



## Third Quarter Report 2025

### A. Rocklinc Launching Exchange Traded Fund (RKLC)

We are excited to let our clients and friends know that in the next few weeks, we plan on launching our first actively managed exchange traded fund (ETF). The Fund is called the **Rocklinc Principled Equity Fund** and will trade under the stock code **RKLC** on the TSX. We will be utilizing this new fund as a core part of our portfolio allocation for our existing clients, as well as new clients joining Rocklinc. Don't be surprised if you see an allocation to this new ETF on your year-end statements. The Fund will be actively managed as a value portfolio and typically hold no more than 20 equity positions. The vast majority of the positions will be unique positions with very little crossover with our Rocklinc Partners Fund. This new fund will provide our clients with greater diversification, increased protection of capital and lower volatility.

Here are five reasons why we are launching this new ETF.

#### 1. Capitalize on the Growing Demand for Active ETFs in Canada

Canada leads globally in active ETF adoption, with about 30% of total ETF assets under management being actively managed, compared to just 8% in the US. Launching an active value ETF will allow Rocklinc to tap into this booming market, where investor demand and competition among providers are driving rapid growth. This will allow Rocklinc to increase our assets under management and reach a broader investor base. As our assets grow, we are able to invest more capital back into our business in order to provide higher quality investment services to our clients.

#### 2. Showcase Expertise in Value Investing with High-Conviction Picks

Our value philosophy will focus on undervalued securities. A focused portfolio of 20 or fewer holdings enables Rocklinc to make concentrated, conviction-driven investments based on deep fundamental analysis. This structure will highlight our discretionary skills in active management, increasing the probability of above average returns and differentiating us from passive or broadly diversified funds.

#### 3. Leverage ETF Structural Advantages for Efficiency and Appeal

ETFs offer benefits like intraday liquidity, tax efficiency, transparency, and lower costs compared to the average mutual fund. This makes them more attractive to both retail and institutional investors. For an active value strategy, this structure provides trading flexibility, allowing Rocklinc to efficiently implement and adjust a concentrated portfolio while appealing to investors seeking these features.

#### 4. Potential for Outperformance in Volatile Markets

Value strategies in concentrated active ETFs can navigate market volatility by focusing on sustainable long-term returns and downside protection. In an environment where active management may outperform passive indexes, especially with a focused approach, Rocklinc can



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position the fund to capture upside return while managing risk, attracting investors looking for strong performance.

## 5. Competitive Edge Through Differentiation and Niche Targeting

With many ETFs being passive or diversified, a focused active value ETF stands out as a specialized product, offering a competitive advantage for Rocklinc. We can target niche investors interested in a high-conviction value fund in a crowded market.

## B. North American Equity Market Statistics

### Canadian Equities

In Q3 of 2025, the Canadian equity market, as measured by the S&P/TSX Total Return Index, rose 12.3%. Over the past year, the index gained 27.7%, including dividends. Our portfolio of Canadian companies, net of fees, increased 16.5% during the quarter and 38.1% over the past 12 months, outperforming the index by approximately 11%. Over the past five and ten years, our Canadian holdings achieved annualized returns of 10.3% and 13.1%, respectively. Compared to the S&P/TSX, we underperformed by 5.6% annually over five years but outperformed by 2.1% annually over ten years.

Our significant allocation to precious metals royalty companies was the primary driver of our outperformance. We remain confident in our core holdings and their strong long-term fundamentals. Our direct exposure to tariffs and trade tensions is minimal. We remain focused on protecting capital and seizing opportunities that could arise very quickly. As we enter Q4, stock markets are at all-time highs and may be susceptible to a correction.

In terms of the S&P/TSX index, ten of the eleven sub-sectors generated positive returns during Q3. The returns of the sub-sectors from highest to lowest are: Materials (+37.4%), Information Technology (+13.2%), Energy (+11.4%), Financials (+9.7%), Real Estate (+6.6%), Communication Services (+6.2%), Utilities (+5.8%), Health Care (+4.8%), Consumer Discretionary (+3.2%), Consumer Staples (+1.1%), and Industrials (-1.6%).

