



Ninepoint Gold & Precious Minerals Strategy

Q1 2024 Commentary

New Highs and Blue Skies

The combination of rising bullion prices and investor apathy towards precious metals and equities alike has created an explosive mixture for precious metals investors. With gold having clearly surpassed its past highs and silver continuing to strengthen, the business of precious metal mining has suddenly become plenty profitable. While bullion prices continued their torrid march higher through the first quarter of the year, we continue to see a perplexing divergences that we have highlighted in our prior commentary. A trend of outflows out of bullion ETFs which include silver as well as gold despite a clear and improved outlook for bullion prices across various currencies.

This divergence between Western investors selling their bullion holdings and prices continuing to rise is perhaps best explained by the strength of physical purchases that are occurring in the Eastern economies and particularly in China.

Both Gold and Silver ETFs have been trading at rich premiums to the daily spot price on the Shanghai exchange for nearly a year and the trend does not seem to be letting up any time soon. It is worth noting that silver in particular ended the first quarter of 2024 trading at a \$2.83 premium to spot. For reference, the silver spot price closed at \$24.96 for quarter end.

Investment Team



Advisor

Maria Smirnova, MBA, CFA

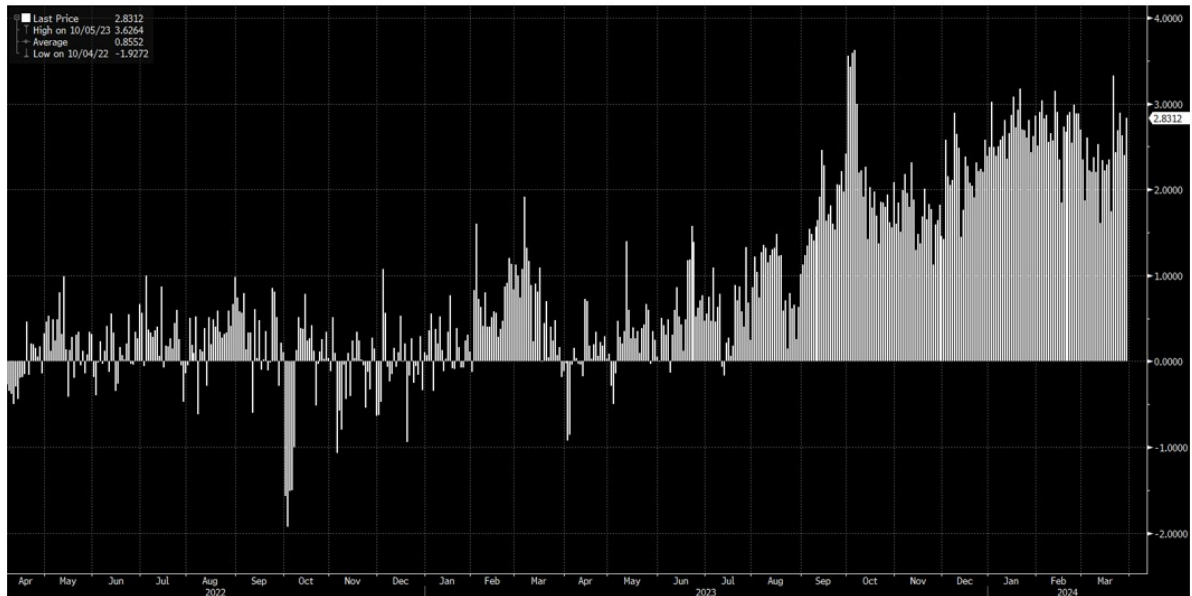
Senior Portfolio Manager, Sprott Asset Management - Sub-



Advisor

Shree Kargutkar, MBA, CFA

Senior Portfolio Manager, Sprott Asset Management - Sub-



Source: Bloomberg

Over in Shanghai, the premium paid for gold was over \$50 higher per ounce at the end of Q1-2024. Gold closed the first quarter of 2024 at \$2,228.87. Since the second quarter of 2022 we have observed that physical purchases of both gold and silver have not only been prodigious but also persistent over the weeks and months that have followed.

