



Ninepoint Energy Fund Market View

February 13, 2020

Coronavirus Panic

Yesterday on BNN

(<https://www.bnnbloomberg.ca/market-call/full-episode-market-call-for-wednesday-february-12-2020>) I went

through my rationale for why the YTD sell-off due to Coronavirus panic has created an opportunity for energy investors.

1. Long-life assets are being impaired by 25%+ due to a transient hit to demand that will pass in the coming months.
2. At the same time, Libyan production (graph below) is down ~900,000Bbl/d year-to-date and is offsetting much of the demand destruction however the market's focus 100% remains on the demand side of the equation.
3. One month ago oil was over \$60/bbl. Why? The US/China trade war had cooled down, OPEC had taken additional action, and signs of US shale growth deceleration were becoming more obvious.

Once the coronavirus headlines fade, I believe we will rally back to \$60/bbl by the 2H of this year and using that price level we are deploying fresh capital (the Fund has been net positive in inflows nearly every day) into names that we believe can double (or more) in value from current levels. Below are graphs showing EV/CF trading multiples (some names <3x versus 8x a few years ago) and free cash flow yields at \$60/bbl...again where oil was just one month ago. Patience and the ability to look through the short-term noise will be rewarded.

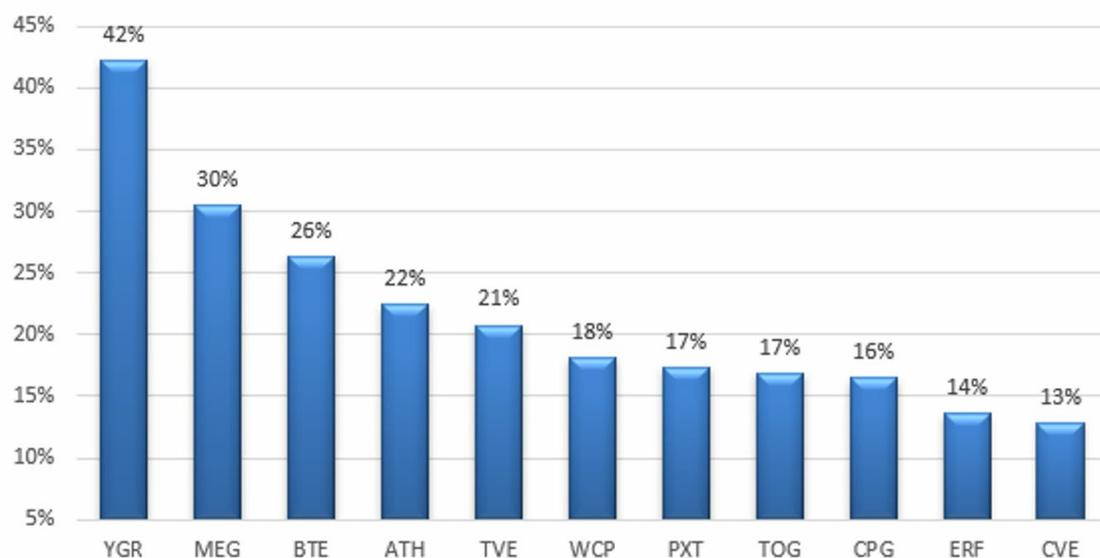
Investment Team



Eric Nuttall, CIM

Partner, Senior Portfolio
Manager

2020 Free Cash Flow Yields at \$60WTI and \$17.50WCS differentials

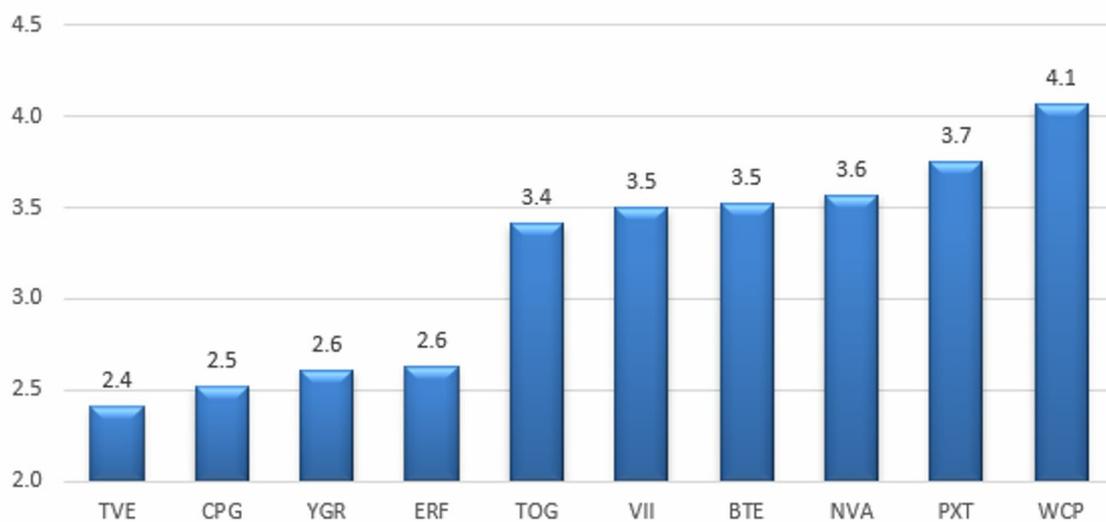


Free cash flow = operating cash flow (pre-hedging) minus capex required to keep production flat

