2025 Market Outlook

December 2024

Table of Contents

Letter from the Partners

Outlook for 2025

2024 has been a year defined for investors by inflation and interest rates, with the Bank of Canada and United States Federal Reserve both cutting rates to ease pressure on consumers by late 2024. Now, as we enter the new year, monetary policy divergence is set to be the story to watch in 2025.

While the Bank of Canada is expected to continue with further rate cuts next year, the Federal Reserve is likely to hold steady around 4% in the U.S. We anticipate the result of this divergence will be a weaker Loonie but a stronger bond market here in Canada. At the same time, all eyes across the globe will be on the new presidential administration in the U.S. and how quickly its impact will be felt across global markets.

Since President-elect Trump's victory, we have already seen equity markets soar with crypto, big tech and small caps fast emerging among the many beneficiaries of the so-called 'Trump Trade.' But if we look more closely, the reality is that so far equity markets have only discounted the potential Trump actions that would be favourable to investors – primarily deregulation and tax cuts – while not yet addressing those that would be less favourable, such as tariffs, deportations and heightened intervention from the Federal Reserve.

Yet, as much as the change in the U.S. presidential administration creates uncertainty in some areas, it also creates opportunity for investors in others. In particular, we see exciting opportunities ahead in sectors such as energy and infrastructure. Infrastructure, for instance, is a secular long-term growth area that we believe is poised to benefit from tailwinds that include a rise in data centers, onshoring manufacturing and electrified transformation.

In this 2025 Market Outlook report, we address these trends and others that are shaping the sectors in which we invest. We also examine the unique headwinds and tailwinds that have shaped the investment environment of the past year and have laid the foundation for what is to come next. Ultimately, our goal is to provide investors with a preview of what to watch for in the year ahead in hopes that it will help guide investment decision making and portfolio management amidst an ever-changing landscape.

James Fox
John Wilson
Managing Partners
Ninepoint Partners LP

Mark Wisniewski, Partner, Senior Portfolio Manager & Head of Fixed Income
Etienne Bordeleau, Vice President, Portfolio Manager

Fixed Income Outlook

In 2025, fixed income will find itself at a watershed moment, as it will be closely affected by some of the biggest themes that are top of mind for investors and policymakers alike. With the market approaching a pivotal moment for interest rates, equities trading at all-time highs and outstanding questions on how the incoming Trump administration will shape their trade policies, fixed income can provide stability in an uncertain environment and is well-positioned to diversify portfolios should we see some volatility in risk assets.

Fixed Income Opportunities Amidst an Uncertain Environment

2024 centered on the absolute level of interest rates. Across both the U.S. and Canada, longer-term interest rates have remained higher than usual due to inflationary policies in the U.S. Short-term interest rates, relative to inflation and economic growth, remain very elevated in Canada. Ultimately, this environment set the stage for the beginning of the rate-cutting cycle. As we enter 2025, investors are now better positioned to earn income without the wild swings associated with the past hiking cycle.

