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Gold & Portfolio Strategy

Following the Script: Why the Gold Bull Market Has More Room to Run

OUR TAKE: Positive. In this report, we have analyzed six main gold cycles over the past 50 years. While these cycles are all different (duration, returns, or drivers), they tend to come with (or follow) an economic/financial shock or a geopolitical event, leading to higher uncertainty, with the USD embarking on sustained downtrends. Today's cycle looks no different: the pandemic shock unleashed unprecedented monetary and fiscal stimulus (higher debt), trade uncertainty is high, geopolitical tensions elevated, and the USD is heading lower. Gold equities often move before bullion (at an average leverage ratio of ~1.5:1), similar to today.

Outlook. Investors' primary concern is whether the gold rally is nearing an end. From a macro standpoint, not only all major traditional factors driving gold higher remain firmly in place, but we also note some key differences vs prior cycles that could extend its longevity, including central banks being major net buyers, the democratization of gold products, and investors remain broadly underweight the space. Despite recent volatility, we stick to our OW recommendation.

Gold equities - what's not to like? The operators' disciplined approach to the business, coupled with strong balance sheets, record margins, and FCF to support increased returns, valuations have further room to expand. Generalist investors remain underweight the sector. Top picks are **AEM, AGI, AU, B, DPM, EDV, KGC, NEM, OGC, PAAS**.

Risks to Our Gold Call - What can go wrong?

We note the following risks to our upbeat gold outlook:

- **Upside reversal in greenback.** All gold cycles ended the same way: a normalizing/healing economic environment following a shock, with real interest rates mean reverting higher, and the dollar appreciating.
- **US Midterm election.**
- **Gold supply hits market.**
- **Geopolitical tensions diminish: Above-average risk premium shrinks.**

More details inside this report.

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Backdrop and Drivers by Cycle

We have identified six main gold cycles (from low to high in gold price) over the past 50 years, including two in the 1970s, one in the 1980s, two in the 2000s, and the current one (2022 to present). **While they all come in different shape and sizes (duration, returns, or drivers), they're not random events;** they tend to come with (or follow) an economic/financial shock or some geopolitical events, bringing a heavy dose of uncertainty, with the USD embarking on sustained downtrends. In contrast, the end of the cycles are driven by either a steep reversal in the dollar trend (real interest rates rising/spiking) and/or elevated economic or geopolitical uncertainty diminishing. Exhibit 1 provides selective stats on the six major gold bull markets we define going back to the 1970s, along with gold equity returns, leverage to the gold price, and weighting in the TSX Composite.

We chose to break the 1970s and 2000s cycles in two smaller cycles as bullion suffered significant pullbacks (>30% decline) in these periods. Bullion dropped 43% over a 20-month period between Dec-1974 and Aug-1976, which we believe was worth considering. Similarly, gold dropped ~30% during the GFC over an 8-month period. We explore below the key drivers for these cycles and provide some economic/political/social context as well (see Exhibit 2).

Exhibit 1 - Gold Cycles Table

Gold Cycles															
Cycle	Start		End		Duration (month)	Performance (%)	Equities - TSX Gold index ^{1,2}				S&P 500 Return		TSX Gold and Precious Weighting ³		
	Date	US\$/oz	Date	US\$/oz			Bottom	Peak	%	Leverage to gold	US\$	C\$	Start	End	Average
1970-1974	11/Aug/70	35	31/Dec/74	184	52	422%	26/May/70	16/Aug/74	204%	0.5	9%	0%	n/a	n/a	n/a
1976-1980	25/Aug/76	104	21/Jan/80	850	40	721%	25/Oct/76	22/Sep/80	708%	1.0	30%	56%	n/a	4.2%	n/a
1985-1987	25/Feb/85	284	14/Dec/87	500	33	76%	4/Jan/85	25/Sep/87	291%	3.8	96%	94%	2.9%	11.2%	6.1%
2001-2008	2/Apr/01	256	14/Mar/08	1,003	83	292%	24/Oct/00	14/Mar/08	315%	1.1	-8%	-40%	2.1%	9.7%	5.6%
2008-2011	12/Nov/08	712	5/Sep/11	1,900	33	167%	27/Oct/08	8/Sep/11	217%	1.3	40%	7%	6.7%	15.8%	12.6%
Average					48	336%			347%	1.5	33%	23%	3.9%	10.2%	
Max					83	721%			708%	3.8	96%	94%	6.7%	15.8%	
Min					33	76%			204%	0.5	-8%	-40%	2.1%	4.2%	
Current															
2022-...	Oct-22	1,628	current	5,025	39	209%	Sep-22	current	346%	1.7	75%	80%	6.1%	15.0%	8.4%

- 1: We used the CRSP US Gold miners index (C\$) before 1977 to proxy the performance of Canadian gold equities.
- 2: TSX Gold index performance calculated using own trough/peak dates (which may differ from gold trough/peak dates)
- 3: Weightings are based on month-end data

Source: Scotiabank GBM Portfolio Strategy, Bloomberg, CRSP.

Exhibit 2 - Political, Economic, and Industry Events During Historic Gold Cycles

	Political/Social	Economic	Industry Specific
Aug. 1970 - Dec. 1974	Watergate scandal leads to President Nixon's resignation; US withdraws from Vietnam after the Paris Peace Accords; The Yom Kippur War triggers a major geopolitical crisis.	US recession, 1973 Arab oil embargo causes an energy crisis and soaring inflation; The US imposes, then lifts, wage and price controls. Real rates turn negative (1973).	The official gold price is unpegged from \$35/oz and allowed to float freely; COMEX begins trading gold, and private ownership of gold is re-legalized in the US. First use of heap leach technology.
Aug. 1976 - Jan. 1980	The Iranian Revolution and subsequent US hostage crisis create a major geopolitical shock; The Soviet Union invades Afghanistan, intensifying Cold War tensions; Margaret Thatcher is elected Prime Minister in the UK. Iraq invades Iran.	A second oil crisis doubles crude prices, leading to rampant global inflation; US inflation skyrockets into the double digits; Paul Volcker is appointed Fed Chairman with a mandate to lower inflation, setting the stage for high interest rates (prime at 21.5%, inflation at 15%). Real rates move from breakeven (1977) to end of decade.	The IMF sold 732 tonnes over 4 years in four auctions (announced in 1976); major sales from other countries (Portugal), US sells 142 tonnes, NY and Chicago become the world's gold futures markets, central banks move from net sellers (544t) to net buyers (230t) in 1979/1980; Hong Kong expands into gold futures.
Feb. 1985 - Dec. 1987	Mikhail Gorbachev's rise in the USSR ushers in the era of "Glasnost" and "Perestroika"; US bombs Libya; The Iran-Contra affair becomes a major US political scandal; The Chernobyl nuclear disaster occurs in the Soviet Union.	Twin deficit deepens to 8.5% GDP in US, unemployment at 7.2%. The 1987 "Black Monday" stock market crash causes a global panic and flight to safety; Alan Greenspan becomes Chairman of the US Federal Reserve; The Plaza Accord leads to a period of significant US dollar depreciation.	Newmont Gold Quarry mine opens, Barrick Gold purchases the Goldstrike property and introduces hedging with 93koz forward sale; merger of Placer, Dome, and Campbell; Homestake introduces autoclave technology for gold at its McLaughlin mine. Barrick discovers Betze/Post.
Apr. 2001 - Mar. 2008	The 9/11 attacks lead to the "War on Terrorism" and the invasions of Afghanistan (2001) and Iraq (2003); Hurricane Katrina devastates New Orleans; Saddam Hussein executed; North Korea conducts its first nuclear test. Coordinated terrorist attacks occur.	Newly formed Euro is trading, Enron files bankruptcy, WorldCom fraud, US raises rates with US account deficits at record levels; US housing bubble inflates and then bursts, leading to the 2007 subprime mortgage crisis; The Global Financial Crisis begins to unfold with major losses at Bear Stearns; The US dollar enters a multi-year decline.	Gold rises from under \$300/oz to nearly \$1,000/oz by March 2008; launch of the first US gold ETF (GLD) in 2004; producers start to de-hedge (2000) from a level of 2,563 tonnes, consolidation in the sector with Barrick/Homestake merger, Newmont/Franco-Nevada/Nomandy combine, amongst others. Central bank sales continue.
Nov. 2008 - Sept. 2011	The "Arab Spring" uprisings spread across the Middle East and North Africa, causing regional instability; The Occupy Wall Street movement protests global economic inequality; US forces kill Osama bin Laden in Pakistan. Fukushima nuclear disaster in Japan.	Lehman Brothers files for bankruptcy, the world economy grapples with "The Great Recession" in the aftermath of the GFC; Central banks launch unprecedented Quantitative Easing (QE) programs; European sovereign debt crisis and a downgrade of the US credit rating fuel global uncertainty.	Gold surges to its then-record high of over \$1,920/oz in September 2011; Central bank buying accelerates (starts in 2010), led by emerging market nations diversifying reserves; Kinross purchases Red Back Mining; producers continue to de-hedge. Gold market goes into backwardation.
Oct. 2022 - Present	Russia's full-scale war in Ukraine continues, creating persistent geopolitical tension; The Israel-Hamas war begins after a major attack, leading to a devastating conflict in Gaza; A record number of national elections are held globally in 2024. Trump elected as President of US; geopolitical tensions escalate globally.	Central banks worldwide execute the most aggressive interest rate hiking cycle in decades to fight high inflation; US dollar hits 20 year high, US banking sector sees turmoil with the collapse of Silicon Valley Bank and the forced merger of Credit Suisse; market uncertainty prevails over global recessions. Trump implements tariffs on numerous countries. US weakens.	Gold reaches an all-time high at over \$5,000/oz; Central banks become strong net buyers; Bitcoin becomes an alternative investment to bullion and ether becomes more active. Newmont purchases Newcrest with other consolidation in the sector. Companies announce massive dividend increases, share buyback programs, with companies reporting net cash positions.

