



Ninepoint Gold & Precious Minerals Fund

August 2018 Commentary

The Ninepoint Gold and Precious Minerals Fund ended the month of August down 8.8% while the S&P/TSX Global Gold Index declined 13.4%. In our July commentary, we brought to your attention the record short interest in gold and silver. August saw a continuation of this trend as non-commercial speculative short interest in gold peaked at 222,210 contracts – an all-time high.

Investment Team



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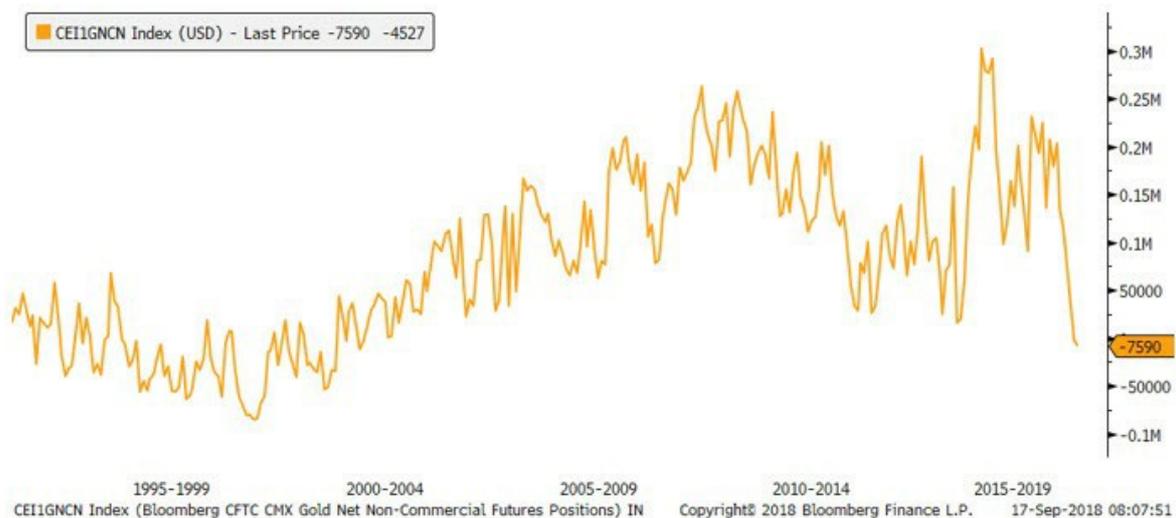
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Source: Bloomberg

On a similar vein, speculative silver shorts also increased to a record 112,035 contracts earlier in September. Net speculative interest in gold is now lower than at any time since 2001 while net speculative interest silver is at an all time low.

If the record levels of short interest and astoundingly low levels of net speculative interest were not enough, August marked the fifth consecutive month of decline for gold. We were unable to find five straight monthly declines for gold in over 20 years.

While the rest of the world continue to shun precious metals, companies in our portfolio continue to operate profitably with a healthy margin and some are even paying a healthy dividend. Explorers

and developers in our portfolio have projects which would be profitable at today's gold price of circa \$1200 per ounce. The last time we saw an opportunity in precious metals similar to what we are seeing today, was in the late 1990s as the dot com bubble was beginning to ripen and gold was about to embark on a decade long bull market.

The takeaway here is simple. The bear market which began in the precious metals space in 2011 has transitioned to a point where most participants are now in a crowded short trade. Precious metals equities which were richly valued in 2011 are now considered value stocks.

The August outperformance of our fund was carried by Skeena Resources, Northern Empire Resources and Contact Gold. All three names are exploration companies. Skeena reported high grade assay results from their Phase II underground drilling program at their Snip gold project in the Golden Triangle of British Columbia. The Company added confidence to areas that were not fully sampled during previous operators' historical drilling programs in preparation for a maiden resource estimate. Northern Empire entered into a definitive agreement with Coeur Mining pursuant to which Coeur agreed to acquire all of the issued and outstanding shares of Northern Empire. The transaction represented a 40% premium to Northern Empire's 20-day trailing volume-weighted average share price. Contact reported a new gold discovery at their Pony Creek project in Elko County, Nevada.

The top three detractors from the fund performance in August were Kirkland Lake Gold, Newmont Mining and Dacian Gold. Kirkland Lake had a brief period of underperformance in August as it gave up some of its gains due to expectations of the stock being deleted from the GDXJ junior gold index in September (due to outperforming and getting too large for the index). This phenomenon is normal as hedge funds try to preposition themselves by shorting a stock that is going to be deleted. Newmont suffered in the general gold stock sell off – as it is the largest component of the GDX gold index, it took the brunt of the pain. Dacian also corrected after raising A\$48 million in new equity in July. While the financing was very well-received, the market became nervous about the company's ramp up of its Mt Morgans mine in Australia.

NINEPOINT GOLD & PRECIOUS MINERALS FUND - COMPOUNDED RETURNS¹ AS OF AUGUST 31, 2022 (SERIES F NPP300) | INCEPTION DATE: OCTOBER 12, 2004

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR	15YR	I
Fund	-10.9%	-28.8%	-21.4%	-31.8%	-25.6%	-0.8%	1.8%	-1.6%	0.0%	
S&P/TSX Global Gold TR	-5.9%	-22.2%	-23.3%	-28.1%	-21.3%	-3.6%	2.7%	-2.1%	-0.1%	

¹ All 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 August 31, 2018; e) 2001 annual returns are from 11/15/01 to 12/31/01. 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.

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traded funds risk; foreign investment risk; inflation risk; liquidity risk; market risk; securities lending, repurchase and reverse repurchase transactions risk; series risk; short selling risk; small capitalization natural resource company risk; sub-advisor risk; substantial unitholder risk; tax risk; uninsured losses risk.

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