Ninepoint Resource Class

October 2018 Commentary

In October the fund posted a return of -9.3% compared to the benchmark which returned -9.2%. The fund is currently weighted as follows:

- 46% Precious metal equities
- 33% Energy equities
- 10% Base metal equities
- 4% Other equities
- 5% Uranium
- 2% Cash

Investment Team

Jason Mayer, CFA, MBA
Senior Portfolio Manager,
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The Canadian energy sector sold off significantly in October as a result of a 10+% decline in crude prices and an increase in Canadian oil price differentials. This impacted the portfolio negatively (attributed -6.05% in October) despite the fact Canadian energy equity valuations remain compelling. Outside of energy, the performance of other resource equities were relatively muted. Generally, investor interest in resource equities, particularly small cap resource equities, continues to be anemic.

2018 Flow-Through Update

At the end of October, the fund was 100% invested. 75% had been invested in mining companies, of which 56% had been allocated to gold mining equities while base metal and uranium equities represent the balance. The other 25% has been invested in Energy companies. The portfolio consists of 38 companies with a weighted average market capitalization of $1.4B.

2018-II Flow-Through Update

At the end of October, the fund was 68% invested. 61% had been invested in mining companies, of which 36% had been allocated to gold mining equities while base metal and uranium equities represent the balance. The other 7% has been invested in Energy companies. The portfolio currently consists of 17 companies with a weighted average market capitalization of $140M.

2017 Flow-Through Update (not changed from last month)

The 2017 funds have posted negative absolute performance since inception. However, considering the nature of the product the only meaningful measure of performance is on an after-tax basis. After-tax return figures are not calculated until the fund is terminated. Many investors incorrectly evaluate the performance of the fund in the context of the initial $25/unit. It is critical that clients understand how impactful the tax benefits are to the per unit economics. As disclosed in the prospectus the breakeven point on an after-tax basis for an Ontario investor taxed at the highest marginal rate is less than $15/unit. The prospectus calculation assumes the fund does not receive investment tax credits that are typically renounced when purchasing flow-through shares from mining companies. These credits drive down the after-tax cost even further. For example, the Sprott 2016-II Flow-Through Limited Partnership breakeven point for an Ontario investor taxed at the

highest marginal rate was approximately $12.81/unit. In this particular case, a positive after-tax return was generated on a terminal unit value above $12.81/unit, which compares to the initial unit price of $25/unit.

Jason Mayer, CFA, MBA

COMPOUNDED RETURNS[1]

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	-4.5%	-42.7%	-23.8%	-31.8%	-42.7%	10.3%	1.0%	-5.3%
Index	-0.6%	-17.8%	-14.5%	-22.4%	-17.8%	5.1%	-3.7%	-4.8%

[1] All returns and fund details are a) based on Series F shares; b) net of fees; c) annualized if period is greater than one year; d) as at October 31, 2018; e) 2011 annual returns are from 10/17/11 to 12/31/11. Blended Index (50/50 S&P/TSX Capped Materials Total Return Index and S&P/TSX Capped Energy Total Return Index) and is computed by Ninepoint Partners LP based on
available index information.

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