

DICK DAVIS INVESTMENT DIGEST

Hand-Picked Ideas from the Best Minds on Wall Street



Issue 711

Thirty-one years in publication

January 18, 2012

“Gold royalty companies avoid the rising costs and operational problems that plague mining companies. They offer low risk and upside both to the price of gold and to exploration on royalty lands. **Franco Nevada Corp.** (FNV 40.11 NYSE) ... has a broad portfolio of royalties, over 300, though only 39 are currently producing. Nearly 70% of revenue derives from gold, another 20% from platinum. ... Franco has exposure to several world-class mines, but also has a strong growth profile, with three major new royalties, including on Canada’s Detour Lake Mine, to start producing in the next three years. In all, 24 of the company’s existing revenues ‘have a reasonable potential’ to start producing over the next five years. At the same time, capital approaching \$1 billion gives the company the necessary firepower to make acquisitions. Franco offers a low-risk way to gain exposure to the gold market with plenty of upside and a growing dividend.”

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