### US Equities

In Q3 2025, our portfolio of U.S. and global companies, net of expenses, grew by 9.4%. Over the past 5 and 10 years, our portfolio achieved annualized returns of 9.7% and 13.4%, respectively. The companies we own offer strong fundamentals, above-average growth, and reasonable valuations. Over the past 5 years, our performance trailed the S&P 500 by 6.7%, and over 10 years, we underperformed it by 1.9%. However, we outperformed the Dow Jones Industrial Average (DJIA) by an annualized 2.4% and the Russell 2000, a small-cap index, by 5.1% over the same 10-year period.

Recent U.S. market returns have been driven by a small group of highly valued companies, fueled by enthusiasm for digitization and artificial intelligence (AI). While these trends are transformative, we remain disciplined, avoiding overvalued securities and speculative investments. Our aim is to deliver consistent, long-term returns for our investors. We have seen this movie before.



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## Market Statistics

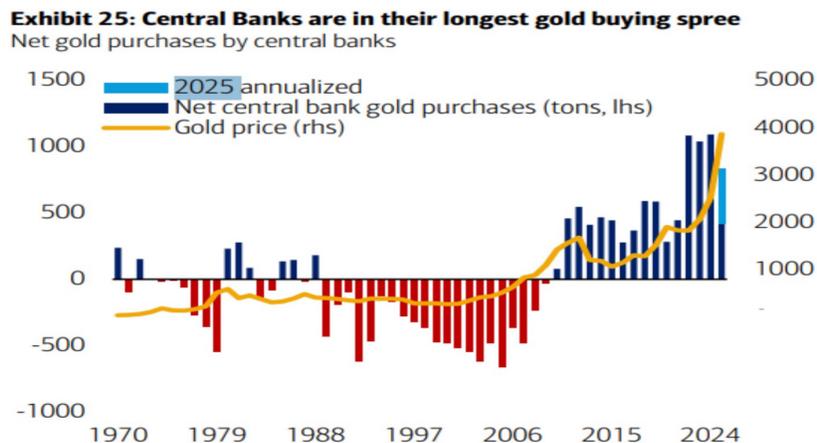
Pertinent market action during Q3 of 2025 and during the last 12 months is captured in the following table.

	Sept. 30, 2024	June 30, 2025	Sept. 30, 2025	3 Month Return	1 Year Return
CAD/USD	\$ .7392	\$ 0.7349	\$ .7185	-2.23%	-2.80%
Oil WTI (US \$)	\$68.20	\$65.11	\$62.37	-4.21%	-8.55%
Gold (US \$)	\$ 2,634	\$3,303.14	\$3,840.80	+16.28%	+45.82%
Silver (US \$)	\$31.11	\$36.11	\$46.20	+27.94%	+48.50%
S&P/TSX	24,000	26,857	30,107	+12.10%	+25.45%
S&P 500	5,762	6,205	6,722	+8.33%	+16.66%
CAD 10 yr.	2.96%	3.31%	3.18%	-13 bps	+22 bps
US 10 yr.	3.78%	4.23%	4.15%	-8 bps	+37 bps

Source: Bloomberg

During Q3 of 2025, the Canadian dollar (CAD) decreased by 2.23% against the U.S. dollar (USD) and fell by 2.80% over the past twelve months. Political uncertainty and concerns over U.S. tariffs combined with economic challenges, have pressured the CAD. We expect the Canadian dollar to remain weak relative to the U.S. dollar given the incoherent, irrational and dangerous direction of our liberal/NDP/Block government in Ottawa, under the leadership of Justin Trudeau and now Mark Carney. See next section entitled “Canada at a Crossroads” for more information.

In Q3 of 2025, gold rose 16.28%, reaching \$3,840.80 per ounce, with a 45.82% gain over the past year. Silver increased 27.94% in the quarter and 48.50% annually. We are optimistic about the long-term potential of precious metals and continue to finetune our positions in this sector. While prices may stabilize in the near term, many precious metals mining and royalty companies are attractively valued. These businesses are well-positioned to benefit from global instability, tariff changes, government over-spending, and rising precious metals prices. One factor driving the gold price is the continued accumulation of gold by many of the largest central banks in the world. The image below shows the net purchases of gold since 2010.



Source: BofA Research Investment Committee, Bloomberg



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During Q3 of 2025, oil prices fell 4.21%, with a year-over-year decline of 8.55%. Concerns about tariffs and slower economic growth have pressured oil prices, which are looking for a bottom. Following Donald Trump's election, we expect increased U.S. oil and gas exploration, development, and production, likely capping prices in the coming years. Consequently, our direct exposure to the oil and gas sector remains minimal, with investments comprising less than 2% of total assets. With prices of many oil and gas stocks trading at low valuations, don't be surprised if we slowly increase our investments in this sector.

