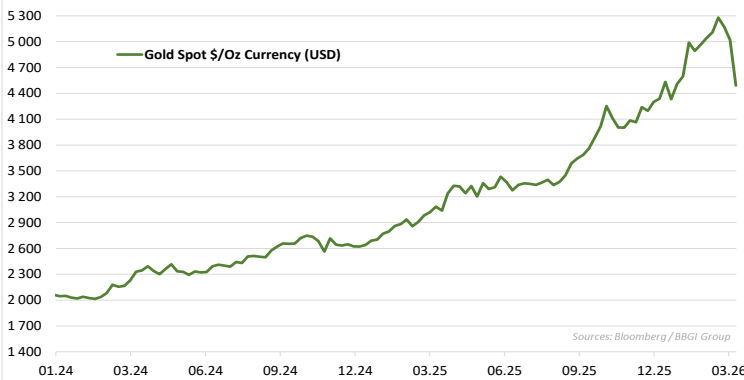
Exceptional margins and historically low valuations

Following the decline in gold prices (-25%) and gold mining stocks (-30%) in March, we believe new opportunities are emerging. Despite rising input costs, the sector's average cost of production (All-in Sustaining Cost) ranges between \$1,650 and \$1,950 per ounce, well below the spot price. Margins at a spot price of \$4,250 remain exceptional and are roughly four times higher than those in 2020. Even using a conservative reserve price of \$3,500 per ounce (analysts' stress test) to calculate mining companies' value, cash flows can support record dividends and substantial share buybacks. The 30% drop in stock prices seems excessive to us given the sector's exceptional and historic context. This is

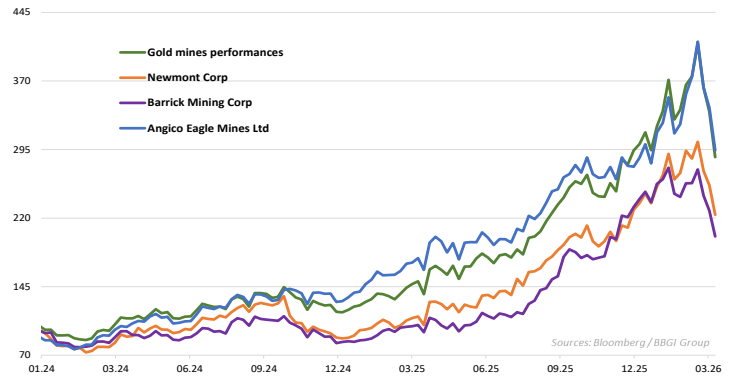
indeed a true historic golden age for producers. Fundamentals have never been more positive, and traditional P/E-based valuations are particularly attractive. Major U.S. mining companies are trading at around 12x earnings (historically very low) and can count on earnings growth driven primarily by volume growth and cost management. We therefore view the current situation as favorable for establishing new positions in a sector that has become "cheap" and which boasts extremely high margins even in the event of a decline in gold prices, a scenario we do not currently anticipate.



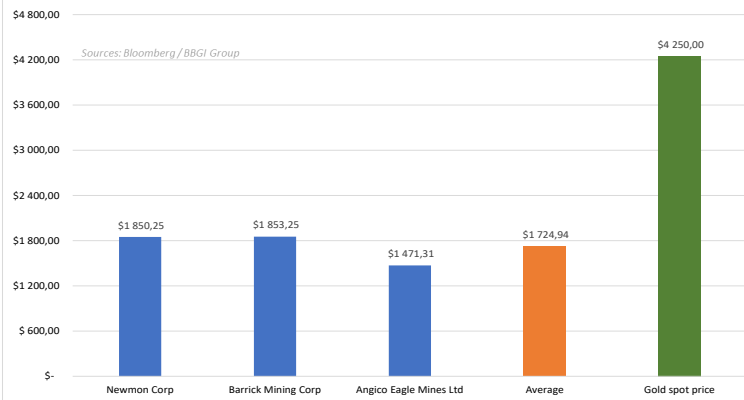
Spot Dollar/Oz Currency Gold



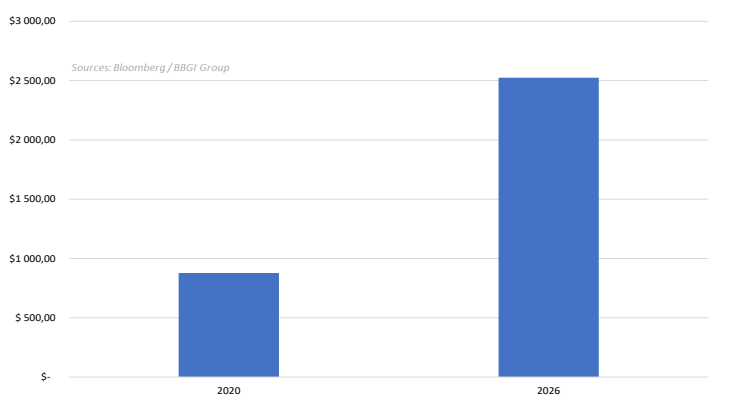
Performance of Gold mines



Gold price vs. All-in Sustaining Cost (AISC)



Gold Mining Margins 2020 vs. 2026



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