Source: Scotiabank GBM

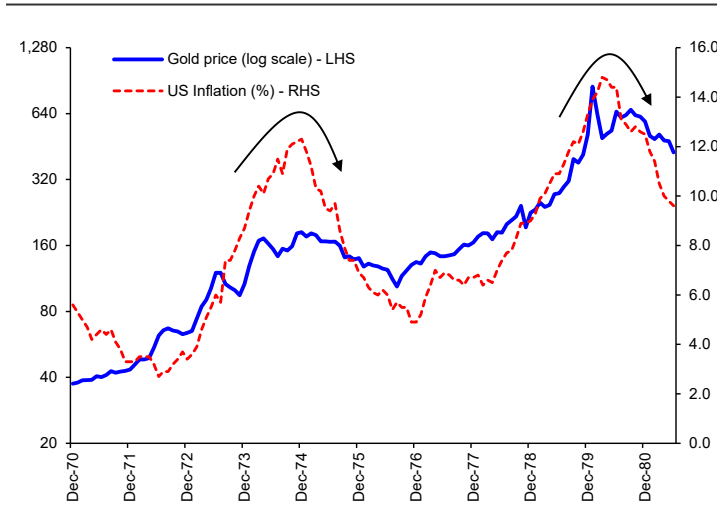
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The 1970s (1970-1974; 1976-1980).

We believe three key factors drove the bullion higher during the 1970s: 1) elevated geopolitical risks (oil embargoes), 2) hyperinflation (which led to a period of negative real interest rates), and 3) the steep USD fall (-30%) in the years following the end of Bretton Woods (end of dollar convertibility to gold). As we indicated, there were two cycles in 1970s which saw bullion rise +422% and +721%, respectively. These two cycles lasted 52 and 40 months, respectively, and were segregated by ~40% drop in the gold price over a 20-m period between the end of 1974 and mid-1976. While gold equities exhibited a more modest leverage to bullion, especially in 1970-1974 period, they easily outperformed the S&P 500 in both cycles.

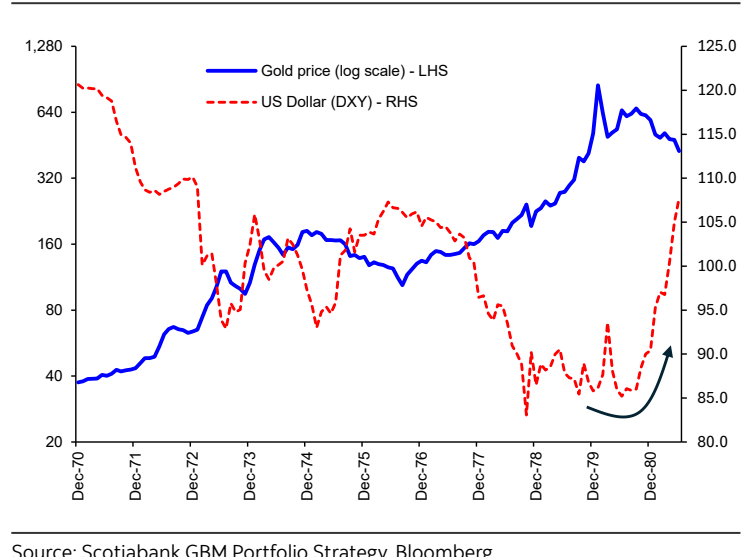
The cycle ended when Fed Volcker took the necessary steps to stop runaway inflation. He lifted Fed funds to 20% in early 1980, which catapulted real US 10-yr yields from deeply negative to strongly positive territory (Exhibit 6), and the US dollar embarked on a steep uptrend culminating in early 1985 (Exhibit 4). The DXY rose from the 85 level in the late 1970s to a peak of 160 in early 1985 (which, by the way, corresponds to the bottom in bullion that same year and the start of the 1985-1987 cycle).

Exhibit 3 - 1970s: Bullion Responded to the Inflation Shock of the 1970s



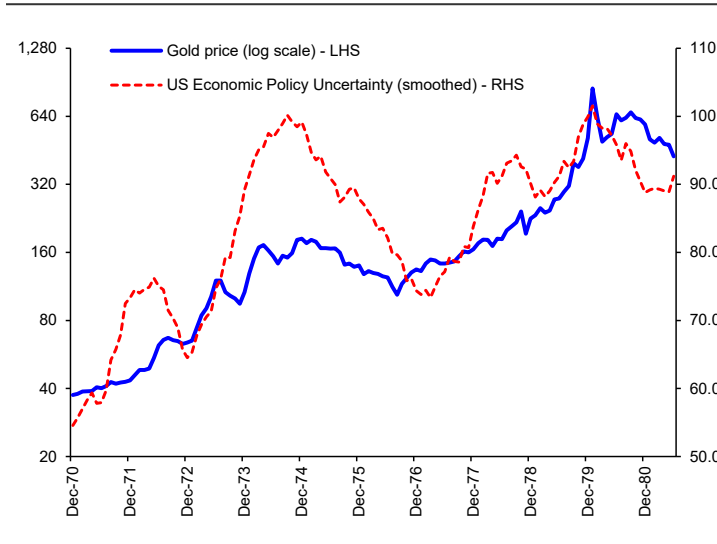
Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Exhibit 4 - 1970s: Bullion Also Responded to a Falling Dollar



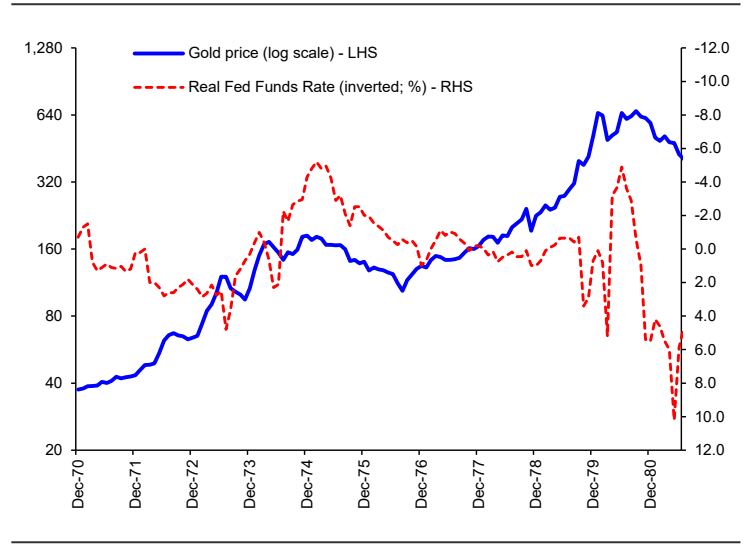
Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Exhibit 5 - 1970s: Bullion vs US Economic Policy Uncertainty



Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Exhibit 6 - 1970s: Bullion vs Real Fed Funds Rate



Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

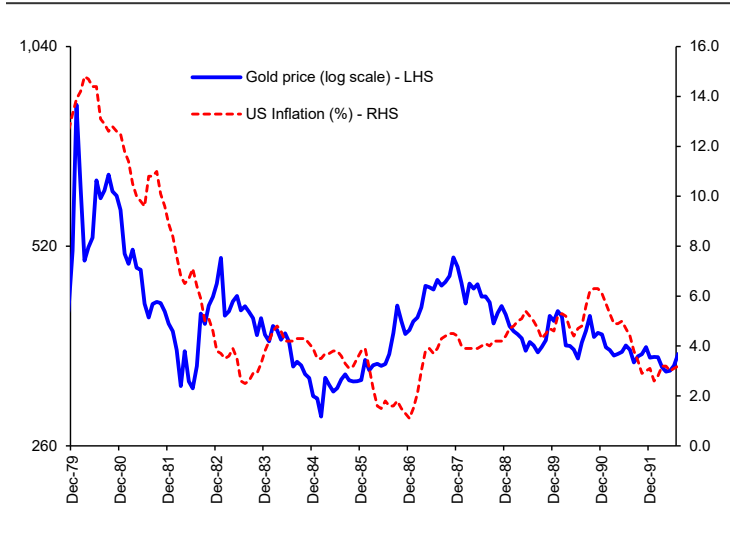
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The 1980s (1985-1987)

This cycle was all about US dollar devaluation and the market crash of 1987. After a steep US dollar appreciation, which culminated in early 1985, US business competitiveness had sharply eroded and the US trade deficit had reached a record, forcing governments to intervene and devalue the dollar. The G5 countries ratified the “Plaza Accord” in September 1985, with intended goal of bringing down the value of the dollar. The move was successful and the DXY dropped about 45% over the next two years. The bullion bottomed in early 1985 and peaked in December 1987 for a 76% gain over the 33-month period. The 1987 market crash, along with high uncertainty/volatility, also contributed to push the bullion higher. Gold equities (+291%) sharply outperformed both the bullion (+76%) and the S&P 500 (+96% in USD; +94% in C\$) over the period, with the TSX Gold and precious metals weighting in the TSX Composite index surging from 2.9% to a high of 11.2%.