During Q3 of 2025, interest rates edged lower as inflation concerns started to wane. The 10-year Canadian bond yield decreased by 13 basis points, while the U.S. 10-year Treasury yield slipped by 8 basis points. Year-over-year, yields have increased by 22 basis points for Canadian bonds and 37 basis points for U.S. bonds. We continue to play it safe and invest in 1-3-year bonds, balancing attractive interest rate returns with low price volatility.

## C. Canada at a Crossroads

Canada should be one of the richest countries in the world and yet we have seen ten years of declining GDP per capita—the worst economic performance in the G7. This is shameful given the fact that Canada is a nation of staggering natural abundance.

- Third-largest oil reserves.
- 20% of global freshwater.
- Vast timberlands.
- Fourth in hydropower capacity.
- The Canadian Shield is rich in nickel, cobalt, copper, zinc, diamonds.
- Saskatchewan: over half world's high-grade uranium.
- Longest coastline for seafood.
- Prairies as global breadbasket.
- Second-largest landmass with room for growth and wilderness.

### Summary of the Harmful Impact of Federal Government Legislation (2015-2025)

1. Liberal policies have created massive barriers to the free flow of capital. This is seen in increased regulatory complexity, long delays in permitting, uncertainty and high costs. The result is completely predictable. New capital has not been coming into the country and existing capital has been flowing out, largely to the U.S.

#### 2. Key Legislation Overview

- **IAA/Bill C-69:** led to delays and cancellations of resource projects due to excessive red tape and bureaucracy.
- **Bill C-48:** Tanker ban on B.C. north coast; this has restricted our exports.
- **Arctic Moratorium:** Indefinite ban on exploration in an area with massive reserves.
- **Clean Fuel Regs (2023):** 15% carbon reduction by 2030; adding unnecessary costs and turning away more capital.
- **Methane Regs (2023):** 75% reduction by 2030; requires costly upgrades, this leads to higher costs which has driven more capital out of the country and kept new capital from coming into Canada.



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- **Green House Gas Cap (2024 Draft):** 35-38% cut by 2030; estimated to reduce oil production by 1M barrels per day.

### 3. Impact on Capital Coming into Canada

- Investment in mining/oil/gas down 50% (2014-2022).
- \$670 billion missed investments (2015-2025) from cancellations and foregone resource developments.
- Projection moving forward: another \$500-800B in capital investments will be lost by 2035 without a dramatic change in our regulations.

### 4. GDP Impact - Past Decade (2015-2025)

- Canada has already missed out on \$1.55T in GDP, this number continues to grow.

### 5. Job Impact - Past Decade - 670K lost jobs

- Job Impact - currently unemployment is running at 7-8%, the worst in the G7.
- We could be adding 200-400K jobs outside resource sector.
- Skill drain is taking place as jobs move south to the US.

### 6. Canada is at a Crossroads

Practically speaking, Canada must act decisively to reclaim its position as a global resources powerhouse.

**First**, we need to slash bureaucratic red tape and streamline permitting processes—reversing the shameful slide from three to five years to a decade or more, which inflates capital costs and strangles project viability. The result, capital is leaving the country. Government must get out of the way. Recently introduced, Bill C-5, which grants the Prime Minister and his cabinet discretionary power to decide which projects undergo full regulatory assessments and which get fast-tracked, based on their perceived contribution to the "national interest" is outrageous. Rather than providing predictable rules for all entrepreneurs and businesses, Ottawa has created an opaque process where companies must lobby cabinet to prove their projects meet subjective criteria to circumvent the laws and regulations that apply to everyone else. This creates more uncertainty, not less.

**Second**, we cannot afford to hemorrhage our brightest minds in the resources sector; retaining and attracting world-class talent is essential to averting a catastrophic long-term brain drain.

**Third**, we must halt the hollowing out of our homegrown resource powerhouses, before foreign buyers and a mass exodus strip us of control over our own future.

