FAIRCOURT

GOLD INCOME CORP.

Fourth Quarter 2020

Inception Date: November 16, 2007
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
NEO Symbol: FGX

FAIRCOURT GOLD INCOME CORP.

The Company invests in gold equities which include senior and intermediate gold producers that are part of the S&P/TSX Global Gold Index.

INVESTMENT OBJECTIVES

The Company's investment objectives are to provide Shareholders with: (i) monthly distributions targeted to be $0.04167 per month and currently $0.024 per month; and (ii) the opportunity for capital appreciation. Based on the market price as at December 31, 2020, the yield was 6.22%.

TOP TEN HOLDINGS as at December 31, 2020

- Agnico Eagle Mines Ltd.
- Alamos Gold Inc.
- B2Gold Corp.
- Endeavour Mining Corporation
- K92 Mining Inc.
- Kinross Gold Corp.
- Kirkland Lake Gold Ltd.
- MAG Silver Corp.
- Newmont Corp.
- Silvercrest Metals Inc.

OPTION WRITING

Our Manager believes that option writing has the potential to add value in certain sectors that have sustained volatility. Gold equities, which have historically maintained a high degree of volatility are well suited to an option writing strategy.

The sustained volatility in the gold equity sector allows the option writer the potential to generate significant premium income. In addition, an option writing strategy is an effective way to help lower the level of volatility for an investor, and potentially improve returns. In addition to its strong current fundamentals, the Manager believes the volatility in gold stocks will remain high relative to the broader market, producing sound returns for investors.

PRECIOUS METALS OUTLOOK

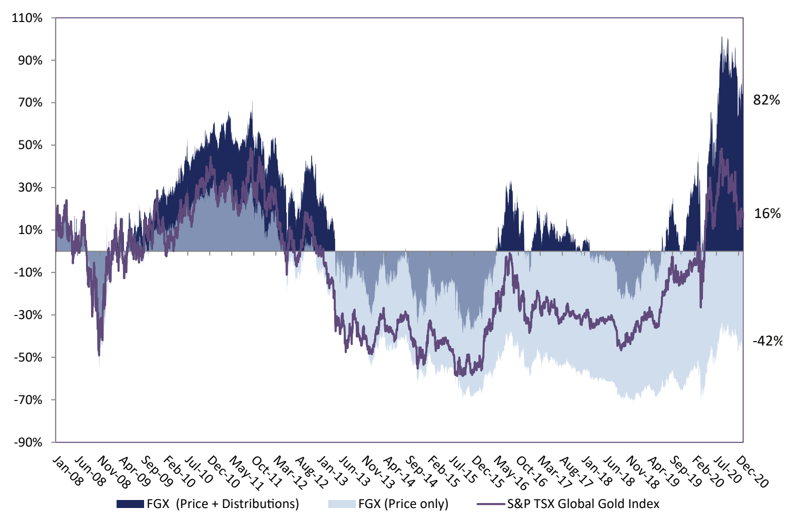
The Portfolio Advisor believes the fundamentals for investments in precious metals companies continue to be strong, especially during this uncertain global economic environment.

Driving the Portfolio Advisor's view are the following factors related to the demand for precious metals equity investments.

Current Global Economic Environment Supports Gold:

- Massive Stimulus from governments in response to the global pandemic
- Central Banks expanding balance sheets, and becoming buyer of last resort for many asset classes
- Concerns about the sluggish re-opening of the global economy
- New rounds of Quantitative Easing on the horizon
- Prolonged period of negative interest rates utilized globally

PERFORMANCE SINCE JANUARY 1, 2008



Inception date is November 16, 2007, initial portfolio fully invested January 1, 2008.
Data is based on market price Source: Bloomberg

Returns for Period Ended December 31, 2020

	1 Year	3 Year	5 Year	10 Year	Since Inception*
FGX – Price [1,2]	42.70%	19.99%	21.13%	1.24%	3.25%
FGX – NAV [1,3]	38.61%	20.84%	21.57%	0.09%	3.55%
FGX – Index	22.10%	18.53%	20.55%	-1.78%	1.16%

Notes:
(1) Assumes reinvestment of distributions;
(2) Source: Reuters
(3) Based on Basic NAV; Source: Faircourt Asset Management

Distribution History	Since Inception	2020	2019	2018	2017
Total Distributions Per Share	$5.75	$0.29	$0.29	$0.29	$0.29

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Management fees and expenses are associated with an investment in the fund. The performance data provided assumes reinvestment of distribution only and does not take into account redemption charges or income taxes payable by any security holder that would have reduced returns. An investment in the fund is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer. There can be no assurance that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated.

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The word unprecedented was used repeatedly in 2020 in an attempt to explain the pandemic, government responses around the world and political events in 2020 and into January of this year. Governments across the world pushed forward with varying forms of stimulus, with massive increases in money supply and sovereign debt while all major US stock indices have risen to all-time highs.

Pandemic related restrictions continue to cause havoc in the global economies. Christmas was cancelled in Europe, the UK is in full lockdown, Germany is going to full lockdown, Spain and others are using a more tiered approach. In North America more severe lockdowns and curfews are being considered. The rationale for these lockdowns is that it would buy time to create and distribute a vaccine at whatever costs. Rising virus cases continue from Russia and Asia meanwhile in the US the trajectory of infections and deaths keep rising. As we have said in past commentaries, we can look to the UK and Europe as a leading indicator for what awaits us. Expectations are Europe is slipping into a 2nd recession as a result of the surge COVID and by a mutation in the virus. The threat of more wide ranging lockdowns could lead us to shift to a global recession, at least technically. This form of closing and then reopening and then closing the economy as a form of pandemic control has consequences far beyond the economy. Human behavior is affected and suggests we will continue to take evasive action for the time being further suggesting poor economic data may lie ahead. This situation will only become normalized after people feel no fear of contracting COVID.