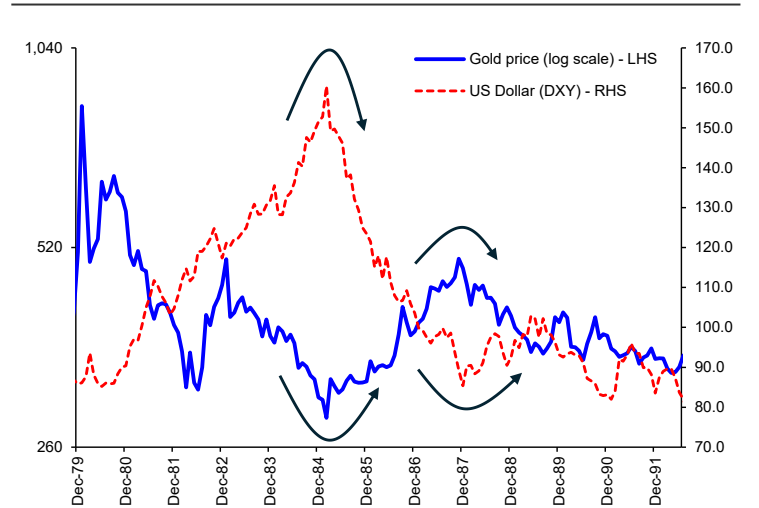
Eventually, uncertainty subsided and the dollar started to recover as Fed tightening resumed in early 1988 with real rates rising from 2.5% in Dec-1987 to almost 5% by early 1989, marking the end of the gold cycle.

Exhibit 7 - 1980s: Bullion vs US Inflation



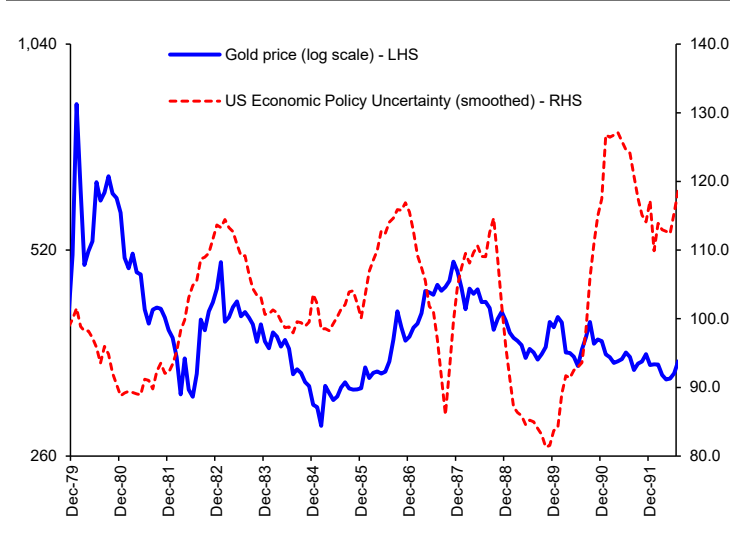
Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Exhibit 8 - 1980s: The Bullion Surged Following the Plaza Accord to Devalue the USD



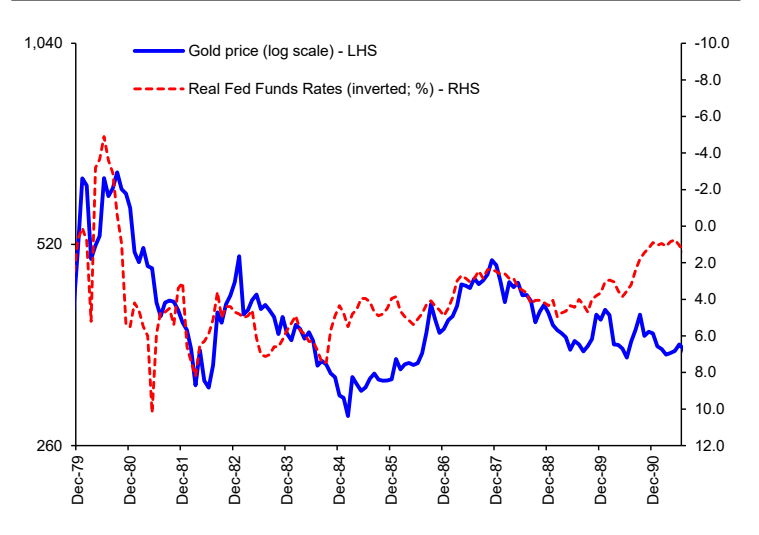
Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Exhibit 9 - 1980s: Bullion vs US Economic Policy Uncertainty



Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Exhibit 10 - 1980s: Bullion vs Real Fed Funds Rate



Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

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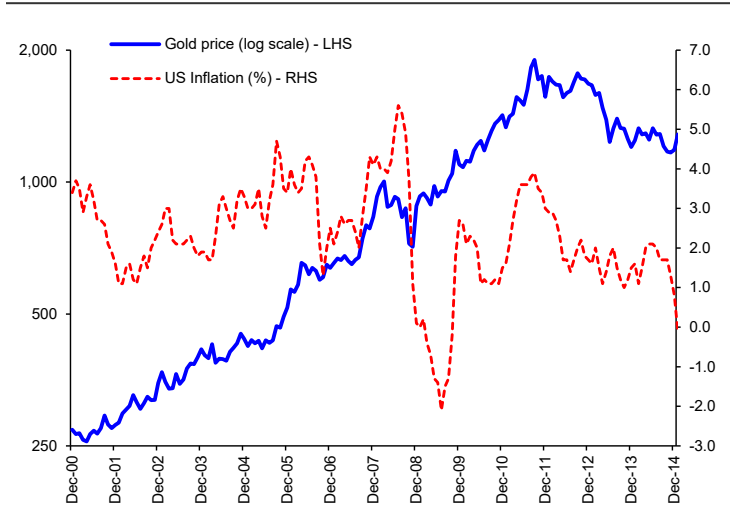
The 2000s (2001-2008; 2008-2011)

2001-2008. The Tech-bubble burst, 9/11 and recession led to an aggressive monetary response: Fed funds fell from 6.5% in 2000 to 1.00% in 2003, real rates turned negative, and DXY depreciated 40% until the GFC. Gold reacted positively, rallying from \$256/oz in 2001 to \$1,003/oz by early 2008 (+292%). Gold equities surged 315% from Oct-2000 to Mar-2008, trouncing the S&P 500 (-8%). However, bullion suffered a severe pullback in 2008 (-30% in 8 months). Due to the severity of the decline, we concluded that the cycle ended in March 2008.

2008-2011. Gold bullion thrived in the aftermath of the GFC, a period characterized by massive money printing (QE), negative real rates, the European crisis, and the US debt downgrade in 2011. High economic uncertainty/financial system strains were a fertile ground for gold, which printed a new high of \$1,900/oz in September 2011 (+167%). Gold equities rose 217%, outperforming both bullion and S&P 500. The TSX gold and precious metal sector weighting rose from 6.7% to 15.8%.

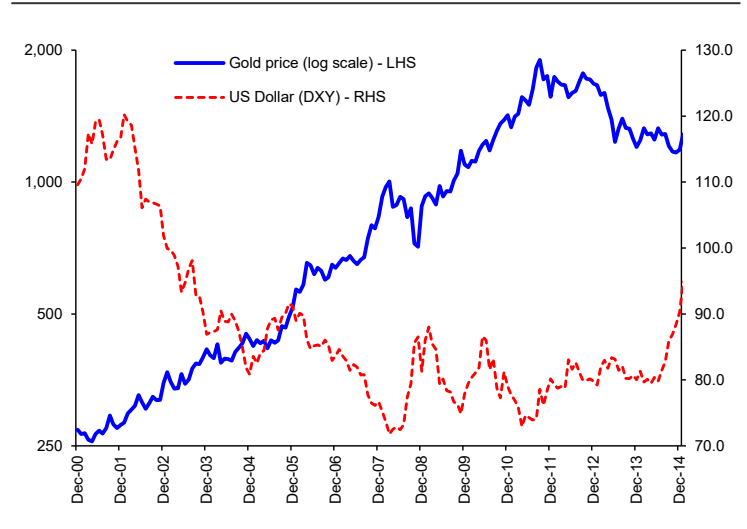
A smooth end of cycle for bullion. While bullion continued to trade in a strong \$1,600-\$1,800/oz range in 2012, investors had moved on. The economic healing phase had started (real rates reverting higher, dollar up, and economic anxiety abating) and the TSX Gold index slipped 15% in 2012 (S&P 500 +13%).

Exhibit 11 - 2000s: Gold Up, Inflation Not So Much



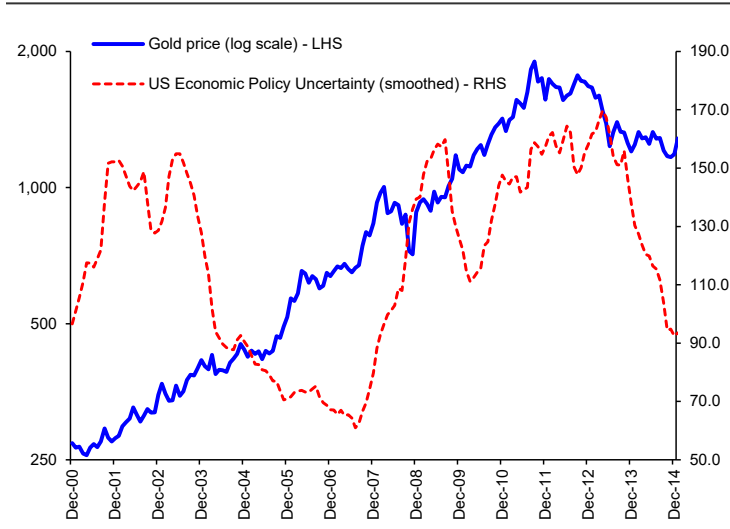
Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Exhibit 12 - 2000s: Bullion vs US Dollar



