Ninepoint Gold & Precious Minerals

Q1 2020 Commentary

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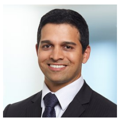

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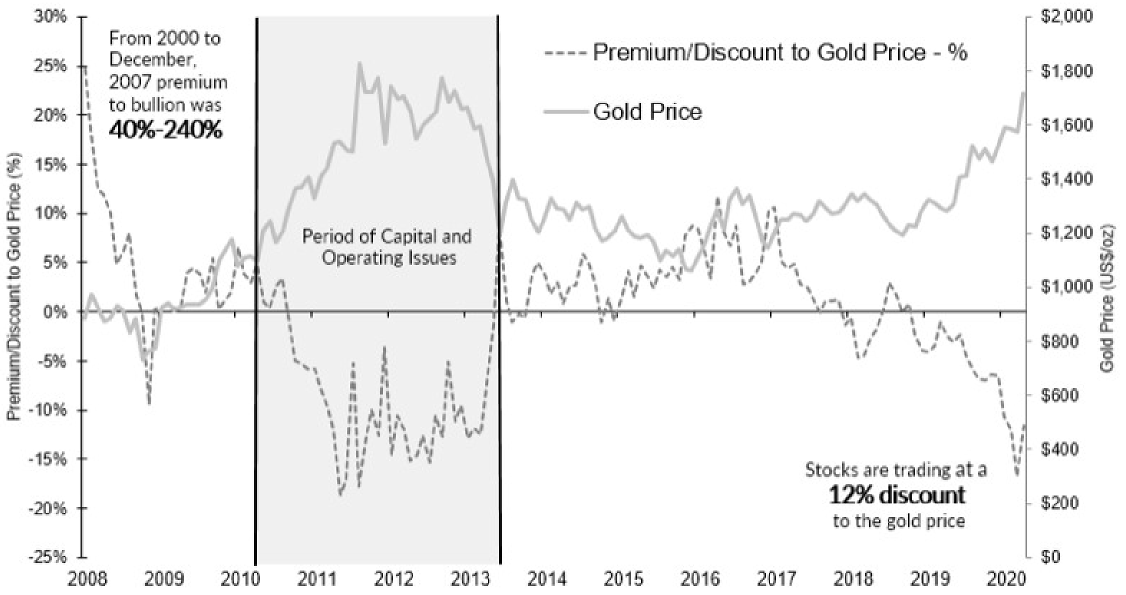
The Ninepoint Gold and Precious Minerals Fund and the Ninepoint Silver Equities Class bounced back vigorously during the month of April following the COVID induced panic we saw in Q1 2020.

During the panic, precious metals and gold in particular served as source of liquidity, as it often does when assets classes like mortgage-backed bonds, junk bonds and even certain commodities saw a precipitous decline in active bids. The drawdown we experienced in Q1 2020 can best be described as the classic “throwing the baby out with the bathwater”. Most impacted were the less liquid names in the space, which saw their valuations drop in excess 50% from their February highs. We took advantage of this rarely-seen levels of dislocation to put our cash reserves to work.

We seldom get to revisit prices seen in previous quarters and years in a bull market and yet, this is exactly the opportunity we witnessed in the first quarter of 2020. While market participants were busy meeting margin calls and liquidating their assets to raise liquidity, we were fortunate enough to have cash reserves to dip into. We used the opportunity to increase our exposure to high quality companies such as Northern Star and Saracen Minerals as they came up for sale. We also used this opportunity to establish new positions in less liquid names like Victoria Gold and Gran Colombia as bids vanished in these names leading to massive discounting.

Market volatility has subsided into Q2 2020 and gold has regained its strength, continuing its bullish march higher. Precious metal equities, while materialy higher, continue to discount the underlying metal and a wide chasm remains in valuations of these equities relative to the price of gold and silver.

