



Ninepoint Flow-Through Update

Q4 2023 Commentary

Ninepoint 2022 Flow-Through Update

The NAV for the Ninepoint 2022 Flow-Through - National Fund Series A and the Ninepoint 2022 Short Duration Flow-Through Fund on December 29, 2023 was \$8.26/unit and \$13.30/unit, respectively.

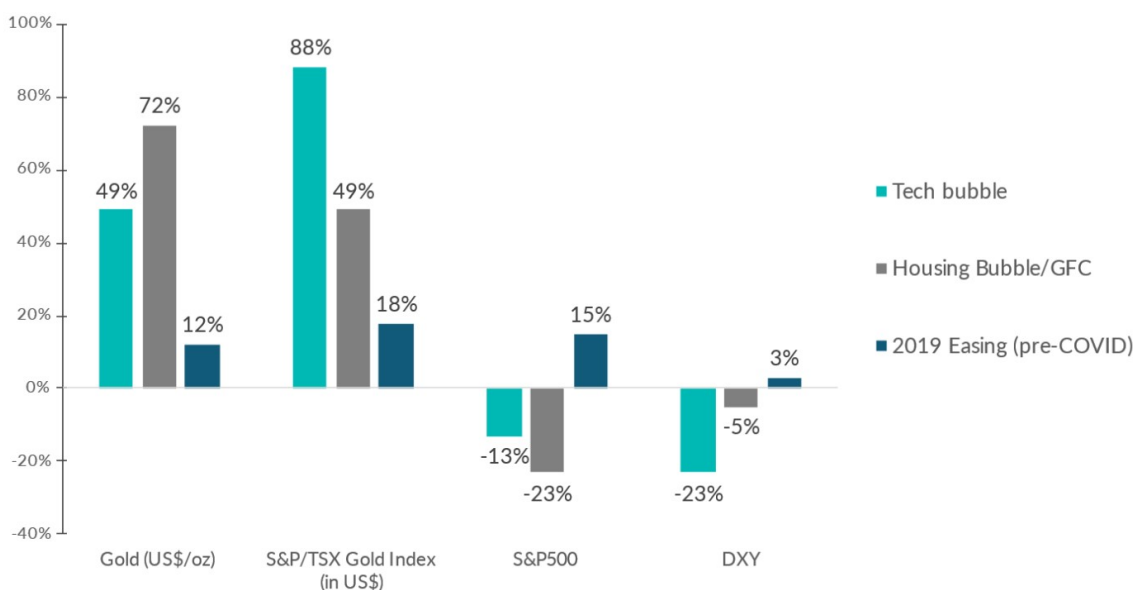
Investment Team



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Sub-Advisor

We have always stressed to clients that commodities and resource equities are incredibly volatile. The performance of flow-through funds will range from spectacular to awful. After two years of posting triple-digit after-tax returns in the 2019 and 2020 flow-through limited partnerships, microcap resource equities underperformed in both 2022 and 2023. Underperformance was most pronounced amongst microcap, gold exploration equities which comprise most of the flow-through fund portfolios. The underperformance of microcap, gold exploration equities in 2023 was baffling since gold bullion appreciated 13%. However, the gold bullion outlook has improved markedly. At the December FOMC meeting, the Federal Reserve abruptly changed course when it signaled a willingness to significantly reduce the federal funds rate in 2024. Historically, gold equities have dramatically outperformed during Fed easing cycles as illustrated below. If this thesis comes to fruition, unitholders who will be provided with liquidity when the 2022 flow-through funds rollover in mid-February may be best served to remain invested in the rollover fund.

Performance during the Fed easing cycles



Source: Company Reports, Canaccord Genuity estimates

While digesting the performance of the 2022 LPs, I would like to remind investors of the track record and the need to evaluate returns on an after-tax basis. I would also remind clients of the importance of remaining committed to the flow-through strategy during poorly performing periods because the product track record clearly illustrates the benefit of consistent participation.

Terminated LPs

ISSUE	After-Tax Return [±]	Ninepoint/Sprott [†]	Peer Group
2013 LP	23%	\$18.41	\$16.07 ¹
2014 LP	-17%	\$12.31	\$10.23 ²
2014 II LP	57%	\$24.77	\$11.60 ³
2015 LP	51%	\$24.08	\$19.51 ⁴
2016 LP	54%	\$22.16	\$19.52 ⁵
2016 II LP	154%	\$35.33	\$16.36 ⁶
2017 LP	-17%	\$11.14	\$11.48 ⁷
2017 II LP	-3%	\$12.76	\$10.62 ⁸
2018 LP	0%	\$13.34	\$12.87 ⁹
2018 II LP	5%	\$13.51	\$14.92 ¹⁰
2019 LP	162%	\$33.76	\$25.19 ¹¹
2019 II LP	150%	\$32.38	\$26.32 ¹²
2020 LP	130%	\$29.73	\$24.64 ¹³
2020 II LP	111%	\$27.01	\$28.13 ¹⁴
2021 LP	-13%	\$10.66	\$13.87 ¹⁵
2021 II LP	-3%	\$12.09	\$12.79 ¹⁶
AVERAGE	53%	\$20.84	\$17.13

[±] Represents the after-tax return (net of fees) on capital at risk for the term of the LP for a resident of Ontario subject to the highest marginal tax rate.