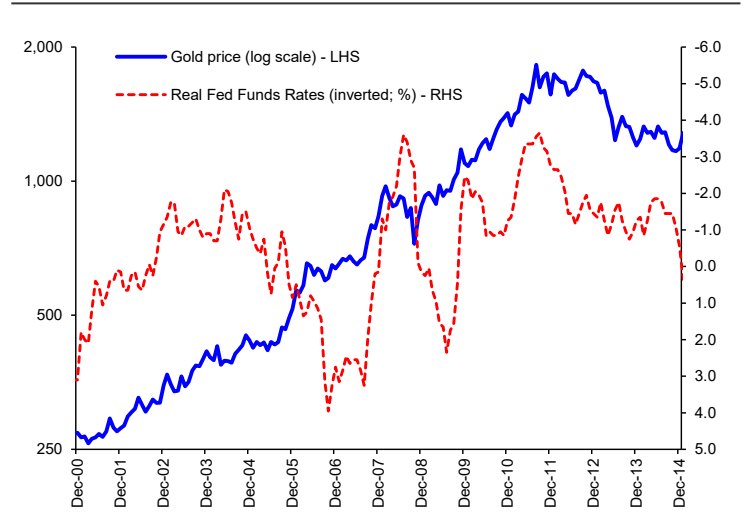
Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Exhibit 13 - 2000s: Bullion vs US Economic Policy Uncertainty



Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Exhibit 14 - 2000s: Bullion vs Real Fed Funds Rate



Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

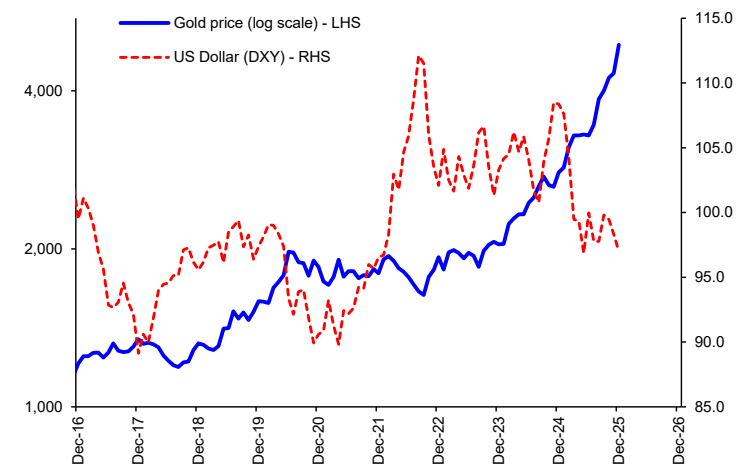
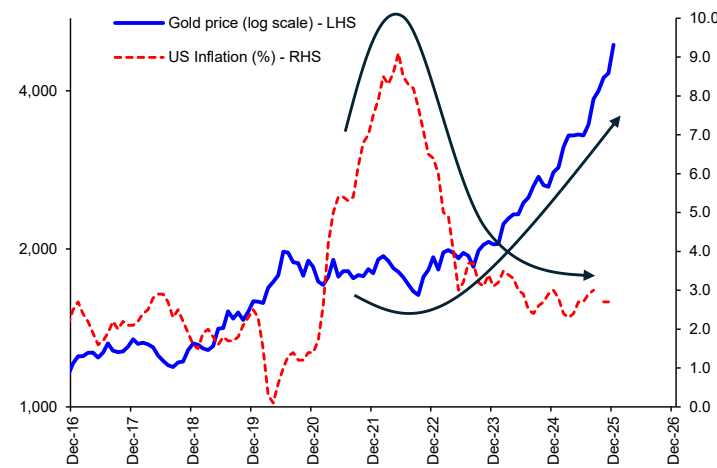
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The 2020s: (2022-...)

Pandemic, policy uncertainty (new world order?), and debasement fears are in charge. While bullion initially increased during the pandemic, it stayed relatively flat for most of the 2020 to 2022 period, averaging about \$1,800/oz. Gold’s reaction to the 2021/2022 inflation shock was fairly muted. It was not until late 2022 that the acceleration phase was more visible. While we set the October 2022 low as the starting point for the current cycle, we believe the COVID-19 pandemic sowed the seeds of the rise in bullion as the pandemic shock unleashed unprecedented monetary and fiscal stimulus. With governments continuing to run large deficits five years later, with frankly no fiscal restraints in sight, the uptrend in government debt worldwide appears unlikely to stop any time soon. The seizure of Russian assets, economic/resource nationalism, and the US administration injecting a solid dose of uncertainty about the world economic order as we know it since the end of WWII have investors looking for safety in hard assets such as gold. The implementation of tariffs on imported goods, threats on allies and foes, desire to annex Greenland, the intervention in Venezuela, and threats to Fed independence, among others, have led foreign central banks and investors to diversify, or be less dependent, on the dollar, which is supporting bullion.

Exhibit 15 - 2020s: Bullion Rally Not a Response to Higher Inflation

Exhibit 16 - 2020s: Bullion vs US Dollar

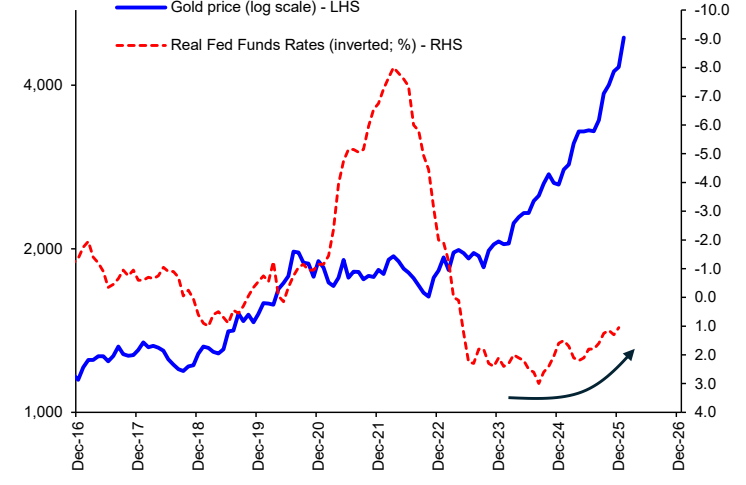
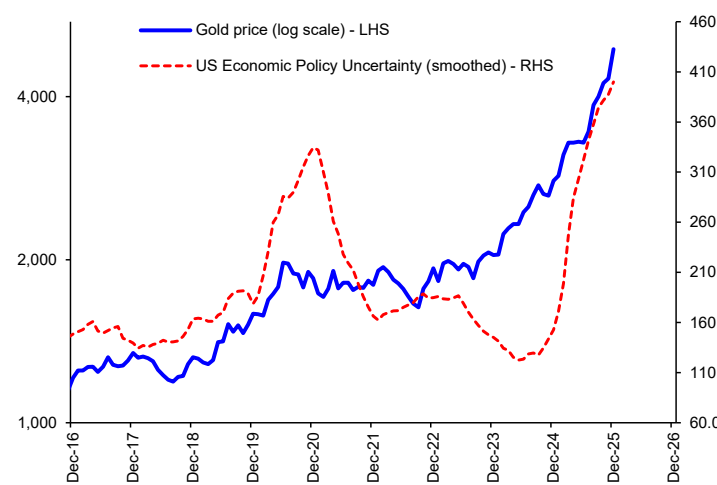


Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Exhibit 17 - 2020s: Bullion vs US Economic Policy Uncertainty

Exhibit 18 - 2020s: Bullion vs Real Fed Funds Rate



Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

Source: Scotiabank GBM Portfolio Strategy, Bloomberg.

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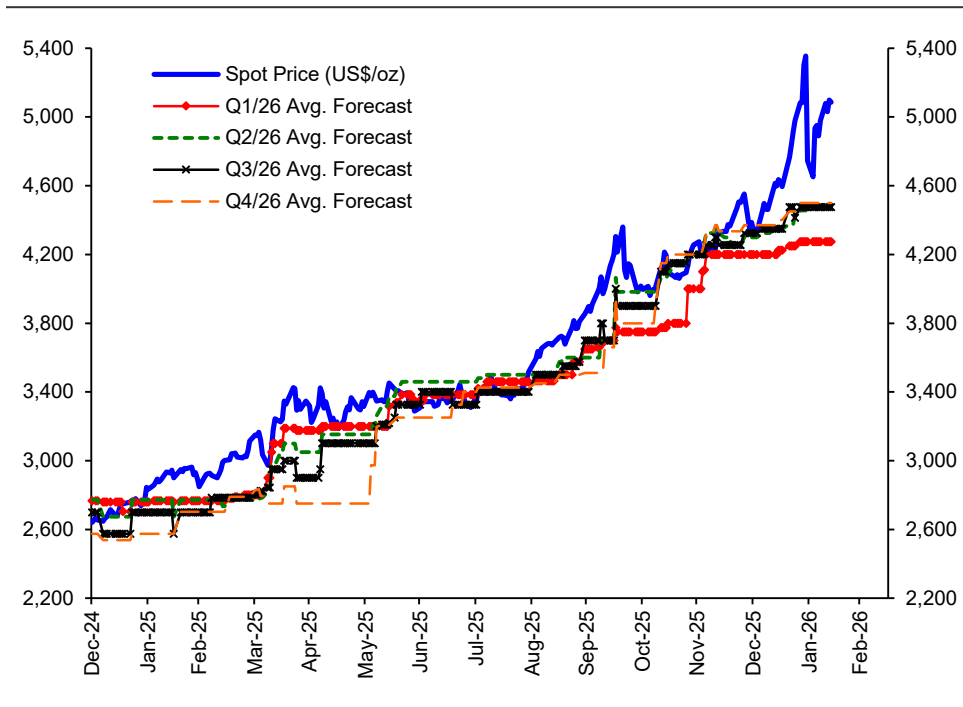
Current cycle: Similarities and differences

Following the script. All gold bull cycles started with an economic, political, or geopolitical shock, leading to a steep depreciation in the US dollar. This cycle seems to follow the same script so far: the pandemic shock unleashed unprecedented monetary and fiscal stimulus (higher debt), uncertainty and geopolitical tensions are high, and the dollar could drop more than what is prescribed by interest rate differential as selling pressures could be exacerbated by countries, central banks, and international investors trying to de-couple/diversify away from the US.