**Lastly**, we must save Canada from the destructive forces of socialism and globalism. This can only begin with each individual humbly turning their heart to Jesus Christ in repentance. A nation cannot be healed unless its people are first healed spiritually, forsaking the false gods of statism and global tyranny. Only by returning to the Lordship of Christ can we restore the foundational Christian values that built a strong and sovereign Canada, casting off the chains of collective idolatry and reclaiming our God-given identity. *"May he have dominion from sea to sea, and from the River to the ends of the earth!" (Ps. 72:8)*



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Too many Canadian politicians and academics have vilified our vital resource and mining sectors, eroding the profound national pride we once cherished in the global enterprises that forged our great nation's prosperity. It is time to reclaim that legacy and restore Canada's rightful place on the world stage. The time for bold reform is now—our future prosperity demands it.

## **D. ROCKLINC Investment Update**

### **1. Private Client Assets - Separately Managed Accounts**

Our ROCKLINC separately managed accounts delivered a 9.2% return in Q3 and a 19.7% return over the past year (ending September 30, 2025). More significantly, our average annual compound returns over the past 3, 5, and 10 years were approximately 12.8%, 7.3%, and 9.4%, respectively. These returns are net of fees and reflect an asset allocation of approximately 70% in equities, with the balance in short-term deposit accounts and short-term bonds. Please note that these figures represent aggregate performance across all accounts. Individual client portfolios may vary based on risk tolerance and specific asset allocations.

Our equity portfolio (comprising Canadian, U.S., and global equities) achieved an 13.4% return in Q3 and a 28.7% return over the past 12 months. Over the past 5 and 10 years, our equities have compounded at approximately 10% and 13% annually, respectively, aligning with major market indices. Our investment approach remains focused on the economic fundamentals of the businesses we own. We prioritize:

- Selectively adding companies identified through our research team's analysis.
- Divesting underperforming businesses.
- Capitalizing on market volatility to increase positions at attractive prices.

In Q1 we added Kelly Partners Group to our portfolios, as noted in our previous report. No new positions were added in the Q2 and Q3. With the launch of our new ETF later this fall, we will be adding a handful of new companies to our roster of businesses.

### **2. Rocklinc Partners Fund**

Over the past four years, we have been utilizing the Partners Fund in more of the portfolios we manage. The Fund offers our clients a low cost and efficient way to purchase our top 20-25 companies in one portfolio. It is an effective way to gain access to a global diversified portfolio with modest amounts of investment capital. Our number one objective is to create a Fund comprised of excellent companies that produce strong long-term performance.

Quarterly, we provide a performance update to our clients. Performance numbers are after all fees and rates of return beyond one year are annual compound rates of return. Currently, the Fund is 18% in cash and short-term money market instruments (yielding 2.5 - 3%), 80.5% in publicly traded equities and 1.5% in two private equity investments. We expect our cash weighting to remain in the 15-20% range given market valuations. We finished the quarter with \$64.5 million in total assets, up from \$46 million at the beginning of the year and \$56 million at the end of June.



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During Q3, there were no changes to the specific investments in the Fund. As new money flows into the Fund, we will add to existing positions based on the valuations of the companies in the portfolio.

After all expenses, the Rocklinc Partners Fund has been compounding at approximately 9.3% per year since inception (September 29, 2017) and by 15.2% and 7.2% over the past three and five years.

Over the past three years, the portfolio's Canadian equities have compounded at 18.4%, while U.S. equities have compounded at 18.2%. Since inception in September 2017, Canadian equities have returned 12.8% annually, and U.S. equities have returned 12.7%. The Canadian holdings have consistently outperformed the S&P TSX since inception. The U.S. holdings have slightly underperformed the S&P 500 but have significantly outperformed the DJIA and Russell 2000.

Our top 12 holdings represent approximately 64.2% of the total portfolio and 80% of the equity weighting in the portfolio. The top 12 holdings are Brookfield Corporation (8.3%), Trisura (8.2%), Market Group (6.4%), Wheaton Precious Metals (6.1%), Franco-Nevada (6.0%), Sandstorm Gold Royalties (5.4%), Amazon (5.0%), Kelly Partners (4.4%), Gold Royalty Corp (4.3%), Cameco Corp (3.7%), Burford Capital (3.2%), and Agnico-Eagle (3.2%).

