

## FundFocus MIDAS FUND (MIDSX)

This gold fund returned more than 40 percent in 2010 under Portfolio Manager **Tom Winmill**. He predicts gold prices will keep rising as investors buy it in search of protection from inflation.

**Your August prediction of gold ending 2010 at \$1,400 per ounce worked. Where will it end 2011?**



**Winmill**

At the end of the year, the price we're looking for is \$1,600, with an average price of \$1,500. I just think that the big trends — U.S. monetary and fiscal policies — are

continuing, and those are the biggest drivers for the gold price.

**If you're worried about inflation, do you think stocks and bonds can do well in 2011?**

The stock market has a long way to go up. Companies are building cash, generally speaking, and they're using cash to buy stock. A lower dollar is

going to be very favorable for exporting. The next 12 months will be a very positive time for U.S. stocks. The sector I'm most worried about is bonds. A year and a half ago, Warren Buffett wrote an article about how the next debacle would be the bond markets. I agree with that. Interest rates are set to rise (which hurts bond prices).

**Why is Barrick Gold (ABX) the top holding?**

It's a very high quality mining company, and it has current production. A low-quality management might have a good mine but don't know what they're doing and tend to disappoint the market in terms of production or costs. Barrick has surprised several quarters in a row by surpassing (analysts' expectations) on amount of ounces and cost of ounces.

**I noticed when you talk about high quality, you're talking about operational strength rather than the balance sheet.**

You try to get the best you can on the balance sheet, but you need to be aware that mining is a capital-intensive business, and balance sheets typically look pretty miserable.



Morningstar Ownership Zone™

- Fund target represents weighted average of stock holdings
- Represents 75% of fund's stock holdings