However, we see three main differences in this gold cycle versus the previous ones. This includes : 1) Central banks see gold as an important asset diversifier and have been strong net buyers (mainly emerging market countries), adding to gold reserves in order to diversify FX reserves outside the US dollar. Central Banks became net buyers of gold in the late 1970s (gold was >50% of foreign reserve) and late in the 2010/2011 cycle (gold was ~10% of foreign reserves) and today at under 30%, 2) **different investment products for gold exposure adding to demand.** Previous cycles were defined by the financialization of gold (futures, options mainly in 1980s-2000s) whereas the current cycle is being defined by the digitization or tokenization of gold, where physical metal backs digital assets [starting in mid-2000s with gold ETFs (like GLD) and have become a significant demand driver]. The entry of stablecoin issuers like Tether into the physical market (2025) creates a new, non-traditional source of buying and 3) **underweight exposure by investors.** In the previous 2000s cycle, investors moved from under weight to market weight, both in 2007-2008 and 2011-2013 period. Today, generalists are on average, underweight gold in their portfolios (TSX Gold Index is currently ~15% of TSX).

Conclusion. Despite recent volatility, we don't think this bull cycle is over yet, and we stick to our OW recommendation. Historical drivers remain firmly in place, in our opinion, including high trade uncertainty, elevated geopolitical tensions (which appear unlikely to diminish in the short run), we expect real interest rates to decline more as the Fed provides a couple more rate cuts with the dollar downturn extending, while institutional investors still appear underweight the sector. We also note that bullion comfortably trades above Wall Street and Bay Street forecasts over coming quarters as illustrated in Exhibit 19, which should lead to further positive EPS/CFPS revisions down the road. If you have no/low gold exposure, we would add on weakness.

Exhibit 19 - Gold Price vs. Sell-Side Consensus



Source: Scotiabank GBM Portfolio Strategy, FactSet.

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Risks to Our Gold Call - What can go wrong?

Upside reversal in greenback. As we noted in the report, all gold cycles ended the same way: a normalizing/healing economic environment following a shock, with real rates mean reverting higher, and the dollar appreciating. Keep an eye on anything that could lead to a meaningful, and unexpected, strength in the US dollar as that could clearly break this cycle.

US Midterm Election: As the US approaches the November 2026 midterms, historical trends favor a swing toward the opposition party. Given that the current administration has been a primary driver of market volatility, a Democratic victory could be interpreted as a return to institutional checks and balances. This legislative gridlock would likely erode the risk premium currently pricing gold. We observed a similar reaction following the nomination of Kevin Warsh as Fed Chair; the mere signal of preserved Federal Reserve independence was sufficient to unwind gold's safe-haven bid.

Gold Supply Hits Market. With respect to the commodity market, risks to the gold price are linked to significant shifts in supply. The risk on the downside could come from 1) **central banks drastically slowing down their gold purchases** (or starting to sell), 2) **ETF holders/Tether starting to liquidate** and/or 3) **producers starting to hedge again** (all in a significant way) as all of these factors would add supply to the gold market.

Geopolitical tensions diminish - Above average risk premium. Our analysis for the gold price (using Economic data regression model-[Q4/25 Gold Quarterly](#)) suggests fair value for gold at ~\$3,400/oz versus the current spot price of around \$5,000/oz. The delta of spot price over fair value at ~\$1,600/oz reflects the risk premium that is currently in the gold price for economic, geopolitical uncertainties and strong demand from Central bank buying and other (ex ETFs and Tether). This is well above the historical risk premium of ~10% to fair value. Should the above highlighted risks occur, we would expect this risk premium to erode (and this can occur quickly).

Equity Valuations in Various Gold Cycles

The key valuation metrics used for gold cycle comparisons were margins (% for both TCC and AISC), P/CF, EV/EBITDA, FCF Yield (%), and total shareholder returns (%). Companies used for the analysis include existing coverage list, pre-existing companies covered at the time (covered by Scotiabank analysts) and companies that existed in those cycles (for the 1970s). There are only a few companies today (AEM, NEM) that were around in the 1970s. The following observations can be made looking at valuations across the cycles (Exhibit 20). 1) **Margins:** The 1976-1980 cycle had average margins similar to 2008-2011 and to the current cycle (albeit spot margins today are higher). The average margins are all +50% on TCC and +30% of AISC (spot today is +70% and +60%, respectively). 2) **FCF Yield:** Highest FCF yield was seen in 1970s cycles (averaging 4.7% and 8.4%, reaching 11.9% in the latter cycle), with current cycle average at 2.2% or high at 3.6% (today FCF yield at 7.1% at spot gold price), 3) **P/CF and EV/EBITDA:** These valuations were the highest in 1980s and 2000 cycles when companies had growth (production) and much longer mine lives. Today, with the lack of production growth and the shorter mine lives, these valuations are trading more in line with the 1970s cycles and 4) **Shareholder Returns:** Today shareholder returns of +3% (at spot) are in line with returns seen in 1970s and are higher than 1980s or 2000 cycles. Today is the only cycle where shareholder returns involve both dividends and share buybacks.

Main Equities Takeaway

Gold equities usually anticipate the move in gold price. On average, the gold equities start moving one to six months ahead of the gold price move (on the way up), and peak one to four months ahead of bullion reaching its high. The exception was the 1976-1980 cycle, where the equities lagged bullion. Gold equities, generally, have higher leverage (move in equities versus move in bullion); with the average leverage ratio at ~1.5:1. This cycle is showing a similar pattern to past cycles.

From an overall valuation perspective, there are more similarities today to 1970s cycles, than others, the exception being the 2008-2011 cycle on similar average margins. Unlike the "growth at any cost" era of that 2008-2011 cycle, which led to value destruction, today, producers are very disciplined in terms of cash outlay (high ROIC) and margin conservation. Furthermore, producers have strengthened balance sheets with the senior companies now reporting net cash positions (not seen in the 2000s cycles). Focus has now turned to shareholder returns. **Given the more disciplined approach to the business, coupled with strong balance sheets and FCF generation to support increased shareholder returns, we believe valuation on FCF yield, shareholder returns and margins should be higher than previous cycles. We believe that EV/EBITDA and P/CF will also increase but will not likely return to 1980s or 2000s cycle levels given the companies do not have the production growth profiles or mine life seen in those periods.**

While the gold price has broken through all-time highs (surpassing \$5,000/oz), generalist investor interest in gold equities remains tepid. The disconnection between the high gold price and current valuations suggests: 1) below average generalist exposure to gold equities (in the 2000s cycles investors were market weight gold), 2) lack of speculative capital (previous cycles saw higher valuation in exploration companies), and 3) alternative investments (Bitcoin, ETFs. etc).

Exhibit 20 - Equity Valuation in Various Gold Cycles

Gold Companies	1970			1980			2000			2020			2026E
Gold Cycles	1970-1974 1976-1980			1985-1987			2001-2008 2008-2011			2022-2025			Spot @ \$5,000/oz
	Low	High	Ave./Δ%	Low	High	Ave./Δ%	Low	High	Ave./Δ%	Low	High	Ave./Δ%	
Cash Margins (%)	19%	46%	33%	29%	49%	42%	35%	48%	40%	49%	66%	56%	73%
AISC Margins (%)	1%	33%	16%	2%	19%	13%	12%	24%	16%	30%	52%	38%	63%
P/CF (x)	5.0x	8.1x	6.3x	17.7x	24.0x	21.3x	13.5x	23.6x	19.3x	8.7x	14.1x	10.5x	9.0x
FCF Yield (%)	1.3%	6.9%	4.7%	2.1%	4.6%	3.4%	1.0%	4.0%	2.5%	1.2%	3.6%	2.2%	7.1%
EV/EBITDA (x)	7.8x	10.6x	9.4x	16.3x	24.7x	20.2x	9.7x	18.7x	15.6x	7.2x	10.9x	8.7x	6.3x
Shareholder Returns (%)	2.1%	4.3%	2.9%	0.7%	1.7%	0.9%	0.4%	0.9%	0.6%	1.4%	3.7%	2.5%	3.4%
Cash Margins (%)	41%	69%	52%				48%	58%	53%				
AISC Margins (%)	20%	52%	32%				30%	41%	35%				
P/CF (x)	3.5x	10.3x	6.5x				12.7x	22.4x	17.0x				
FCF Yield (%)	5.5%	11.9%	8.4%				2.3%	3.2%	2.7%				
EV/EBITDA (x)	4.4x	9.0x	6.9x				7.8x	14.3x	11.5x				
Shareholder Returns (%)	1.1%	6.3%	3.3%				0.8%	1.3%	1.0%				

* Analyst coverage over time, 1970s also include Placer Development, Kerr Addison, Western Mines

Source: Company Reports, FactSet, Scotiabank GBM estimates

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Pertinent Data

Agnico Eagle Mines Limited (AEM-N; US\$216.59)

Valuation: 1.80x NAV

Key Risks: Commodity prices; technical and operational risk; geopolitical risk

Alamos Gold Inc. (AGI-N; US\$45.25)

Valuation: 50% 1.50x NAV and 50% 11.0x 2027E CFPS

Key Risks: Multiple contraction, commodity prices, technical and operational risks.

AngloGold Ashanti Limited (AU-N; US\$109.82)

Valuation: 1.50x NAV

Key Risks: Commodity prices; technical and operational risk; geopolitical risk

Barrick Mining Corporation (B-N; US\$47.91)

Valuation: 1.30x NAV

Key Risks: Commodity prices; technical and operational risk; geopolitical risk

DPM Metals Inc. (DPM-T; C\$51.95)

Valuation: 1.4x NAV5% and 10.0x 2027E CFPS

Key Risks: Multiple contraction, commodity prices, technical and operational risks, and geopolitical risks.

