



Ninepoint Carbon Credit ETF

February 2023 Commentary

Fund Overview

The Ninepoint Carbon Credit ETF (“Fund”) seeks to achieve its investment objectives by primarily investing directly in carbon allowance futures. The Fund currently invests in the major carbon allowance futures globally, namely;

- **European Union Allowance (the “EUA”)**
- **California Carbon Allowance (the “CCA”)**
- **UK Allowance (the “UKA”)**
- **Regional Greenhouse Gas Initiative (the “RGGI”)**

As the global carbon credit market grows, the Fund may invest in additional carbon allowance futures contracts as well.

Fund Performance

As of February 28, 2023, the **Ninepoint Carbon Credit ETF** generated a net positive return of +4.76% in February (Series F \$USD), with a YTD return of 6.32%.

MONTHLY RETURNS (%) OF SERIES F \$USD¹ | INCEPTION DATE: February 16, 2022

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2023	1.49	4.76											6.32
2022		-1.68	-3.45	4.72	1.38	1.99	-8.58	5.08	-10.69	8.70	-4.96	0.05	-8.86

Source: Ninepoint Partners

Market Update

The global financial market declined in February after a strong rally in January. Inflation over the past three months suggested some level of inflation softening, but more evidence is needed to support a pulse in interest rate rises - The Federal Reserve, European Central Bank and Bank of England all raised their rates again in the month of February. Several major indexes went down in February - S&P 500 finished the second month of the year 2.4% lower on a total return basis, Brent Crude briefly went down by 0.7%, while gold was down by 5.3%.

In the carbon market, the EUA Dec-23 contract posted a 7.4% gain while the UKA Dec-23 contract went up by 10.6%. In February, the price of front-December EUAs surpassed the €100/tonne benchmark, a record price for the first time in the European carbon currency’s 18-year history. Supported by both fundamentals as well as speculative activities, the price has remained in a tight range within reach of €100 for the rest of the month. Industrial participants have been holding off purchasing EUAs for compliance due to the ongoing energy crisis and the lower expected industrial output. As we enter 2023, the strong economic outlook, combined with policies to tighten supply and the prospect of strong thermal power generation in 2023, is expected to continue to drive the bullish sentiment in Europe.

Investment Team



John Wilson, MBA

Co-CEO, Managing Partner, Senior Portfolio Manager



Etienne Bordeleau-Labrecque, MBA, CFA

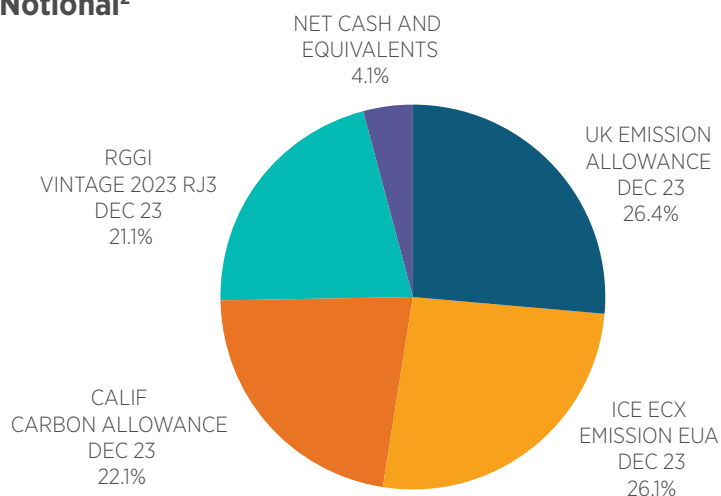
Vice President, Portfolio Manager

In North America, the ICE CCA Carbon Futures Index gained 2.1% this month, while the ICE RGGI Carbon Futures Index went down by 2.2%. The RGGI market remains to be challenged by thin volume on some days and the legal back-and-forth around Pennsylvania's future participation in the power sector carbon program.