[†] NAV per unit on Transfer Date

Source: SEDAR, Fund press release and/or Prospectus. Based on a \$25 issue NAV. Referring to Class A for each respective LP (National Class, as applicable)

Investors are routinely fixated on pre-tax returns. This is surprising considering investors rarely capture those returns on an after-tax basis as most investors are taxed on capital gains and income. When evaluating the returns of a flow-through fund the only meaningful measure of performance is on an after-tax basis considering it is a tax mitigating product. Although after-tax return figures are not calculated until the fund is terminated, investors should consider some of the following points

when gauging how the investment is performing on an after-tax basis. Many investors incorrectly evaluate the performance of the fund based on the initial investment of \$25/unit and as a result, do not account for any of the tax benefits.

It is also important to remember the \$25/unit is not adjusted for initial fees, premiums paid to acquire flow-through shares or tax benefits. Most importantly, it is critical that investors understand how impactful the tax benefits are to the per-unit economics. As disclosed in the 2023 Short Duration Flow-Through LP prospectus, the breakeven point on an after-tax basis for an Ontario investor taxed at the highest marginal rate is approximately \$11.75/unit, which assumes only 25% of the portfolio qualifies for the Critical Minerals Exploration Tax Credit. The bogey for a flow-through fund is the aforementioned after-tax breakeven point, not the \$25/unit initial offering price. Investors need to understand this to correctly evaluate the performance of any flow-through fund

Ninepoint 2023 Flow-Through National Update

The NAV of the Ninepoint 2023 Flow-Through National Fund, Series A on December 29, 2023 was \$16.47/unit.

The fund successfully raised \$33M in April 2023. 100% of the initial proceeds were invested by year end. 62% had been allocated to gold mining equities, 12% to base metal equities while uranium and other metals account for the balance. The portfolio currently consists of 30 companies with a weighted average market capitalization of \$105M. The weighted average premium paid was 5%.

As disclosed in the 2023 Flow-Through LP prospectus, the breakeven point on an after-tax basis for an Ontario investor taxed at the highest marginal rate is approximately \$12.00/unit. Note that this breakeven figure does not include the enhanced Critical Minerals Exploration Tax Credit. The bogey for a flow-through fund is the after-tax breakeven point, not the \$25/unit initial offering price. Investors need to understand this to correctly evaluate the performance of any flow-through fund.

Ninepoint 2023 Short Duration Flow-Through Update

The NAV of the Ninepoint 2023 Short Duration Flow-Through Fund, Series A on December 29, 2023 was \$23.51/unit.

The fund successfully raised \$20M in October 2023. 100% of the initial proceeds were invested by year end. 60% had been allocated to gold mining equities, 22% to uranium equities and 18% to base metal equities. The portfolio currently consists of 20 companies with a weighted average market capitalization of \$70M. The weighted average premium paid was 2%.

As disclosed in the 2023 Short Duration Flow-Through LP prospectus, the breakeven point on an after-tax basis for an Ontario investor taxed at the highest marginal rate is approximately \$11.75/unit. The bogey for a flow-through fund is the after-tax breakeven point, not the \$25/unit initial offering price. Investors need to understand this to correctly evaluate the performance of any flow-through fund.

Jason Mayer CFA, MBA

Sprott Asset Management
Sub-Advisor to the Fund

References

1. Peer Group includes: Middlefield, Frontstreet, NCE, Brompton, Maple Leaf, CMP
2. Peer Group includes: Middlefield, Frontstreet, NCE, Brompton, Maple Leaf, CMP, Canoe
3. Peer Group includes: Middlefield, Frontstreet, Maple Leaf
4. Peer Group includes: Middlefield, NCE, Brompton, Maple Leaf, CMP, Canoe
5. Peer Group includes: Middlefield, NCE, Maple Leaf, CMP, Canoe
6. Peer Group includes: Marquest, Maple Leaf
7. Peer Group includes: Middlefield, Brompton, Maple Leaf, CMP
8. Peer Group includes: Middlefield, Maple Leaf
9. Peer Group includes: Middlefield, Maple Leaf, CMP
10. Peer Group includes: Maple Leaf
11. Peer Group includes: Middlefield, CMP, Maple Leaf
12. Peer Group includes: Middlefield, Maple Leaf
13. Peer Group includes: Middlefield, CMP, Maple Leaf
14. Peer Group includes: Middlefield, Maple Leaf
15. Peer Group includes: Middlefield, CMP
16. Peer Group includes: Middlefield, Maple Leaf

Series A NAV Details (\$) Per Unit as at December 29, 2023 (Before Tax)

Fund Name	NAV (Series A)
Ninepoint 2022 Flow-Through LP - National	\$8.26
Ninepoint 2022 Flow-Through LP - Quebec	\$7.95
Ninepoint 2022 Short Duration Flow-Through LP	\$13.30
Ninepoint 2023 Flow-Through LP	\$16.47
Ninepoint 2023 Short Duration Flow-Through LP	\$23.51

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: concentration risk; credit risk; currency risk; cybersecurity risk; derivatives risk; exchange traded funds risk; foreign investment risk; inflation risk; interest rate risk; liquidity risk; market risk; regulatory risk; securities lending, repurchase and reverse repurchase transactions risk; series risk; short selling risk; small capitalization natural resource company risk; specific issuer risk; tax risk.

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