Endeavour Mining PLC (EDV-T; C\$84.95)

Valuation: 50% 0.9x NAV5% and 50% 7.0x 2027E CFPS

Key Risks: Multiple contraction, commodity prices, technical and operational risks, geopolitical risks

Kinross Gold Corporation (KGC-N; US\$34.40)

Valuation: 1.50x NAV

Key Risks: Commodity prices; technical and operational risk; geopolitical risk

Newmont Corporation (NEM-N; US\$125.80)

Valuation: 1.55x NAV

Key Risks: Commodity prices; technical and operational risk; geopolitical risk

OceanaGold Corporation (OGC-T; C\$52.75)

Valuation: 50% 0.9x NAV5% and 50% 9.0x 2027E CFPS

Key Risks: Multiple contraction, commodity prices, technical and operational risks, and geopolitical risks

Pan American Silver Corp. (PAAS-Q; US\$57.93)

Valuation: 50% 1.70x NAV and 50% 15.0x 2027E CFPS

Key Risks: Multiple contraction, commodity prices, technical and operational risks, and geopolitical risks

Appendix A: Important Disclosures

Company	Disclosures (see legend below)*
Agnico Eagle Mines Limited	I, N1, N3, VS0624, VS0760, VS0868, VS0914
Alamos Gold Inc.	I, N1, N3, VS0762, VS0924
AngloGold Ashanti Limited	N3, VS0798, VS0907
Barrick Mining Corporation	HH1, I, N1, N3, VS0627, VS0751, VS0768, VS0938
DPM Metals Inc.	N3, VS0756
Endeavour Mining PLC	HH1, VS0893, VS0894
Kinross Gold Corporation	L, N2, N3
Newmont Corporation	N3, VS0587, VS0678, VS0751, VS0892
OceanaGold Corporation	N3, VS0777, VS0835, VS0900, VS0901
Pan American Silver Corp.	N3, VS0827

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VS0587	Research Analyst Tanya Jakusconek visited Penasquito, a mine in Mexico, on March 1, 2019. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0624	Research Analyst Tanya Jakusconek visited Agnico Eagle Mines' Meliadine and Amaruq properties in Nunavut on August 19-20, 2019. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0627	Research Analyst Tanya Jakusconek visited the Turquoise Ridge/Twin Creeks, Cortez, Carlin/Goldstrike, and Goldrush/Fourmile properties in Nevada on September 18-20, 2019. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0678	Research Analyst Tanya Jakusconek visited Penasquito, an operating mine in Mexico, on February 26-27, 2020. Newmont Corporation paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0751	Research Analyst Tanya Jakusconek visited the Pueblo Viejo mine, an operating mine, in Dominican Republic on May 10-11, 2023. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0756	Research Analyst Eric Winmill visited Dundee Precious Metals' Chelopech and Coka Rakita operating gold mine and exploration project in Bulgaria and Serbia, respectively, on June 1-2, 2023. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0760	Research Analyst Tanya Jakusconek visited the Canadian Malartic Mine, an operating mine, in Malartic, Quebec on June 20-21, 2023. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0762	Research Analyst Ovais Habib visited Alamos Gold Inc.'s Young-Davidson and Island Gold operating mines in Wawa, ON, Canada, on June 20-21, 2023. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0768	Research Analyst Tanya Jakusconek visited Nevada Gold Mines, an operating site with development of assets, in Elko, Nevada, USA, on September 22-23, 2022. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0777	Research Analyst Ovais Habib visited Oceana Gold Corporation's Didipo gold mine, an operating mine in Kasibu, Nueva Vizcaya, Philippines, on August 20 and 21, 2023. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0798	Research Analyst Tanya Jakusconek visited the Bullfrog and other development properties in Nevada, USA, on September 15-18, 2023. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0827	Research Analyst Ovais Habib visited the Jacobina mine, an operating mine in Jacobina, Bahia, Brazil, on January 8-9, 2024. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0835	Research Analyst Ovais Habib visited the Haile mine, an operating mine, in Kershaw, South Carolina, on April 4, 2024. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0868	Research Analyst Tanya Jakusconek visited Agnico Eagle Mines' Detour Lake Mine, in Detour Lake on June 20, 2024. The issuer paid for all of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0892	Research Analyst Tanya Jakusconek visited the Tanami and Cadia mines, both operating underground mines, in Western Australia and NSW Australia on November 12-14, 2024. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0893	Research Analyst Ovais Habib visited Endeavour Mining's Sabodala-Massawa mine, an operating mine, in Sabodala, Kédougou, Senegal on November 19-20, 2024. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0894	Research Analyst Ovais Habib visited Endeavour Mining's Lafigué mine, an operating mine, in Lafigué, Vallée du Bandama, Ivory Coast on November 21, 2024. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0900	Research Analyst Ovais Habib visited Macraes, an operating mine, in Macraes, Otago, New Zealand, on January 20, 2025. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.
VS0901	Research Analyst Ovais Habib visited Waihi, an operating mine, in Waihi, Waikato, New Zealand, on January 22, 2025. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.

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VS0907 Research Analyst Tanya Jakusconek visited AngloGold Ashanti's Obuasi mine in the Ashanti region, Ghana, and its Sukari mine in Marsa Alam, Egypt, both operating mines, between March 17 and 21, 2025. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.

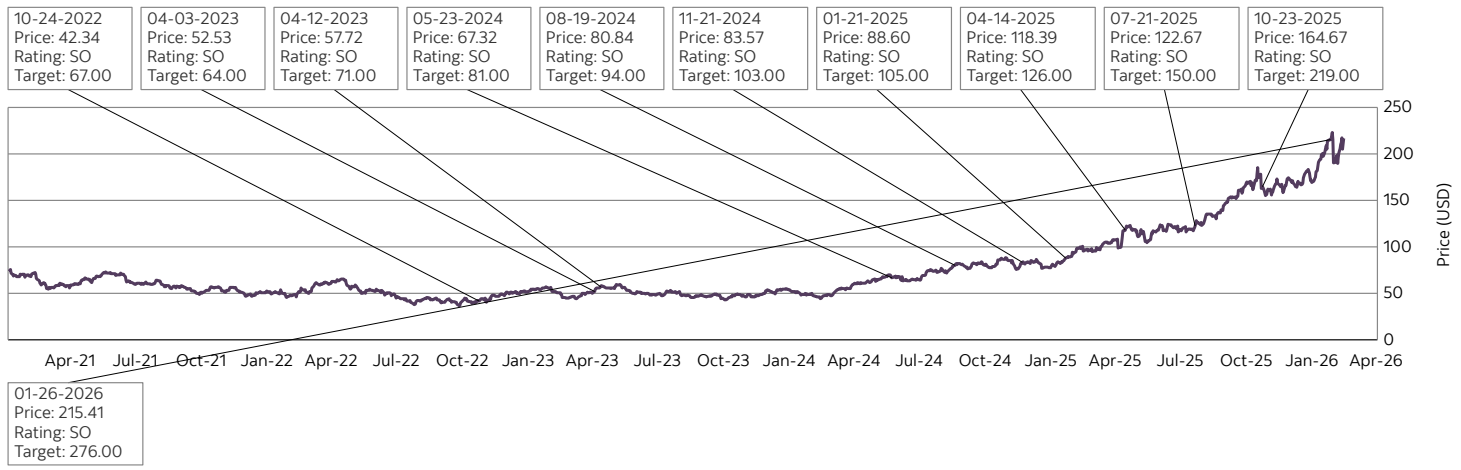
VS0914 Research Analyst Tanya Jakusconek visited Agnico Eagle's Macassa underground mining operation and Upper Beaver project near Kirkland Lake in northeastern Ontario, Canada, on June 17, 2025. The issuer paid for all of the travel-related expenses incurred by the Research Analyst to visit the sites.

VS0924 Research Analyst Ovais Habib visited Alamos Gold's Island Gold complex near Dubreuilville, Ontario, Canada, on June 24 and 25, 2025. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the sites.

VS0938 Research Analyst Tanya Jakusconek visited Nevada Gold Mines in Elko, Nevada on September 18-19, 2025. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.

Rating and Price Target History

Agnico Eagle Mines Limited (AEM-N) as of February 13, 2026 (in USD)

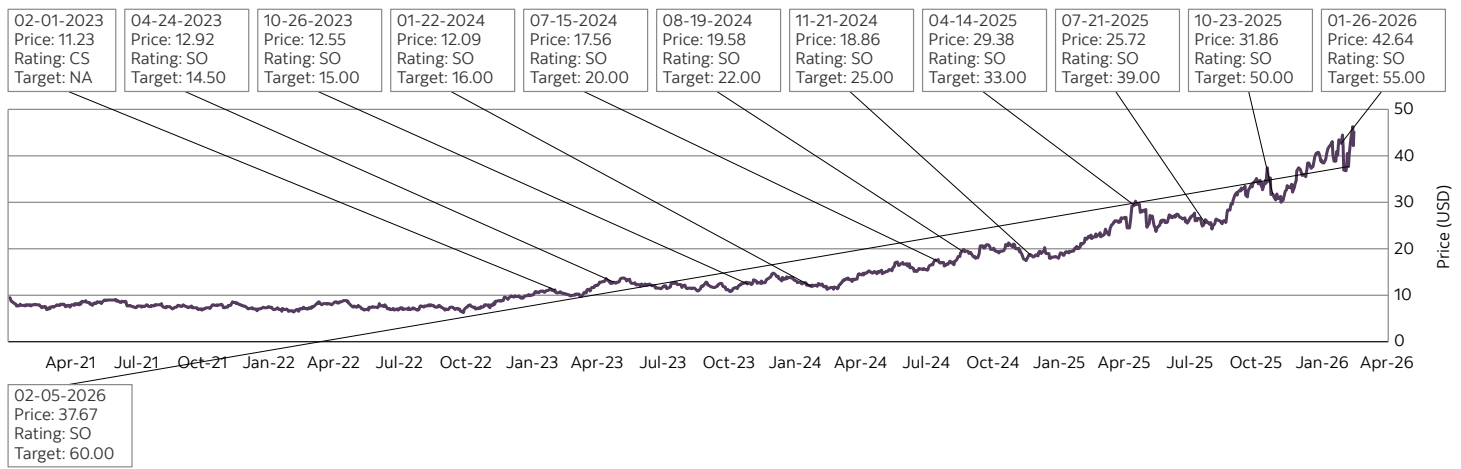


*Represents the value(s) that changed.