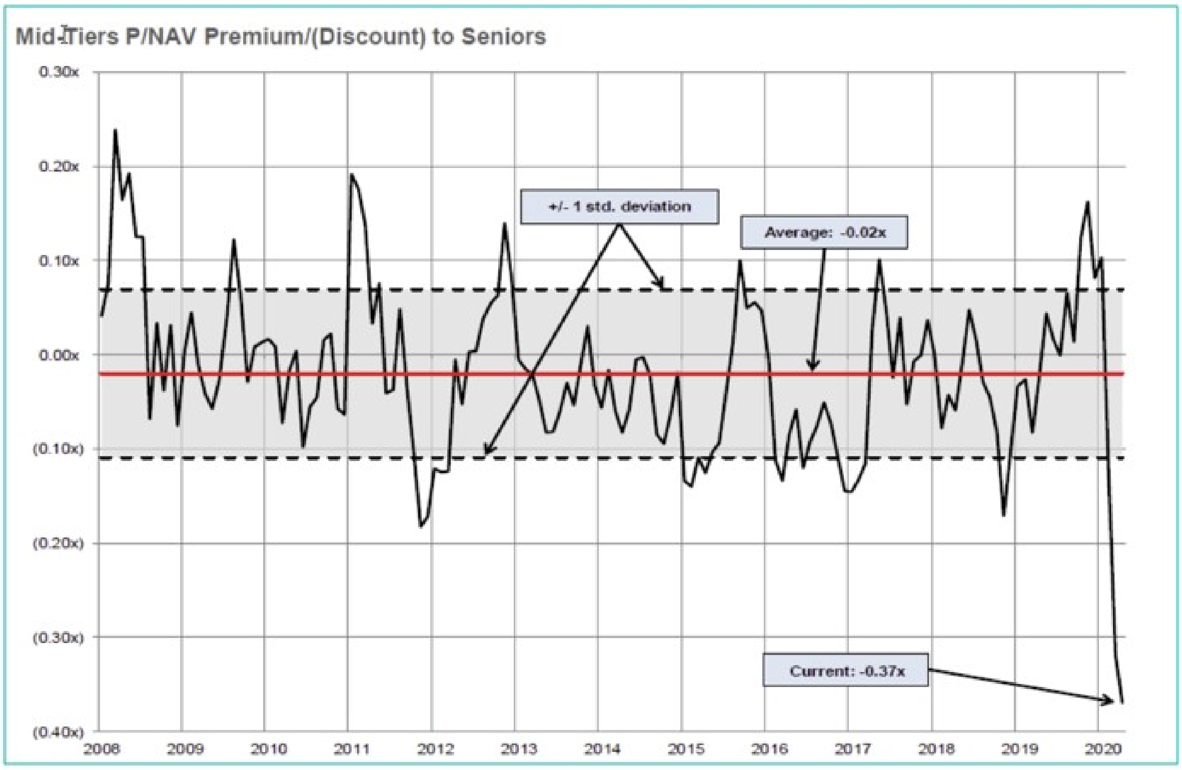
Based on recent work done by Scotiabank, gold equities continue to trade at a wide discount to gold. We have traditionally seen gold equities discount higher gold prices, particularly when gold is in a bullish trend as evidenced in the chart below. We believe that this dislocation will be resolved by a material move higher in gold equities.



Source: Scotiabank, data at April 2020.

While precious metal equities at large continue to discount gold, the implied discount in junior equities is particularly shocking. In this context, gold is worth mentioning. With gold quickly resuming its uptrend after a short period of volatility in March, investors quickly warmed up to gold equities and particularly towards, senior producers such as Barrick, Newmont and Franco-Nevada. Less liquid juniors and mid-tier names on the other hand remain heavily discounted relative to seniors - and the entire complex continues to trade a wide discount to the price of gold itself.

During the previous bull markets, both junior and senior producers have tended to trade a premium, and not a discount to NAV (net asset value) as investors were positioning for continued appreciation of bullion prices. In the world we find ourselves in today, however, investor attention to precious metals remains muted at best and ignorant at worst. The opportunity in the smaller names is astounding, especially considering the valuation gap between senior and junior producers. We do not believe that this arbitrage will entirely vanish any time soon, because investors have generally gravitated towards the more liquid names. However, we do believe that the wide gap in valuations will significantly narrow. For this reason, we believe that positioning our portfolio into the junior and mid-cap space today will result in outsized performance in the future and this is exactly what we have been doing.



Source: Scotiabank

Finally, we want to thank our clients for remaining committed to our strategy during this volatile period. Encouragingly, we saw minimal outflows from the Ninepoint Gold and Precious Minerals fund and the Ninepoint Silver Equities class during these trying times and we even saw new capital enter our Strategy. At the time of this writing, we are happy to report that as the volatility has faded and our strategies have rapidly recouped their March losses and has re-established its trend upwards. Looking across our space today, we continue to see numerous opportunities with generational upside as the bull market in precious metals continues to gather steam.

Sprott Asset Management

NINEPOINT GOLD & PRECIOUS MINERALS FUND - COMPOUNDED RETURNS[1]
AS OF MARCH 31, 2020 (SERIES F NPP300)

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR	15YR	INCEPTION
Fund	-13.8%	-19.2%	-19.2%	-11.1%	-1.5%	-4.3%	5.9%	-3.5%	1.6%	0.8%
Index	-5.2%	-9.5%	-9.5%	0.6%	21.8%	5.3%	9.5%	-1.8%	2.2%	1.6%

NINEPOINT SILVER EQUITIES CLASS - COMPOUNDED RETURNS[1]
AS OF MARCH 31, 2020 (SERIES F NPP423)

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	-15.0%	-29.5%	-29.5%	-15.2%	-4.6%	-10.2%	2.2%	-7.8%
Index	-13.6%	-26.7%	-26.7%	-14.8%	-10.3%	-10.3%	2.3%	-9.1%

[1] All returns and funds 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 31, 2020; e) 2001 annual returns are from 11/15/01 to 12/31/01 for Ninepoint Gold & Precious Minerals Funds; f) 2012 annual returns are from 02/28/12 to 12/31/12 for Ninepoint Silver Equity Class.. The index for Ninepoint Gold and Precious Minerals Fund is 100%S&P/TSX Global Gold Total Return Index and the index for NInepoint Silver Equity Class is 100% MSCI ACWI Select Silver Miners IMI (CAD) Index and are computed by Ninepoint Partners LP based on publicly available 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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