FAIRCOURT

# GOLD INCOME CORP.

**Second Quarter 2025**

**Inception Date**: November 16, 2007
**Fund Manager**: Faircourt Asset Management Inc.
**Portfolio Advisor**: Faircourt Asset Management Inc.
**Cboe Canada Stock 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 June 30, 2025, the yield was 6.87%.

## TOP TEN HOLDINGS as at June 30, 2025

- Agnico Eagle Mines Ltd.
- Alamos Gold Inc., Class A
- Dundee Precious Metals Inc.
- Equinox Gold Corp.
- Franco-Nevada Corp.
- Kinross Gold Corp.
- Montage Gold Corp.
- Skeena Resources Ltd.
- Snowline Gold Corp.
- SPDR Gold Shares

## 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

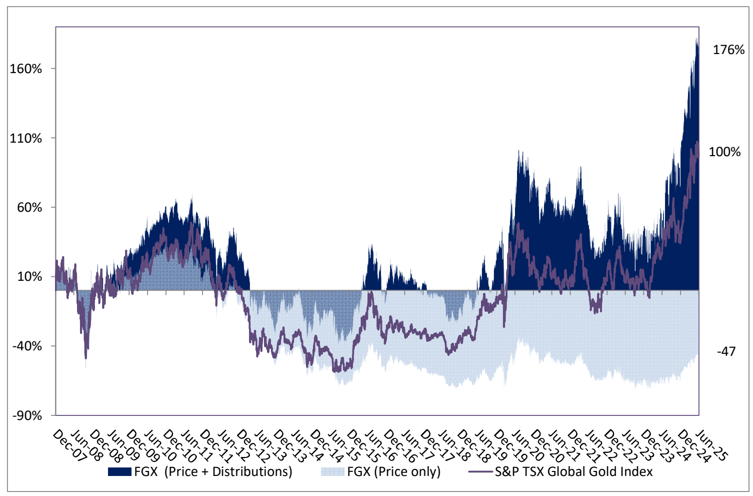
The Portfolio Advisor believes the fundamentals for investments in precious metals companies continue to be strong, especially during this uncertain global economic environment.

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:**

- Current policy of US dollar weakness
- Massive Stimulus from governments
- Central Banks expanding balance sheets
- Concerns about entering a Global Recession
- Fears of inflation
- Structural and intractable deficit spending

## 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 June 30, 2025**

| | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception* |
|---|---|---|---|---|---|
| FGX – Price [1,2] | 74.22% | 17.65% | 9.41% | 10.73% | 4.04% |
| FGX – NAV [1,3] | 64.81% | 21.16% | 5.23% | 11.84% | 3.94% |
| Benchmark – Index | 58.95% | 26.28% | 9.69% | 14.75% | 4.05% |

Notes:
(1) Assumes reinvestment of distributions;
(2) Source: LSEG Workspace
(3) Based on Basic NAV; Source: Faircourt Asset Management
(4) The reference benchmark is the SPTSX Global Gold Index

| Distribution History | Since Inception | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Total Distributions Per Share | $7.14 | $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.

# FAIRCOURT GOLD INCOME CORP.

**Second Quarter 2025**

Gold continued its strong performance in the first half of 2025, rising from $2,623 at the start of the year to $3,303 by the end of June, representing a gain of 25.9%. The metal reached a record high of $3,411.40 in May, driven by persistent economic uncertainty, geopolitical tensions, and a weakening U.S. dollar. Gold equities also posted solid returns, with the S&P/TSX Global Gold index gaining 48.25%.

The macro backdrop remained supportive for gold during the period. Trade policy uncertainty, particularly around proposed U.S. tariffs, elevated geopolitical risk, and continued central bank buying all contributed to gold's safe-haven appeal. Central banks added 20.8 metric tons of gold in January alone, and institutional demand remained strong, with global gold ETFs seeing strong net inflows.

With real interest rates remaining suppressed across developed markets, the traditional opportunity cost of holding gold has been less of a concern for investors. Inflation, while moderate by historical standards, continues to erode purchasing power, reinforcing gold's role as a store of value. The Trump administration's tariff strategy, aimed at boosting government revenues and repatriating manufacturing to the U.S., has added to global trade tensions and currency volatility, further supporting gold prices in the near term.

In our opinion, behind these shorter duration drivers, exists a more significant and longer term driver of gold prices. Much of the developed world economy is being driven by intractable deficit spending and many countries have exceeded 100% debt to GDP levels. With economic growth in question, a significant portion of government spending tied up in hard-to-cut entitlement programs, and the need for increased defense spending leading to even larger deficits, there is no clear path to reducing the deficit.