As of September 30, 2025

	3 mos.	6 mos.	1 yr.	3 yr.	5 yr.	Inception
RL Partners**	9.7%	18.6%	25.0%	15.2%	7.2%	9.3%

\*\* Inception September 29, 2017 (NBN1212)

### 3. Rocklinc Kokomo Fund

In November 2022, we introduced the Rocklinc Kokomo Fund to offer our clients a regulated investment product registered outside Canada. The fund is domiciled in the Cayman Islands, a leading British Overseas Territory and the world's premier offshore market for investment funds, with all assets securely held in custody in Grand Cayman.

The Rocklinc Kokomo Fund is supported by a robust team of professionals: FundBank serves as the Fund Custodian, SGGG Fund Services (Cayman) Inc. acts as the Fund Administrator, Carey Olsen provides legal counsel, and Grant Thornton (Cayman) is the Fund's Auditor. The minimum investment is \$100,000 USD, with the Net Asset Value (NAV) priced monthly, starting at \$100.00 per unit. The portfolio is managed consistently with our discretionary accounts, comprising 15-20 stocks, low turnover, a competitive management fee, no performance fees, and monthly pricing and liquidity. Offering documents are available on our website or by contacting Rocklinc directly.

We began investing in the portfolio in February 2023 and continue to gradually build our core positions. As of September 30, 2025, the Fund's total value was approximately \$8.91 million USD, with units closing at \$131.15 at the end of Q3, up 7.7% for the quarter. The Fund has achieved a year-to-date return of 20.59% and an annualized return of 10.7% since inception. All returns are in USD. Consistent inflows have enabled us to increase existing positions, reduce underperforming holdings, and introduce new investments. Strong client interest continues, with new clients regularly joining the portfolio.



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As of September 30, 2025, the portfolio holds 18 equity positions, accounting for approximately 80% of its total asset value. The remaining 20% is invested in a money market fund yielding about 4.3% annually. Our goal is to maintain 15-20 equity positions, with equity exposure between 85-90%, depending on buying opportunities and valuations. We are gradually increasing equity holdings while retaining cash reserves. Year-to-date we added one new position, Kelly Partners Group.

Our top 10 companies in the portfolio by portfolio weighting are Wheaton Precious Metals Corp., Trisura Group Ltd., Gold Royalty Corp., Brookfield Corp., OR Royalties Inc., Kelly Partners Group Holdings Ltd., Roper Technologies Inc., Amazon Inc., Franco-Nevada Corp., and Markel Corp. These businesses represent approximately 57% of the total portfolio and 72% of the active equity weighting in the portfolio.

## **E. Company Focus - Royal Gold / Sandstorm Gold**

Ever since its first use as a form of currency, gold has remained a time-tested store of value and medium of exchange over many centuries. This year, gold hit a record high of over US\$4,200! At the time of this writing, gold has increased over 55% in 2025, while the S&P500 and TSX have only increased 13% and 21%, respectively. Gold has not only outperformed the S&P500 this year, but also over the last 25 years. From September 1, 2000, to September 1, 2025, the price of gold has increased 1,303%, trouncing the S&P500's return of 406% over the same period. It is no surprise that gold has performed so well over the years. A confluence of factors has led to the historic rise in the gold price due to profligate government spending, unprecedented global debt levels, inflationary money printing, and heightened geopolitical risk.

According to the Institute of International Finance, global debt hit a record high of \$337 trillion, at the end of the second quarter. (Debt Growth Over Time: Global debt has grown dramatically, from under \$50 trillion in the 1990s to over \$337 trillion today, driven by low interest rates, economic expansions, and crises (e.g., 2008 financial crisis and 2020 COVID "pandemic"). The 2020 surge added ~\$60 trillion in a single year.) The countries that had the largest increase in debt were the U.S., Germany, Britain, China, France, and Japan. The total global debt-to-GDP ratio rose to over 324%. The countries with the highest growth in debt-to-GDP were China, Canada, Poland, and Saudi Arabia. The growth in debt can be attributed to legacy costs from Covid-19, such as subsidies and social benefits, and increased government spending on infrastructure, defense, and climate change initiatives. What is most concerning is that over half of the government debt of OECD countries and emerging markets is expected to mature by 2027. Many of these low-income and high-risk countries face a great risk of refinancing, which could lead to defaults and political instability. From March 2020 to May 2020, the money supply (M1) in the United States increased over 3.5 times from US\$4.27 trillion to US\$16.2 trillion! In August 2025, the money supply in the U.S. was US\$18.9 trillion.

