



Ninepoint Concentrated Canadian Equity Fund

September 2020 Commentary

The S&P/TSX decreased 2.1% with Consumer Staples (+8%), Utilities (+6%) and Industrials (+3%) bucking the market while Energy (-11%), Healthcare (-9%) and Financials (-3%) led the decline.

Our portfolio outperformed the market as security selection in both Materials and Financials generated added value.

Offsetting these gains, but only slightly, were losses from security selection in both Industrials and Utilities, while our sector underweight in Consumer Staples also lost value.

In Materials, Teck Resources (+24%), Methanex (+12%) and Nutrien (+9%) all added value. We saw strengthening in metallurgical coal prices, from depressed levels, which bodes well as Teck is a significant met coal provider. Copper also made a strong recovery, boosting the company's near term prospects. Methanex benefited as methanol prices continued to rise off their lows due to demand recovery and lower supply stemming from Hurricane Laura and the related supply disruptions. Nutrien increased on the back of firming potash prices, and a better outlook for their retail operations. Despite the share price gains in the period, we continue to hold all three names as they continue to be trading at very depressed levels and offer further upside potential.

In Financials, our positions in Element Fleet Management (+4%) and Power Corp. (+2%) added value as they outperformed the sector. Element Fleet continues to simplify its balance sheet and enhance their free cash flow. Recently they redeemed their most expensive preferred shares (6.9 million Series G shares); over the last 18 months, they have cumulatively eliminated or replaced over \$1 billion of high-cost hybrid instruments from their capital structure. Power Corp. slightly outperformed the sector based on value in the name being recognized, especially given its dividend yield of over 6%. We continue to see further upside in both names.

In the Industrial sector, Westshore Terminals Investment Corp. (-7%) and NFI Group (-5%) underperformed the sector. Westshore has been hurt as Teck Resources announced (end of August) an initial contract of their shipping volumes that was below analysts' expectations. While this is a set back for Westshore, we continue to believe that their terminal (an attractive and irreplaceable infrastructure asset) is the best west coast metallurgical coal export facility, and has further potential to be converted to ship other attractive bulk commodities. NFI was weak in the month, despite announcing a number of new contracts for zero emission and electric buses. The market seems concerned with NFI due to continued funding uncertainties for their customers (public transit authorities). Despite the weakness in the stock, we continue to believe that it offers strong upside potential.

In Consumer Staples, our underweight (based on our fundamental bottom-up value investment philosophy where we find no attractive names) detracted value as the sector outperformed the market by ~10%.

In Utilities, Altagas Ltd. (-4%), which is our only position in the Utility sector, underperformed the sector by 10%. With ~30% of its business in the midstream market segment, the stock can trade in line with sentiment regarding natural gas prices, despite the highly contracted nature of the segment's earnings.

Investment Team



Ratul Kapur, CFA

Vice President & Portfolio Manager, Scheer Rowlett & Associates - Sub-Advisor

We continue to see good value in the company, which is trading below market multiples (~12X forward P/E and ~68% of book value), in an otherwise expensive sector.

Ratul Kapur, CFA

Scheer Rowlett & Associates - Sub-Advisor

NINEPOINT CONCENTRATED CANADIAN EQUITY FUND - COMPOUNDED RETURNS¹
AS OF SEPTEMBER 30, 2020 (SERIES F NPP152)

	1M	YTD	3M	6M	1YR	INCEPTION
Fund	-0.3%	-19.5%	5.7%	23.9%	-15.1%	-6.3%
Index	-2.1%	-3.1%	4.7%	22.5%	0.0%	5.5%

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 September 30, 2020; e) since inception (March 29, 2018). The index is 100% S&P/TSX composite Index and is computed by Ninepoint Partners LP based on publicly available index information.

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