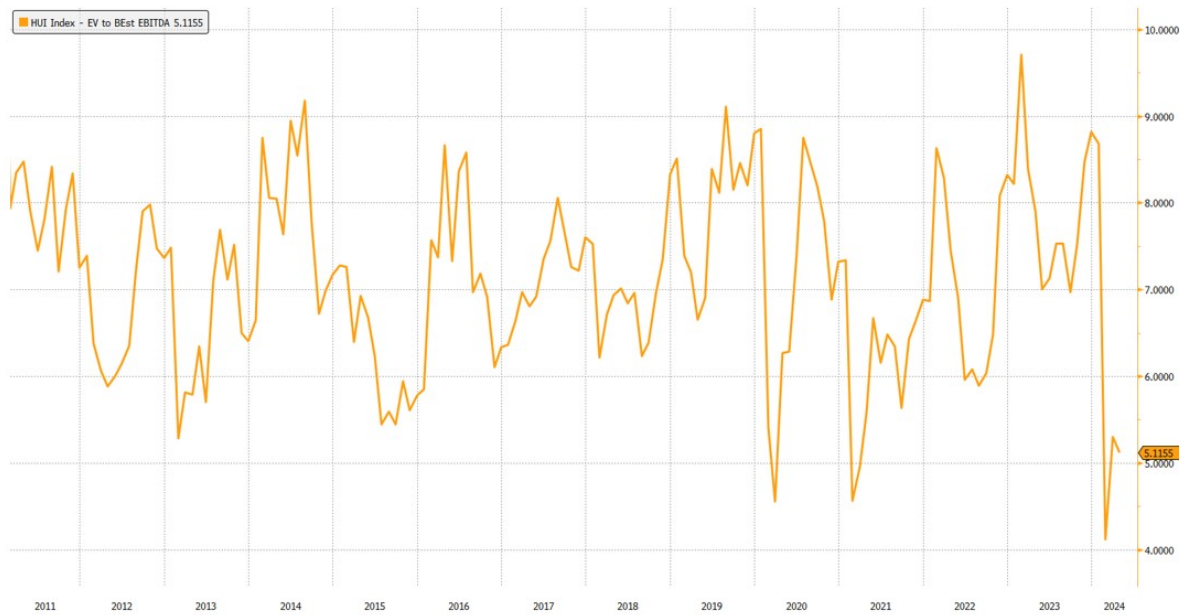


Source: Bloomberg

One can derive a number of reasons to explain the strength in the metal prices including strong interest from central banks as far as gold is concerned and strong demand from retail and industrial as far as silver goes. However, one cannot deny that the magnitude of the demand which has been so strong that it has completely wiped out the negative investor flows we have seen out of bullion ETFs in the West. To put this into perspective, since Q4-2020, gold ETFs have liquidated nearly 30M ounces of metal which is worth nearly \$70B at today's prices. The pattern for silver ETF flows is eerily similar to what's playing out with gold ETFs. Silver bullion ETFs held nearly 712M oz of silver as the Q1 ended, down nearly 40M oz since 2023. Despite this selling, the price of silver has gained nearly ~4.5% over the period and has continued to build strength through 2024, as per Bloomberg.

Central banks emerged as large buyers of gold in 2022 and 2023 with both years registering similar levels of bullion purchases. While firm data for Q1 purchases is not available at the time of writing, it is our assumption that demand in 2024 is unlikely to decline meaningfully. We say this because the reasons for central bank demand through 2022 and 2023 continue to persist today. Namely, a diversification of reserve assets out of the US Dollar and a reduction in exposure to a fiat currency thereby eliminating the all-important counter-party risk. It bears noting that gold is among the very few easily stored assets that has no counterparty risk.

The strong moves we are witnessing in gold and silver have not entirely translated to equities with the GDX and GDXJ gaining a mere 1.97% and 2.19% respectively through Q1-2024. There has been much attention paid to the rising cost of gold and silver mining over the past couple of years and not much attention being paid to the rising revenues. Inflationary pressures have slowed down in 2024, and today, we believe that investors are missing the forest for the trees. The valuation of the widely followed HUI index is currently trading near all-time lows just as precious metals are rising and gold is making new all-time highs.