Geopolitical tensions between Russia and Ukraine have led many countries to shift their reserves away from U.S. currency and government debt to gold. According to Metals Focus, which is an independent precious metals research consultancy firm, since 2022, central banks have purchased more than double the amount of gold in the previous 5 years before 2022. Central banks have accumulated >1,300 tonnes of gold in 2025 so far, which follows 1,240 tonnes of gold accumulation in 2024. This is the most aggressive reserve diversification to gold to back currencies since the 1970s. Despite this significant accumulation of gold, central banks have no intention to stop buying, with 76% of the banks expecting gold reserves to increase over the next 5 years. The US dollar as a share of the global reserve has decreased from over 70% in 2000 to approximately 58% in 2025, while



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gold has increased from 8% to close to 15%. This year, global trade tensions have led to over 12% depreciation in the US dollar compared to a basket of currencies, which is the largest decline since 1973. Unlike fiat currency, gold is a relatively scarce resource that cannot be easily printed, but requires significant resources to extract. Gold has a proven track record of hedging against inflation and maintaining purchasing power, while traditional fiat currency has eroded purchasing power and trust in the monetary system. In light of all these factors, Rocklinc has been investing in the gold space since the inception of the company back in 2010. There are many different ways to gain gold exposure; however, the one approach we prefer is to invest in gold royalty and streaming companies.

## **Royalty and Streaming Model**

One of the earliest accounts of a gold royalty model can be traced back to the British monarchy, which allowed gold and silver miners to operate on crown land in exchange for payments. In a mining royalty agreement, a royalty company will agree to provide capital to a mining operator in exchange for the right to receive a percentage of the revenue, profit, or production generated from a piece of land. A mining royalty company does not operate the mine, so it does not have mining operating costs. Mine operators benefit from this agreement by receiving upfront capital for exploration or mine development without having to take on debt or dilute shareholders by raising equity in the capital markets.

In a streaming agreement, a streaming company makes an upfront payment to purchase a percentage of production from a mining operator at an agreed-upon price that is typically lower than the current spot price. Once the miner delivers the agreed-upon percentage of produced commodity, the streaming company will pay the predetermined price and have the option to sell the commodity at a higher spot market price and profit from the difference. This helps create a predictable cost and great leverage to the underlying commodity price.

There are several benefits of a royalty and streaming model. Unlike gold mining operators, royalty and streaming companies do not have to worry about the high and unpredictable costs of operating a mine, while still benefitting from the upside potential of rising gold prices. If an operator goes bankrupt, a new operator is required to honor the agreement since the entitlement is on the land and not the operator. Royalty and streaming agreements also benefit from the embedded upside optionality of new discoveries and project expansions that extend mine life and increase the longevity of a royalty and streaming agreement. Since this model is scalable, cash proceeds from existing agreements can be invested in other agreements to diversify a portfolio across geography, operator, mine, and even commodity type. During down periods in the commodity market, royalty and streaming companies can strike deals at lower costs and benefit once commodity prices return to higher prices. Over the past few years, there has been greater consolidation in the precious metal royalty space. This past July, a major merger was announced between Royal Gold and Sandstorm Gold, both are companies we have been investing for our clients since 2012.

## **Royal Gold (NASDAQ: RGLD)**

Royal Gold is the third largest precious metals royalty and streaming company by market cap. The company originally began in 1981 as an oil and gas exploration and production company; however, after the oil price collapsed in 1986, Royal Gold entered into the gold market by acquiring Denver Mining Finance Corp, which was a merchant bank to mining companies. Royal Gold acquired its first cornerstone royalty on the Cortez Pipeline Mining Complex in Nevada. As it continued to generate



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cash flow, the company re-deployed capital to create a portfolio of cash-flowing precious metal assets, while also building a pipeline of early-stage assets.

Since then, Royal Gold has built a portfolio of 40 producing, 19 development, and 112 exploration assets. Three quarters (76%) of its revenue in 2024 came from gold, which makes Royal Gold one of the highest exposure to gold by revenue out of its competitors. Their investment strategy entails prioritizing investments in long-life assets with strong organic growth and exploration and expansion opportunities in mining-friendly jurisdictions. Sixty percent of its revenue in 2024 came from Tier 1 Jurisdictions (35% Canada, 17% U.S., 4% Australia). Some mining companies that have had their assets seized by unfriendly governments have learned the hard way how important it is to operate in mining-friendly jurisdictions. The Royal Gold management team exercises disciplined capital management by limiting shareholder dilution and deploying free cash flow and some debt for royalty and streaming deals. Over the past 5 years, both revenue and free cash flow have increased at an annual compound growth rate of 11%, while dividends have increased 15% on average since 2000. This has all translated into strong shareholder returns. Over the last 10 years, Royal Gold shareholders have seen their investment increase over 290%!

