



Ninepoint Concentrated Canadian Equity Fund

January 2021 Commentary

The S&P/TSX decreased 0.3% with Health Care (+35%), Energy (+3%) and Utilities (+3%) higher, while Consumer Staples (-5%), Materials (-3%) and Industrials (-3%) led the decline.

Our portfolio underperformed as security selection in both Materials and Energy detracted value as well as having no positions in Health Care. Slightly offsetting these losses were gains from security selection in the Industrials.

In Industrials, NFI Group Inc. (+17%) and Westshore Terminals (+3%) both added value. NFI's 2021 Investor Day presentation was well received by the market, as they outlined their strong position in the electric bus market and their ambition in securing a 50%+ market share. The company also announced guidance for 2021, showing a potential improvement in EBITDA of +50%, and a long term ambitious target of \$400-450 million EBITDA in 2025 (+75% from 2021). Westshore's west coast port facility is viewed as a key beneficiary of demand growth for bulk exports (mainly metallurgical coal). We continue to own both names.

Within Energy, our position in Cenovus Energy (-3%) detracted value. Cenovus completed the acquisition of Husky Energy at the beginning of the month to form Canada's third-largest energy producer, and the second-largest Canadian-based refiner and upgrader. We believe the increased vertical integration will benefit the business over the long-term and continue to hold Cenovus as we like the company's production profile, asset base and valuation.

Within Materials, Methanex Corp. (-28%) fell after they announced they would idle their Titan (Trinidad) methanol production facility on a more permanent basis, due to a natural gas supply dispute with the government. We believe that the dispute will eventually be resolved, but it could take some time. As well, Methanex reported strong Q4 results with average methanol price realizations of US\$282/tonne (+30% vs Q3). Based on the ongoing strength in their business and their industry position, we continue to hold Methanex.

The Healthcare sector outperformed the market by ~35% (led by Aphria +77%, which now trades at ~200X forward earnings). As a bottom-up value investor, we continue to find the valuations (especially for the cannabis companies) extremely difficult to justify, and hence continue to have no positions in the sector.

Despite the wild gyrations in pockets of the equity markets over the last few weeks (battle between hedge funds and the "Reddit/wallstreetbets" crowd), fundamental economic results continue to surprise to the upside. GDP results for Q4 have ranged from +0.1% in Germany to +6.5% in China, as the IMF upgraded its prediction for 2021 and 2022 growth to +5.5% and +4.2%, respectively, based on the continued rollout of vaccines. In the meantime, concern has started to bubble about inflation - not a surprise given the huge stimulus, record money supply and rising commodity prices (where demand exceeds supply). While these economic results would be welcomed, as a bottom-up equity value manager, we focus on our fundamental analysis of earnings, cash flow and book value, to find companies that will enhance shareholder and other stakeholder value over time. As such, our portfolio

Investment Team



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consists of companies that trade at meaningful discounts to their long-term intrinsic value but remains well diversified to preserve capital and compound wealth over the long term.

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Scheer Rowlett & Associates

Sub-Advisor to the Ninepoint Concentrated Canadian Equity Fund

NINEPOINT CONCENTRATED CANADIAN EQUITY FUND - COMPOUNDED RETURNS¹
AS OF JANUARY 31, 2021 (SERIES F NPP152)

	1M	YTD	3M	6M	1YR	INCEPTION
Fund	-1.1%	-1.1%	25.8%	31.0%	5.8%	2.5%
Index	-0.3%	-0.3%	12.1%	8.9%	3.5%	8.0%

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, 2021; 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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