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In today's Bulletin, we review more earnings reports from a top gold company and a favorite high-yield company.

AGNICO BEATS AGAIN, WITH COSTS UNDER CONTROL

Agnico Eagle (AEM.NY, 145.27) saw a small production beat when it reported its second-quarter results, which, together with lower-than-expected operating costs, saw record Free Cash Flow and a record capital return (dividend and share buybacks), this despite an 8% drop in the average gold price for the quarter and oil over $100/bbl. Several mines had record quarterly output, including Detour, Kittila, and Meliadine. All-in Sustaining Costs (AISC) at $1,459/oz were helped by the high U.S. dollar (reducing costs outside the U.S.) as well as strong by-product prices.

The company reiterated its full-year production guidance, albeit at the lower end, despite the suspension of mining at the Barnat pit. Some 40% of the $3.5 billion of operating cash flow in the first half was allocated to ongoing capital investments (including acquisitions), while 30% was returned in the form of dividends and share buybacks.

Looking ahead, five development projects are advancing, including the shaft sinking at Odyssey (underground Malartic), Upper Beaver, and Hope Bay, ensuring a steady pipeline in the years ahead. Agnico is best in class among major gold producers, and a buy.

Fortuna to go ahead with next stage of growth

Fortuna Mining (FVI.NY, 8.43) approved a 30% capacity increase at its Séguéla mine in Côte d'Ivoire. The expansion, which will also see improved recoveries to nearly 95%, will be funded by current liquidity and cash flow, with construction expected to begin later this year. The Sunbird underground deposit at the mine was also approved, with mining expected to commence in the second quarter of 2027. The expansion approval had been expected. Among the mid-tier producers, Fortuna is a strong buy.

Ares reports slightly down quarter, but metrics still strong

Ares Capital (ARCC.NY, 18.76) reported a slightly down quarter, though still strong with an optimistic outlook. Earnings remained just below the dividend, though spillover income supports the payment, while management is confident that modest leverage and long-term earnings power supports the dividend over time. Widening spreads and new investments suggest the potential for earnings, once again, to exceed the dividend in the

period ahead. The company has spillover income equivalent to almost three quarters of dividend payments.

The quarter was poor for closings on new loans, but activity picked up towards the end of the quarter, with an improved pipeline of opportunities, with higher fees and stronger terms, particularly in the "upper-middle market" where there is less competition.

Credit ranking better than history, better than sector

Credit remains solid overall, despite nonaccruals edging higher, though at 2.4% at cost, they are still well below Ares' post-GFC historical levels (3%) and the BDC sector's average (approximately 4%). Companies rated in the lowest two of four grades are again below Ares' longer-term average level and also "meaningfully lower" than those rated 4, which indicates companies outperforming original expectations. Declining marks on some loans in the quarter led to a small decline in net asset value, down 1.2% on the prior quarter.

Ares is in a strong position, with $6 billion in available liquidity. It repaid $1 billion on unsecured notes, though also raised additional debt of almost $1.2 billion, lowering borrowing costs, extending maturities and diversifying funding sources. Leverage at moderately over 1x is low, and in the middle of Ares's own conservative range. The largest and highest-rated BDC, it is well diversified (619 portfolio companies, with no single investment over 1.3% of the portfolio). Trading slightly below NAV, and yielding over 10% (close to the high, other than during the depths of covid, back to GFC). For long-term income-oriented investors, Ares is a buy.

TOP PICKS this week, in addition to above **OR Royalties** (OR.NY, 28.77); **Royal Gold** (RGLD, Nasdaq, 198.35); **Pan American Silver** (PAAS.NY, 43.11); and **Lara Exploration** (LRA, To., 3.99).

MEET ME IN DENVER I invite you to join me for a wide-ranging and open discussion on all topics economic and investment. I will start with a short presentation on how I see the economy and markets, and where I believe the biggest risks and best opportunities lie, and then open it up to a discussion and questions, with every question answered fully and frankly at this private meeting. The event will be in the Cherry Creek neighborhood of Denver, Colo., **Friday 25th September**, starting at 4 p.m.
Join us, and bring your questions and bring an associate. If you would like an extra tickets for a neighbor…a business association…a relative…or friend, you are welcome to extend the invitation. Although there is no charge, we do need to know numbers. Light refreshments will be served. Sign up here and you will receive a ticket and location details. I look forward to meeting you there.

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