## **Sandstorm Gold (TSX: SSL.TO)**

Sandstorm Gold is the sixth largest precious metals royalty and streaming company by market cap. When the company first started 15 years ago, it had a smaller team making deals with smaller counterparties, such as junior mining companies that had short mine lives. Five years later, it began investing in higher-quality and longer-life mines with established mining companies. Over 80% of Sandstorm Gold's portfolio is now owned or operated by major and mid-tier mining companies, such as Rio Tinto, Lundin Mining, Glencore, and Ivanhoe Mines. Over the years, Sandstorm Gold has strategically curated a high-quality portfolio of 40 producing, 29 development, and 161 exploration assets based in mining-friendly jurisdictions. 42% of its portfolio is based in North America, while 41% of its portfolio is based in South America and the remaining is from Turkey, Mongolia, and Fiji. Sandstorm is primarily a gold-focused company with 80-85% of its portfolio in gold, while the remaining portion of its portfolio is in silver and copper.

Two-and-a-half years ago, Sandstorm Gold began a period of significant capital deployment of \$1 billion that would help set the company up for growth in the future. The company took on debt in order to avoid major dilution of shareholders. Since then, Sandstorm has been able to quickly reduce its debt from \$637M to \$315M while repurchasing shares. Many of the large mines that Sandstorm has significant streams are currently in development and expected to double production in the next 5 years. Similar to Royal Gold, Sandstorm has generated strong shareholder returns. Over the last 10 years, Sandstorm Gold shareholders have seen their investment increase over 350%!

## **Merger**

In July 2025, Royal Gold announced it would acquire 100% of the issued shares of Sandstorm Gold in exchange for 0.0625 shares of Royal Gold at a 21% premium based on the past 20-day volume-weighted average price. In addition, Royal Gold announced it invested \$196M to acquire Horizon Copper (TSXV: HCU), which has been one of the best performing junior copper stock over the past 12 months. The combined company would have a total of 393 high-quality streams and royalties (80 cash flowing producing, 47 in development, and 266 assets in early stages). The new company will continue to focus on precious metals with about 87% of its revenue derived from precious metals. Together, the new Royal Gold company will have more high-quality producing assets, which

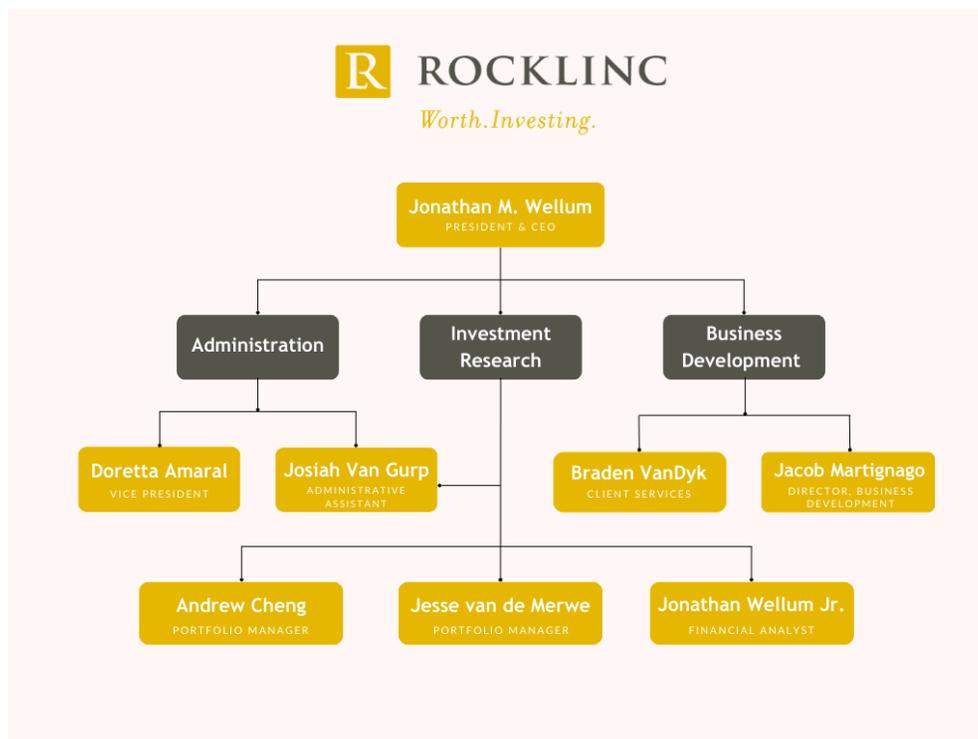
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immediately help boost revenue and cash flow, while benefitting from upside optionality from a diversified portfolio of development and exploration assets. This helps strengthen the company’s balance sheet, while increasing the amount of cash flow the company has available to compete for larger deals. A large portion of the portfolio (41%) is based in Canada and the U.S., while the remaining portfolio is based in countries that have well-established mining jurisdictions.

