

FAIRCOURT GOLD INCOME CORP.



Fourth Quarter 2023

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, 2023, the yield was 10.29%.

TOP TEN HOLDINGS

as at December 31, 2023

- Agnico Eagle Mines Ltd.
- Alamos Gold Inc.
- Dundee Precious Metals Inc.
- Endeavour Mining PLC
- Franco-Nevada Corp.
- MAG Silver Corp.
- Newmont Corp.
- Orla Mining Ltd.
- Skeena Resources Ltd.
- SSR Mining 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

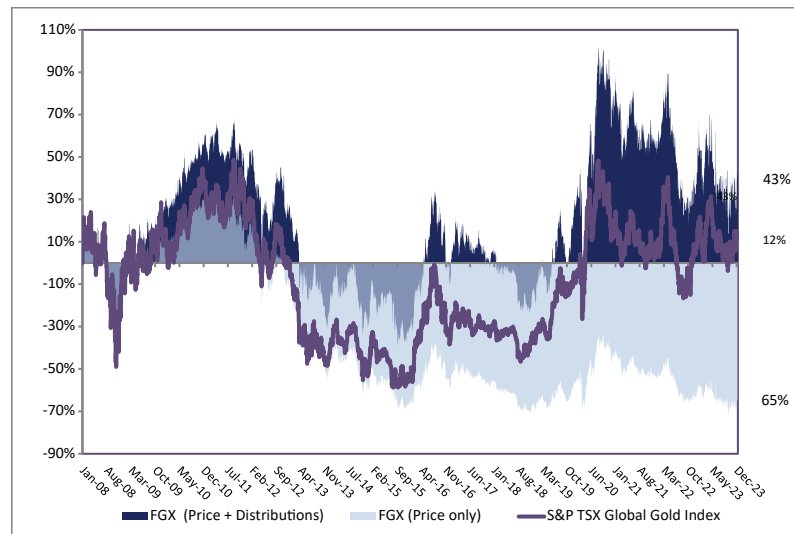
The Portfolio Advisor believes the fundamentals for investments in precious metals companies continue to be strong, especially during this uncertain global economic environment.

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
- Concerns about entering a Global Recession
- Fears of inflation

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, 2023

	1 Year	3 Year	5 Year	10 Year	Since Inception*
FGX – Price ^{1,2}	-0.33%	-7.82%	10.21%	6.72%	1.09%
FGX – NAV ^{1,3}	-7.26%	-10.41%	7.77%	6.04%	0.80%
FGX – Index	4.58%	-1.14%	10.76%	2.63%	0.73%

Notes:

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

Distribution History	Since Inception	2023	2022	2021	2020
Total Distributions Per Share	\$6.86	\$0.29	\$0.29	\$0.29	\$0.29

FAIRCOURT Asset Management Inc.

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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.



Gold began the year at \$1,824 and ended at \$2,062, posting an increase of 13%, driven by strong demand from emerging markets and emerging market central banks. In fact, gold prices set record highs in all major currencies except the Swiss Francs in 2023. With strong buying from emerging market central banks and western central banks no longer selling significant amounts of gold, net central bank demand was a strong contributor to the gold price increase. This continued a trend seen in 2022 which was one of the largest years of central bank buying in decades.

However, gold equities underperformed the price of gold during the year, rising 4.6% as cost pressures and unfavourable political environments for mining in many countries weighed on share prices.

The fund maintains a diversified portfolio of gold companies with positions across the capitalization spectrum but with an emphasis on large and mid-cap names. Small cap names are finding it difficult to raise money at reasonable valuations so asset quality is key. We believe that in the current environment, focusing on mid and large cap companies with select exposure to developers with quality assets is appropriate. While valuations are low across the sector (P/E of gold miners at 20 vs S&P500 at 25), they are particularly low in the smaller cap names. We believe that there will continue to be M&A as mid and larger cap companies look to either replace reserves or grow production at trough level prices but this opportunity needs to be weighed against the risk profile of the junior miner and its need for capital.

One of the Fund's best performers in 2023 was Alamos Gold which returned 30.2%. In a year which saw unrest in many mining jurisdictions, investors were drawn to the lower geopolitical risk profile of Alamos with its North American asset base. Increased production and cost control combined for positive overall performance, that helped Alamos to post strong returns in an otherwise muted year for gold equities. Early in 2024, Alamos released 3 year guidance, with gold production growing modestly to 520koz-560koz/year from its 2023 production of 530koz.

Osino Resources is the owner of the Twin Hills Gold Project in Namibia, is an advanced-stage gold project. The company posted strong returns for the year, up 64.5% on the back of an announced acquisition on December 18th, 2023 by Dundee Precious Metals (DPM). Under the terms of the agreement, Osino shareholders will receive \$0.775 in cash and 0.0801 of a share of DPM. While we believe the Twin Hills project will ultimately prove to be more valuable than the price offered, the capital required to develop the project was not available at terms that would have been economic for Osino shareholders. In addition, Dundee has existing operations in Namibia making the next phase of development for the project more efficient with Dundee being a logical operator of the project.

Franco-Nevada (FNV) struggled in 2023, posting a loss of 19.6%, primarily due to the government ordered shut-down of First Quantum's Cobre Panama mine. Cobre Panama had represented approximately 15% of FNV's NAV so the market has essentially

removed any value for the Cobre Panama stream from FNV's market capitalization. It is important to note that Cobre Panama is important to Panama's economy, representing 5% of the country's GDP. In addition, if the government persists with this position Panama could have to pay in excess of \$50 billion if it loses in international arbitration. Given these factors we believe it is likely that a settlement will be reached at some point and that the mine will begin operating again.

The divergence of the overall equity market from economic fundamentals has been remarkable and sobering. It is important to recognize this divergence and come to terms with the data and discontinue pointing to the stock market as an economic indicator when in fact, at best, it's a momentum indicator. Current market consensus is as polarized as ever, and that is why volatility may return. Risk happens slowly and then all at once. Macro is the principal risk to outlook, particularly around the Federal Reserve's delicate balancing act of controlling inflation and not harming the expected trajectory of real economic growth. Looking back thru history, since 1954 there have been 10 recessions and all of them have been preceded by a significant rise in short term yields. The point is this dynamic has been festering for some time. The US is a very expensive market when benchmarked against risk free rates and even against the equity markets in Canada and some Emerging markets. We are basically back to peak multiples in the face of an earnings recession. Core message here is rallies not backed by fundamentals are not sustainable and while they can be exciting to watch they are anxious to own.

Looking forward, the market is anticipating fed rate cuts in 2024. While the timing of cuts and the number of cuts is uncertain and actively debated, the Fed has telegraphed that it is done with rate increases, and that the next move will be downward. Gold has tended to have its best performance as the interest rate cycle turns to easing.

Given continued recession fears and heightened geopolitical risks that exist, we continue to believe that the outlook for gold is very positive for 2024. It remains prudent for investors to position their portfolios with a significant gold allocation.

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 \$28.99 million or \$6.857 per weighted average number of Shares outstanding.

For the year ending December 31, 2023, the Fund generated income from option writing of approximately \$0.40 million or \$0.1460 per weighted average number of shares outstanding declaring regular monthly distributions totaling \$0.2880 per Share. For the year ending December 31, 2023, the Fund was flat for the year, generating a total return of -0.33% on a market price basis versus its benchmark, the S&PTSX Global Gold Index performance of 4.58%.