With respect to the United States and Canada, the real economy and capital markets continue to move in opposite directions, unhurt by the millions of unemployed people and the negative impacts on so many small businesses. Capital markets seem to want to power forward overlooking the potential of severe economic weakness.

There are no signs that borrowing will let up anytime soon. Public debt levels in the US now sit at greater than 130% of GDP and climbing. This figure may understate the situation when you factor in off balance sheet debts, such as Social Security and Medicare, but to say it mildly, US national debt is off the rails. Persistent debt accumulation will likely be one more reason that will keep central banks suppressing interest rates over a much longer period of time. There is suggestion that the one thing that makes these debt burdens tolerable for the time being is that debt service costs are relatively low and manageable due to prevailing ultralow interest rates. While this is true, the purchasing power of the dollar continues to be eroded and that is what Main Street feels. The US dollar continues to be devalued and is in a bearish trend.

President Biden is inheriting a difficult situation and has gone on record that his focus will be battling rising infections and deaths suggesting a more restrictive approach in America. The concern here is capital markets continue to look past economic data to when mobility resumes. We see this time as an extremely risky period for capital markets. Risk comes gradually and then suddenly. There is a reasonable case to be made that there is a high probability of a reversal. We will continue to pay attention to market volatility. We will continue to monitor yields and market positioning data. Hedges we have in place are to preserve capital and these hedges will need to be traded and monetized like any other asset price. Markets are in fact not efficient and assets in the same asset class (equities) will move together at signs of trouble as leveraged investors and funds rush to raise capital. The assumption in capital markets is any significant drawdown in equity markets will be supported by central banks to return them to levels pre drawdown. This is a very unhealthy view but has been the view that has existed since 2009.

As President Biden transitions into office, his administration has stated its desire to launch a $1.9 trillion stimulus and given the ease to finance itself with ultralow interest rates, the path of least resistance leads to increased fiscal spending. The primary economic policy of the Biden presidency is straightforward. It will print money, borrow money, spend money and handout money. The US Fed will be expanding its balance sheet to support asset prices while the government continues to support its citizens. If there is one takeaway at all, it is that monetary expansion is likely to continue, leading to further dollar based inflation.

We believe that the risks in the global economy call for continued allocation to precious metals. With the positive move in gold in 2020 (increasing by 25%), many of the Fund's investments performed well during the year. Importantly, this performance occurred across market capitalization levels, with small company's generally outperforming the larger capitalization companies. With the Fund's cross capitalization investment strategy, we are able to move between smaller and larger companies depending on the investment environment. During 2020, we chose to allocate more of the Fund's assets to the small and mid-cap precious metals companies.

On the large cap side, Newmont performed well for the Fund, rising 40% during the year. Newmont is currently the worlds top gold producer, expecting to produce 6 million ounces of gold in 2020. Newmont's performance during 2020 was driven by solid execution at its portfolio of mines. Investors also cheered Newmont's commitment to returning capital to shareholders with its dividend policy announcement in October. Under the new plan, Newmont plans to return 40-60% of FCF generated above $1,200 oz to shareholders through dividends. This resulted in a 60% increase in the dividend with the new policy. We continue to see opportunities for Newmont to realize value, for example, through additional cost reductions. Subsequent to year-end, Newmont announced a $1 billion share buyback, giving us more confidence in the capital discipline going forward.

While the Fund invests primarily in gold equities, it does hold other precious metals equities. One that performed very well during 2020 was MAG silver, up 69%. MAG is one of the top tier silver development assets globally, boasting exceptional grades of over 400 g/t of silver as well as compelling economics. While the silver price increase of almost 48% was a key driver of this performance, MAG investors also benefitted from the company reaching production milestones as it continues development of the mine and processing plant. In addition, silver fundamentals continue to look attractive.

One of the Fund's small cap names that performed very well during 2020 was Calibre Mining, returning 158%. Calibre has been active in Nicaragua for many years but in July 2019 made a transformative acquisition when it purchased B2GOLD's Nicaraguan assets for $100 million. The purchase consisted of two assets – La Libertad and El Limon. Despite a 10 week shut-down in 2020 due to COVID, the company produced approximately 136koz in 2020 and made the final payment to B2GOLD ($15.5 million) for the asset purchase. More importantly, the company has indicated it expects production of 170-180koz in 2021, with costs of $1,040 to $1,140. Going forward, the company has also identified a number of interesting exploration targets that we expect will provide additional value in 2021. While the near term focus is to provide more ore to make use of the (underutilized) Libertad mill, very interesting regional exploration opportunities have also been identified.

To generate additional returns and reduce risk, the Fund writes covered calls on securities held in the portfolio and cash secured put options on securities desired to be held in the portfolio. Since inception of the Fund, the Manager has generated significant income from option premium of approximately $27.43 million or $6.04 per weighted average number of Shares outstanding. For the year ending December 31, 2020, the Fund generated income from option writing of approximately $0.59 million or $0.17 per weighted average number of shares outstanding declaring regular monthly distributions totaling $0.29 per Share.

For the year ending December 31, 2020, the Fund generated a total return of 42.7% on a market price basis and 38.61% on a NAV basis versus its benchmark, the S&PTSX Global Gold Index performance of 22%.