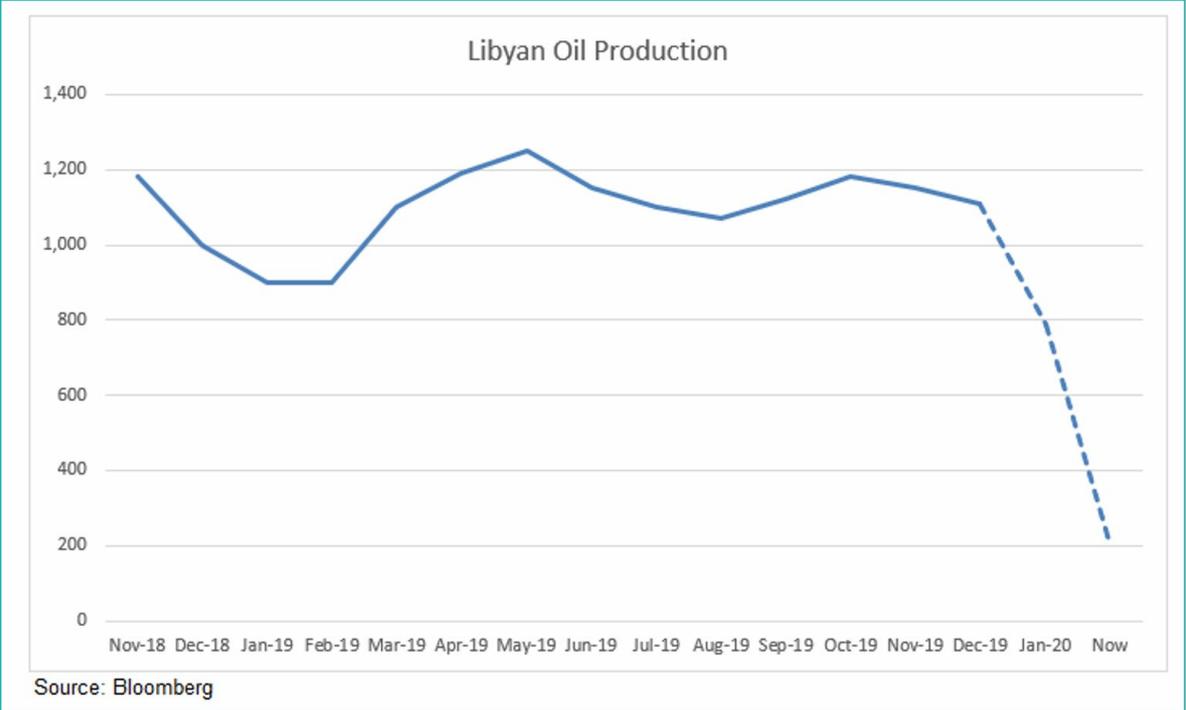
Source: Bloomberg, Ninepoint Partners (for illustrative purposes)

For illustrative purposes only

2020 EV/CF @ \$60 WTI and \$17.50 WCS differentials



Source: Bloomberg, Ninepoint Partners



Eric Nuttall

Ninepoint Partners

NINEPOINT ENERGY FUND - COMPOUNDED RETURNS¹

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR	15YR	INCEPTION
Fund	-20.6%	-20.6%	6.5%	-1.5%	-11.6%	-25.1%	-14.1%	-5.9%	-3.6%	-0.5%
Index	-11.1%	-11.1%	6.2%	-1.2%	-9.7%	-11.2%	-7.1%	-4.6%	-0.4%	1.0%

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 January 31, 2020; e) 2004 annual returns are from 04/15/04 to 12/31/04. The index is 100% S&P/TSX Capped Energy TRI and is computed by Ninepoint Partners LP based on publicly available index information.

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.

Ninepoint Partners LP is the investment manager to the Ninepoint Funds (collectively, the "Funds"). Commissions, trailing commissions, management fees, performance fees (if any), other charges and expenses all may be associated with mutual fund investments. Please read the prospectus carefully before investing. The indicated rate of return for series F units of the Fund for the period ended January 31, 2020 is based on the historical annual compounded total return including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Fund may be lawfully sold in their jurisdiction.

The opinions, estimates and projections ("information") contained within this report are solely those of Ninepoint Partners LP and are subject to change without notice. Ninepoint Partners makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, Ninepoint Partners assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this information. Ninepoint Partners is not under any obligation to update or keep current the information contained herein. The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Please contact your own personal advisor on your particular circumstances. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Ninepoint Partners. Any reference to a particular company is for illustrative purposes only and should not to be considered as investment advice or a recommendation to buy or sell nor should it be considered as an indication of how the portfolio of any investment fund managed by Ninepoint Partners is or will be invested. Ninepoint Partners LP and/or its affiliates may collectively beneficially own/control 1% or more of any class of the equity securities of the issuers mentioned in this report. Ninepoint Partners LP and/or its affiliates may hold short position in any class of the equity securities of the issuers mentioned in this report. During the preceding 12 months, Ninepoint Partners LP and/or its affiliates may have received

remuneration other than normal course investment advisory or trade execution services from the issuers mentioned in this report.

Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: CIBC Mellon GSSC Record Keeping Services: Toll Free: 1.877.358.0540