Ratings Legend: SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage

Source: Scotiabank GBM estimates; FactSet.

Alamos Gold Inc. (AGI-N) as of February 13, 2026 (in USD)



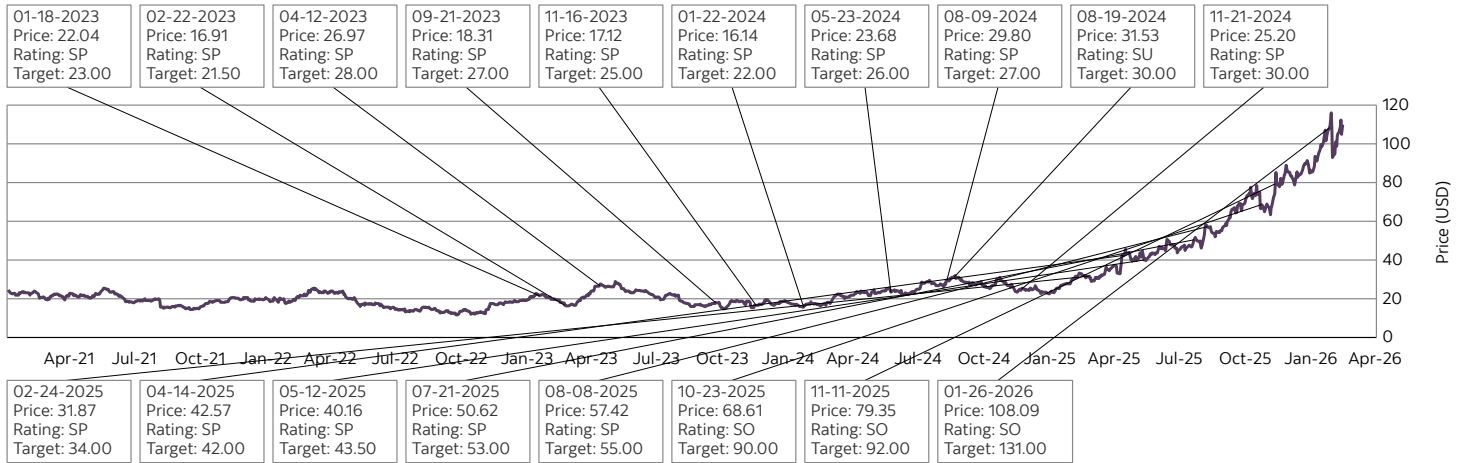
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Source: Scotiabank GBM estimates; FactSet.

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AngloGold Ashanti Limited (AU-N) as of February 13, 2026 (in USD)

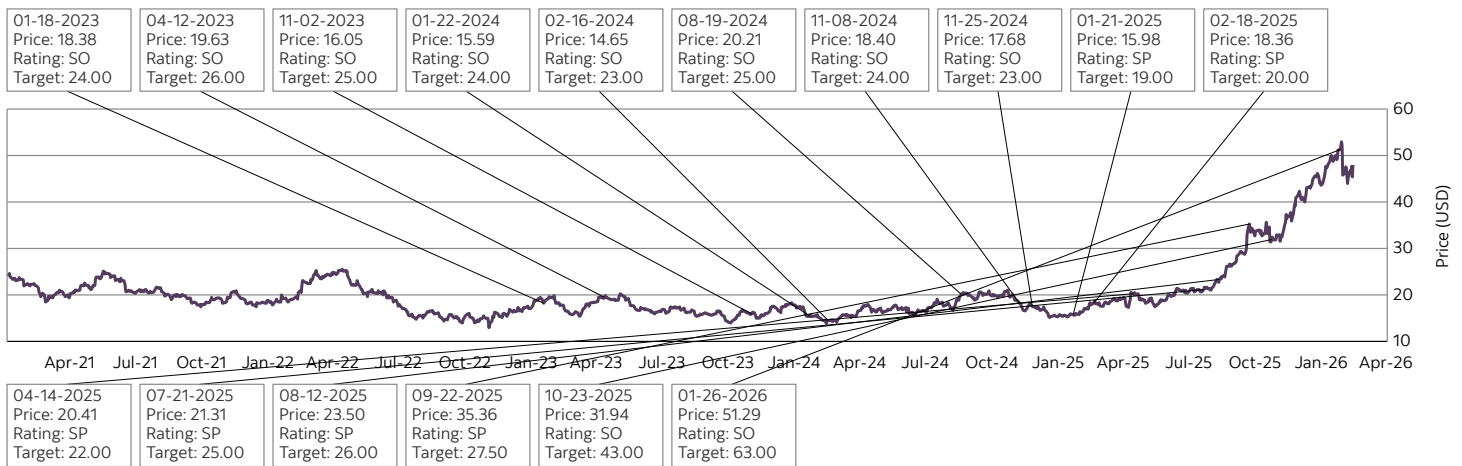


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Source: Scotiabank GBM estimates; FactSet.

Barrick Mining Corporation (B-N) as of February 13, 2026 (in USD)



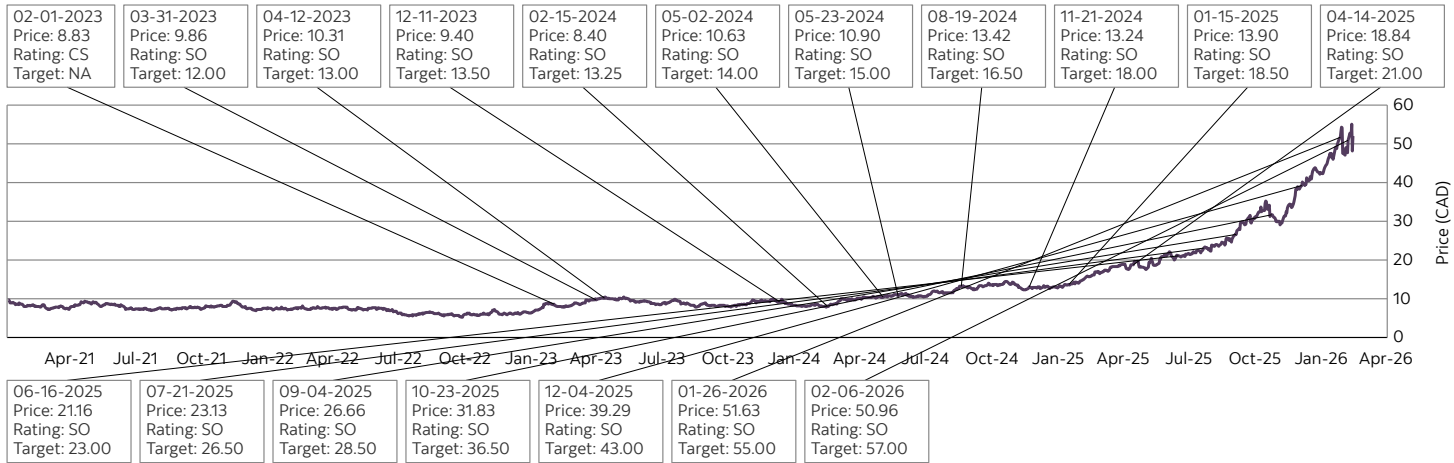
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DPM Metals Inc. (DPM-T) as of February 13, 2026 (in CAD)

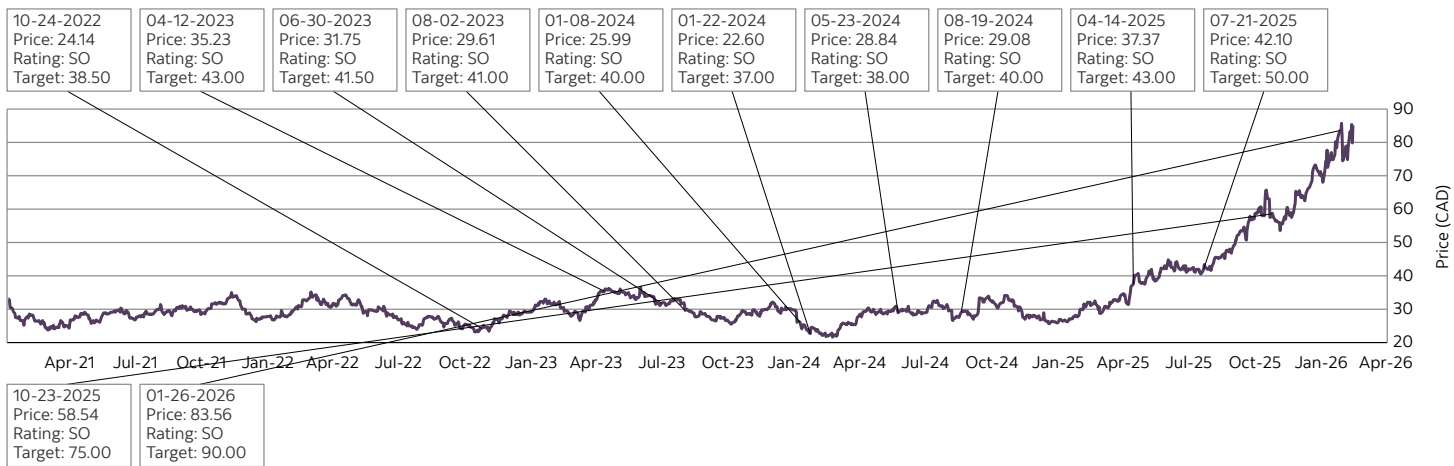


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Source: Scotiabank GBM estimates; FactSet.