While Europe has contended with fiscal issues over 20 plus years, it is now joined by the U.S. in this deficit and debt driven environment. We are now entering an era of fiscal dominance – a condition where a countries debt and deficits are high enough that monetary policy ceases to be effective in controlling inflation. Worse, higher rates may actually worsen inflation in times of fiscal dominance by driving ever higher deficits. With the US dollar having reserve currency status, the implications of this are profound.

The government playbook for managing through fiscal dominance is to manage the yield curve - meaning to push rates lower than they would otherwise be through central bank actions. This subjects investors to negative real rates, also referred to as financial repression. Investors are also likely to experience above target inflation, and higher currency volatility than has been experienced historically. Financial repression also significantly reduces the appeal of traditional "safe" assets like Treasuries while boosting the appeal of hard assets like real estate, commodities, and of course reserve assets like gold.

While some of the short-term drivers of gold, such as tariff uncertainty, will likely resolve in the near term, longer term drivers of gold – in particular government debt levels are very unlikely to be resolved in either a short or medium term investment horizon. As a result, we remain bullish on gold and gold equities.

The Fund maintains a diversified portfolio of gold companies across the capitalization spectrum, with a focus on large and mid-cap producers and select exploration and development-stage assets. For the first half of 2025, the Fund generated a return of 53.54% on a market price basis and 42.29% on a NAV basis, versus its benchmark, the S&P/TSX Global Gold Index performance of 48.29%. The key contributors included:

Montage Gold – returned 117% in the period. The company continued to make good progress at its Koné project in Côte d'Iviore, with construction proceeding on pace, and confidence in meeting its published objective of adding 1 million oz at significantly higher grades. First gold pour is expected in Q2/2027 for the project. Skeena Resources returned 73% in the period as investors recognized its value as a permitted project with scale, high grade, and in a safe jurisdiction.

Rio2 stock was up 129% in the period. RIO2 is developing the Fenix project in Chile, one of the largest heap leach projects in the Americas. In total, the Fenix project has over 1.8 million oz of reserves. As a heap leap, the project is simple, with lower capex and less technical risk than more complex projects. Despite the stock price increase, we believe there is additional upside, as the company continues to derisk its construction and completes and expected expansion plan that could increase production to over 200 koz / year.

With the index up 48.25%, some positions underperformed despite posting double digit price appreciation. Probe Gold, one of the Fund's exploration holdings is moving its Novador project in Quebec towards development while actively exploring a large land package. Probe posted a 26% return with news flow not sufficient to drive more interest in the stock.

Equinox Gold also underperformed the index, with the stock rising 14.5% during the first half of the year. On February 5th, 2025 the company announced an agreement to merge with Calibre mining. The merger was completed on June 17th but the transaction weighed on the stock price during the period. The combined entity is the second largest Canadian gold producer and we believe the company is positioned well for the second half of the year.

While many gold companies performed well, the period also highlighted the importance of maintaining a diversified portfolio. Some exploration-stage names underperformed due to permitting delays and financing challenges, while other names were held back my M&A concerns, underscoring the need for disciplined capital allocation.

Looking ahead, we expect gold to remain well-supported by macroeconomic and geopolitical factors. Consensus forecasts suggest gold could reach $3,500–$4,000 by year-end. The Fund will continue to focus on companies with strong balance sheets, low-cost production, and exposure to jurisdictions with stable regulatory environments.

We remain constructive on gold equities, particularly those with operational leverage to the commodity price and disciplined growth strategies. With gold reaffirming its role as a strategic asset class, we believe the Fund is well-positioned to deliver attractive risk-adjusted returns in the second half of 2025.

The Fund will continue to invest in leading global gold companies primarily involved in gold exploration, mining or production while using its option writing program to lower the fund's volatility and generate a monthly income stream. In order to generate additional returns and reduce risk, the Fund may write covered calls on securities held in the portfolio and cash secured put options on securities desired to be held in the portfolio. Writing call options tends to decrease the Fund's exposure to the underlying instrument. Writing put options tends to increase the Fund's exposure to the underlying instrument. Moderate volatility in the Fund's underlying investments allowed the Fund to generate income from option writing of approximately $0.29 million or $0.12 per weighted average number of redeemable Class A Shares outstanding declaring regular monthly distributions totaling $0.144 per Class A Shares during the period ended June 30, 2025. Since inception of the Fund, the Manager has generated significant income from option premium of approximately $29.70 million or $7.27 per weighted average number of Shares outstanding declaring distributions totaling $29.27 million or $7.16 per weighted average number of Class A Shares outstanding. The Manager continues to believe that option writing can add incremental value going forward.