As shareholders of both Royal Gold and Sandstorm Gold, we believe both companies will benefit from the deal. Royal Gold shareholders benefit by having an additional 40 producing assets and long-term growth potential from development and exploration assets that diversifies Royal Gold’s portfolio. The deal is immediately accretive to Royal Gold’s net asset value and immediately increases cash flow. Sandstorm shareholders benefit by receiving an immediate 21% premium to its share price (on a 20-day volume-weighted average basis). In addition, Sandstorm Gold becomes a larger company with top-tier production assets in mining-friendly jurisdictions. Given the combined strength of both producing assets and the long-term optionality of its development-stage projects, we believe the next 10 years will continue to provide our clients with strong rates of return and will continue to hold Royal Gold in our Rocklinc portfolios.

## F. Moving Forward

We continue to keep our eyes focused on the fundamentals of the businesses we invest in, within the context of a struggling global economy. We will do our best to take advantage of sharp moves in the market! We currently have eight full-time employees. Here is our organizational chart.





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The investment team at Rocklinc is diligently managing our portfolio companies to meet or exceed expectations while seeking new opportunities to enhance your investments. Despite tariffs, trade tensions, or military activities, our core strategy remains unchanged: building portfolios of exceptional businesses. Below are ten key principles guiding our approach:

- **Patience:** We wait for attractively priced opportunities, leveraging our cash reserves to buy low during volatile periods. Tariff-related uncertainty may create short-term noise but also long-term opportunities. Quality companies at compelling valuations reward investors who focus on fundamentals, not headlines.
- **Monitor Central Banks:** Monetary policies, including repressed interest rates and increasing money supply, significantly influence market valuations. The policies being pursued by Central Banks are not supportive of strong currencies.
- **Address Unsustainable Deficits:** Government deficits pose risks to purchasing power. We maintain significant positions in precious metals and hard assets to mitigate these risks.
- **Diversify Strategically:** Our focused portfolios (25-30 securities) are diversified across asset classes, sectors, and regions to balance risk and opportunity.
- **Prioritize Strong Balance Sheets:** We invest in companies with tangible assets, robust financials, and minimal counterparty risk.
- **Focus on Essential Industries:** We target firms in growing sectors with long-term secular trends. **Royal Gold** with its purchase of **Sandstorm Gold** (both companies owned by Rocklinc) is a great example of the types of businesses we love to own.
- **Avoid High-Risk Firms:** We minimize exposure to heavily leveraged financial companies with complex balance sheets, such as banks and insurers.
- **Maintain Liquidity:** Adequate cash reserves allow us to capitalize on market dislocations, earning 2.25% - 4% annually while preserving flexibility.
- **Stay Opportunistic:** We remain positive and proactive, grounded in realism and truth.
- **Anchor in Faith:** We place our trust ultimately in the Lord. *Jeremiah 17:7-8: "Blessed is the man who trusts in the Lord, whose trust is the Lord. He is like a tree planted by water, that sends out its roots by the stream, and does not fear when heat comes, for its leaves remain green, and is not anxious in the year of drought, for it does not cease to bear fruit."*

For questions about your account, please contact us to schedule an appointment.



*Worth. Investing.*

## ROCKLINC INVESTMENT PARTNERS INC.

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