Endeavour Mining PLC (EDV-T) as of February 13, 2026 (in CAD)



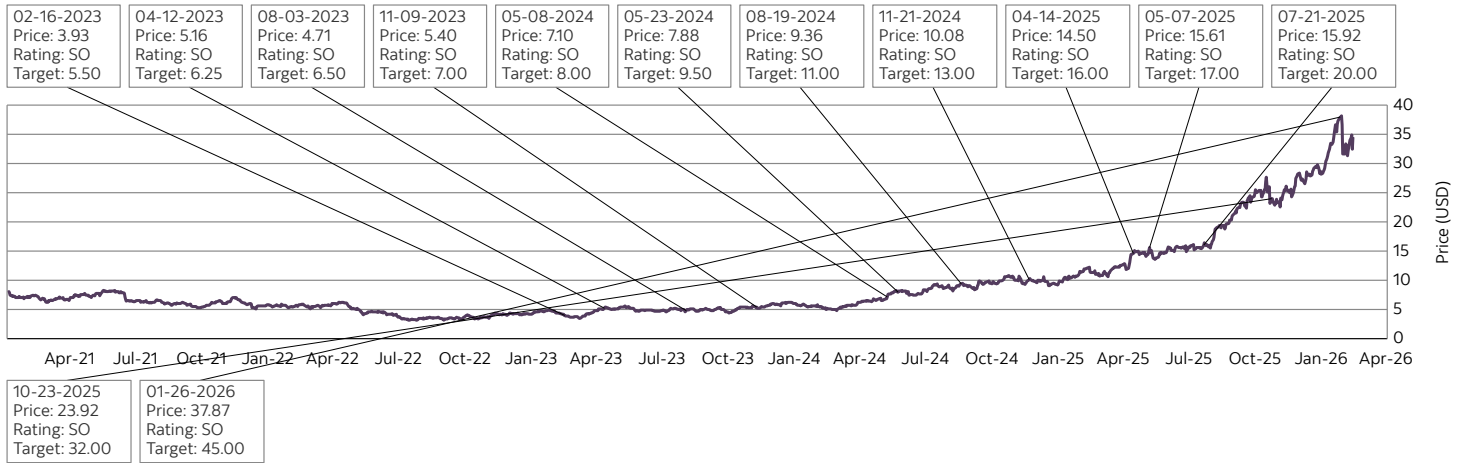
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Kinross Gold Corporation (KGC-N) as of February 13, 2026 (in USD)

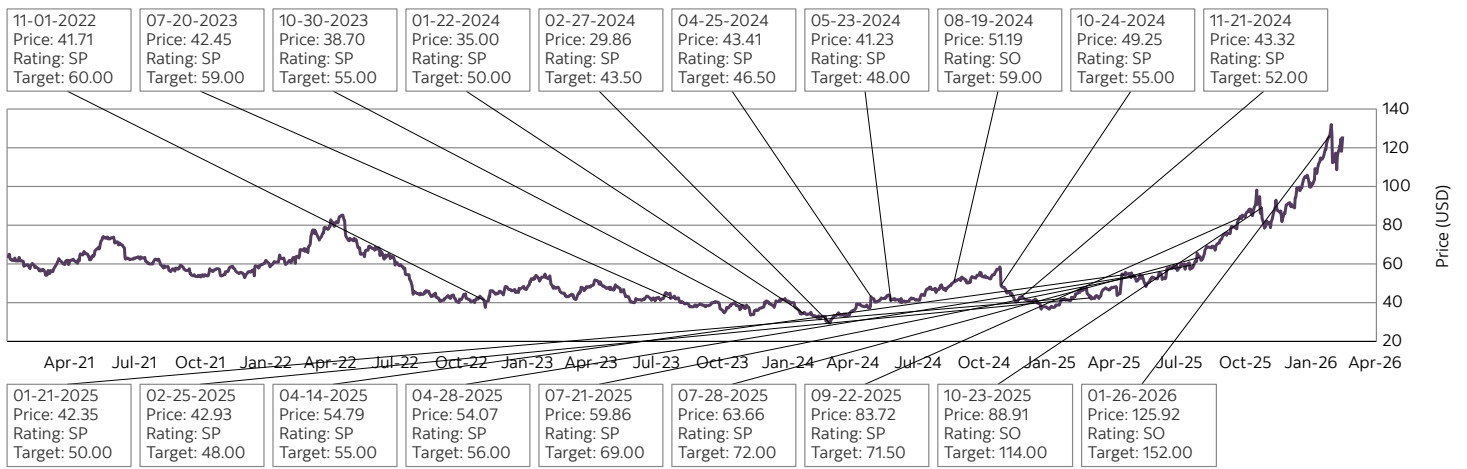


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Source: Scotiabank GBM estimates; FactSet.

Newmont Corporation (NEM-N) as of February 13, 2026 (in USD)



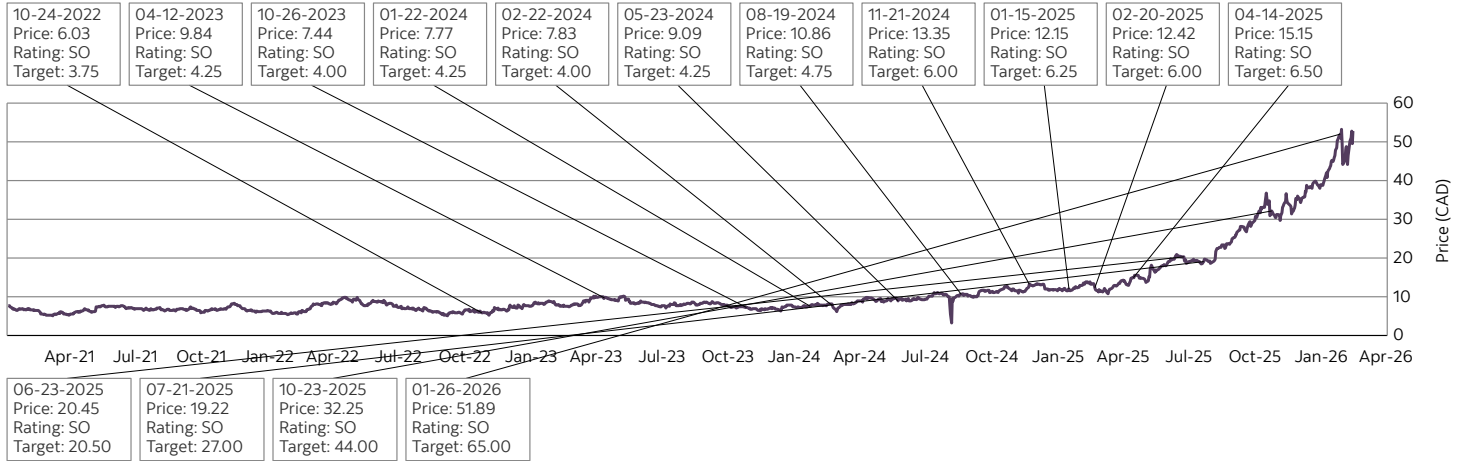
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Source: Scotiabank GBM estimates; FactSet.

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OceanaGold Corporation (OGC-T) as of February 13, 2026 (in CAD)

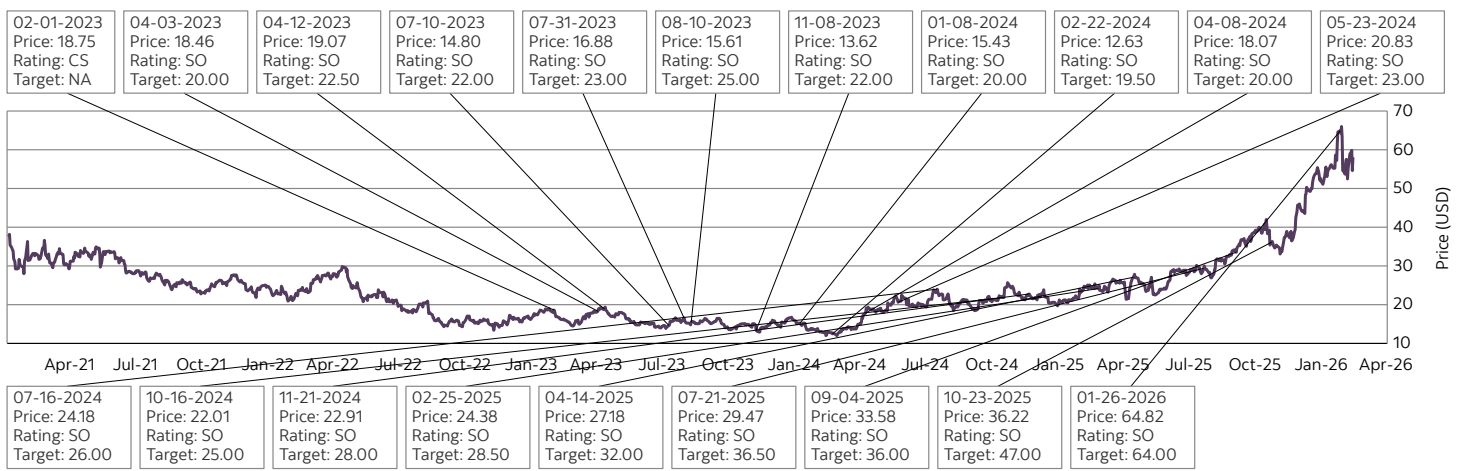


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Ratings Legend: SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage

Source: Scotiabank GBM estimates; FactSet.

Pan American Silver Corp. (PAAS-Q) as of February 13, 2026 (in USD)



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	Count	Percentage	Count	Percentage
Sector Outperform	277	50%	151	55%
Sector Perform	256	47%	111	43%
Sector Underperform	16	3%	7	44%

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