Source: Bloomberg

The takeaway from this slide is simple. The business of precious metals mining is not only profitable but you can get exposure to it at valuations never seen before. This observation is not being lost on astute investors. While investor flows are still negative out of bullion ETFs, for the first time in a long while, we are starting to see signs of positive asset flows into the mining space. We will leave you with a quote from Daniel K Ludwig's biography because it sums up the prospects we see in precious metal miners beautifully - *Opportunities exist on the frontiers where most men dare not venture, and it is often the case that the farther the frontier, the greater the opportunity.*

Maria Smirnova and Shree Kargutkar

Sprott Asset Management

Sub-advisor to the Ninepoint Gold & Precious Minerals Fund,

Ninepoint Gold Bullion Fund, Ninepoint Silver Bullion Fund and the Ninepoint Silver Equities Fund

NINEPOINT GOLD & PRECIOUS MINERALS FUND - COMPOUNDED RETURNS¹ AS OF MARCH 28, 2024 (SERIES F NPP300) | INCEPTION DATE: OCTOBER 12, 2004

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR	15YR	INCEPTION
Fund	21.1%	5.6%	5.6%	18.7%	-2.0%	-2.1%	8.2%	5.8%	3.6%	2.8%
S&P/TSX Global Gold TR	18.6%	2.8%	2.8%	16.3%	-3.5%	3.0%	10.3%	6.3%	0.3%	2.8%

NINEPOINT GOLD BULLION FUND - COMPOUNDED RETURNS¹ AS OF MARCH 28, 2024 (SERIES F NPP226) | INCEPTION DATE: MARCH 17, 2009

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR	15YR	INCEPTION
Fund	8.8%	10.3%	10.3%	19.8%	12.6%	11.1%	10.8%	6.9%	5.7%	5.7%
Gold Spot (CAD)	8.9%	10.5%	10.5%	20.3%	13.5%	12.1%	11.8%	7.8%	6.6%	6.5%

NINEPOINT SILVER BULLION FUND - COMPOUNDED RETURNS¹ AS OF MARCH 28, 2024 (SERIES F NPP326) | INCEPTION DATE: MAY 9, 2011

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR	INCEPTION
Fund	9.8%	6.9%	6.9%	11.5%	2.4%	1.9%	9.0%	2.6%	-2.5%
Silver Spot (CAD)	9.9%	7.2%	7.2%	12.2%	3.8%	3.3%	10.8%	4.5%	-0.7%

NINEPOINT SILVER EQUITIES FUND - COMPOUNDED RETURNS¹ AS OF MARCH 28, 2024 (SERIES F NPP866) | INCEPTION DATE: FEBRUARY 28, 2012

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR	INCEPTION
Fund	23.1%	1.6%	1.6%	15.7%	-17.3%	-14.3%	4.4%	2.1%	-3.2%
MSCI Silver Select (CAD)	23.5%	1.3%	1.3%	18.1%	-11.2%	-8.6%	4.0%	1.9%	-3.8%

¹All Ninepoint Gold & Precious Minerals Fund returns and fund details are a) based on Series F units; b) net of fees; c) annualized if period is greater than one year; d) as at March 28, 2024. The index is 100% S&P/TSX Global Gold Total Return Index and is computed by Ninepoint Partners LP based on publicly available index information. ¹All Ninepoint Gold Bullion Fund returns and fund details are a) based on Series F units; b) net of fees; c) annualized if period is greater than one year; d) as at March 28, 2024. The index is 100% Global Spot (CAD) Index and is computed by Ninepoint Partners LP based on publicly available index information. ¹All Ninepoint Silver Bullion Fund returns and fund details are a) based on Series F units; b) net of fees; c) annualized if period is greater than one year; d) as at March 28, 2024. The index is 100% Silver Spot (CAD) Index and is computed by Ninepoint Partners LP based on publicly available index information. ¹All Ninepoint Silver Equities Fund returns and fund details are a) based on Series F units; b) net of fees; c) annualized if period is greater than one year; d) as at March 28, 2024. The index is 100% MSCI Silver Select (CAD) Index and is computed by Ninepoint Partners LP based on publicly available index information.

The risks associated with investing in a Fund depend on the securities and assets in which the Fund invests, based upon the Fund's particular objectives. There is no assurance that any Fund will achieve its investment objective, and its net asset value, yield and investment return will fluctuate from time to time with market conditions. There is no guarantee that the full amount of your original investment in a Fund will be returned to you. The Funds are not insured by the Canada Deposit Insurance Corporation or any other government deposit insurer. Please read a Fund's prospectus or offering memorandum before investing.

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