Portfolio Recap

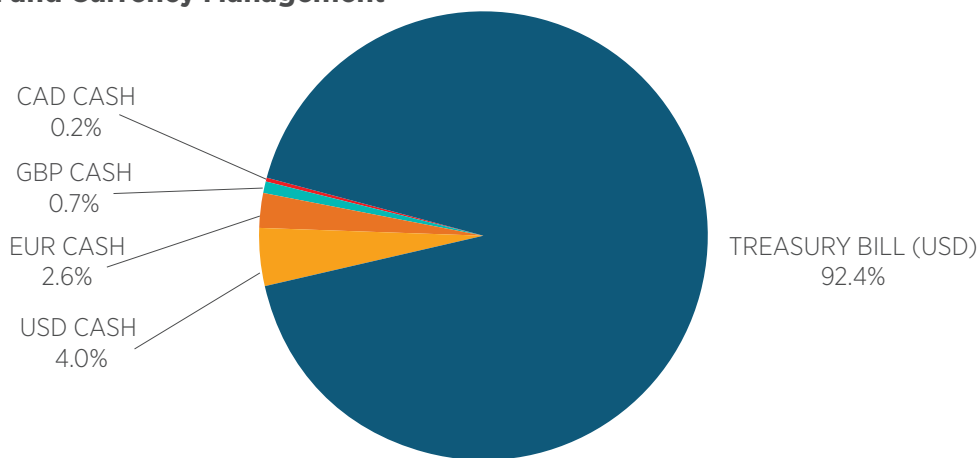
The fund had a positive start to the year, posting a +6.3% return year-to-date with a +4.7% return for Series F \$USD in February. The best performer in February was the UKA contract, contributing approximately 2.7% to the total return, and the top distractor was the RGGI contract, contributing approximately -0.5% to the total return.

Sector Allocation Notional²



Source: Ninepoint Partners

Collateral and Currency Management²



Source: Ninepoint Partners

Why Ninepoint Carbon Credit ETF?

For an emerging asset class like carbon credit, diversification is at the heart of our fund strategy. At the moment, the **Ninepoint Carbon Credit ETF** invests equally in the four major ETS markets globally with a minimum quarterly rebalancing. Having diverse market exposure has demonstrated its benefits to serving investors well. Below are four key reasons for investors to consider Ninepoint Carbon Credit ETF:

Diversification - Balanced exposure to all carbon credit markets can help minimize single jurisdiction risk by eliminating over-concentration to any single market, as recent market action has demonstrated. Having a diversified underlying market portfolio is important for an emerging asset class with volatile price patterns, like carbon credits.

Global Exposure - The fund provides investors with access to a US\$851 billion global carbon credit market which has grown by 18x since 2017¹. Compared to volume-weighted fund or funds that invest in one single market, we believe that our equal-weighted fund strategy has a better value proposition, over the long-term, given its overweight to the under-represented and rapidly growing carbon credit trading markets.

Core Value - As a Canadian fund, by overweighting the North American market relative to its total index weight, we are aligning our strategy with our values and our local community.

Easy Access - The fund is structured as an alternative mutual fund offering on Fundserv as well as an ETF series on the NEO Exchange (NEO:CBON / CBON.U)

Product Inquiries:

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References

¹Refinitiv, "Carbon Market Year in Review 2021". Global carbon markets value surged to a record \$851 billion last year-Refinitiv (Reuters - January, 2022).

NINEPOINT CARBON CREDIT ETF - COMPOUNDED RETURNS¹ AS OF FEBRUARY 28, 2023 (SERIES F \$USD NPP948) | INCEPTION DATE: FEBRUARY 16, 2022

1MTH	YTD	3 MTH	6 MTH	1 YR	INCEPTION
4.7%	6.3%	6.4%	-1.8%	-1.4%	-3.0%



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¹All returns and fund details are a) based on Series F \$USD units; b) net of fees; c) annualized if period is greater than one year; d) as at February 28, 2023.

²Sector allocation as at February 28, 2023. Sector allocation based on % of net asset value. Numbers may not add up due to rounding. Cash and cash equivalents include non-portfolio assets and/or liabilities.

Ninepoint Partners LP is the investment manager to the Ninepoint Funds (collectively, the "Funds").

The Ninepoint Carbon Credit ETF is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks; Absence of an active market for ETF Series risk; Cap and Trade risk; Collateral risk; Commodity risk; Concentration risk; Cybersecurity risk; Derivatives risk; Foreign currency risk; Foreign investment risk; Halted trading of ETF Series risk; Inflation risk; Interest rate risk; Liquidity risk; Market risk; Regulatory risk; Securities lending; Repurchase and reverse repurchase transactions risk; series risk; Substantial securityholder risk; Tax risk; Trading price of etf series risk.

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