Trump Election Bifurcates Inflation, Growth & Global Monetary Policy

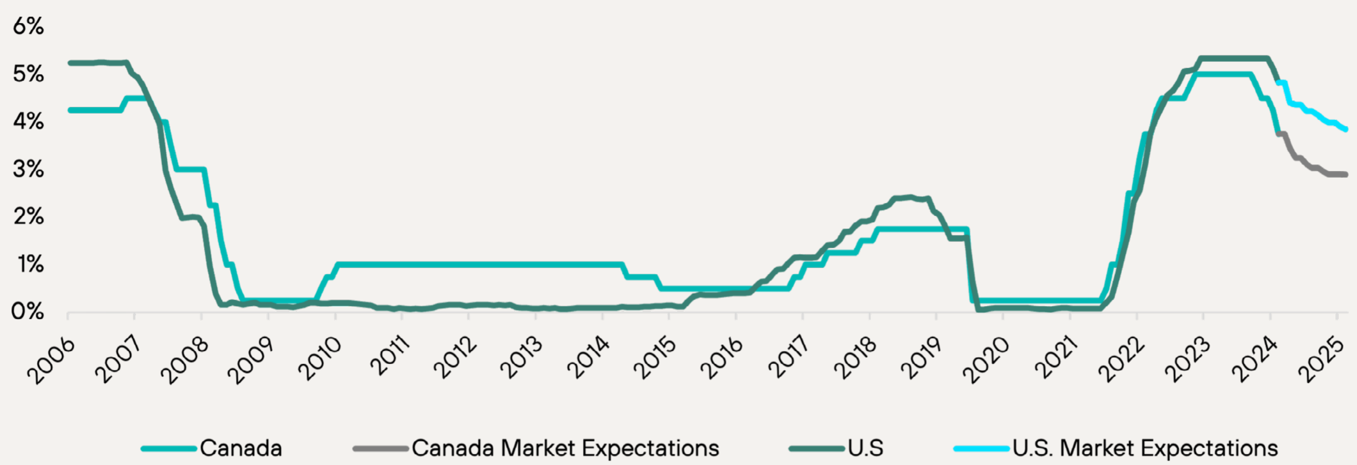
The election of President-elect Donald Trump, combined with the recent Republican sweep in the U.S. House of Representatives and Senate, will lead to a clear bifurcation of inflation, growth and monetary policy globally. Trade wars and fiscal profligacy in the U.S. are inflationary, which could prevent the Federal Reserve from materially easing policy. Concurrently, in the rest of the world, Trump tariffs would be a negative shock to growth, requiring more monetary policy easing.

In this context, expectations for 2025 include tailwinds to short-term bond prices in countries that will see the most easing, likely Europe and Canada. Meanwhile, in the U.S., expect to see the Federal Reserve on hold and headwinds to long term bond prices as inflation risks rise and the fiscal situation deteriorates. With long-term bonds highly correlated across geographies, it is likely that they will ultimately remain volatile outside of the U.S. in 2025, despite central banks easing.

"The main surprise in 2024 was that we didn't have a recession in Canada and that the U.S. economy was so strong. Contrary to consensus, there weren't many rate cuts by the Federal Reserve in the U.S., and long-term interest rates largely did not decline. Looking to 2025, the divergence of monetary policy will offer opportunities for those with the flexibility to invest across borders."

— Mark Wisniewski
Partner, Senior Portfolio Manager & Head of Fixed Income
Ninepoint Partners

The Divergence of Monetary Policy in 2025



Source: Bloomberg

Trump Tariffs Could Once Again Trigger Equity Volatility & Pre-Emptive Rate Cuts

There is no doubt that global growth is weakening, and if Trump makes good on his promises, tariffs could soon become problematic for many of trading partners of the U.S. Although the U.S. is currently in better shape, it is impossible to forget how the 2018 Trump Trade Wars led to a deterioration in the U.S. economy, leading the Federal Reserve to pre-emptively cut interest rates. Against this backdrop, volatility is expected in global equity prices heading into 2025.

Credit Spreads Set to Diverge in 2025

2024 ended on a high note for corporate credit, with spreads at all-time highs in Canada, the U.S. and the European markets. Now, high yield bonds are priced to perfection, providing limited protection from an elevated level of defaults. With the divergence in growth, 2025 is also likely to see credit spreads diverge, staying tight in the U.S. where the economy remains strong, but widening in Canada and Europe where growth is weaker.

> *"With U.S. equities trading at all-time highs and at valuations that were last seen in the dot-com bubble, fixed income could be the best alternative to earn a return and preserve capital. As we enter 2025, fixed income now has more yield to generate great income and the potential of added gains remain as central banks cut rates."*
>
> — Étienne Bordeleau-Labrecque
> *Vice President, Portfolio Manager*
> Ninepoint Partners

Energy Outlook

While contrarian and currently under owned, firm and improving fundamentals may shift sentiment to better reflect strong underlying fundamentals for oil. The trend of ongoing under investment, the pursuit of maximum free cash flow and the return of free cash flow back to shareholders in the form of share buybacks offer compelling upside potential in the new year.

The Twilight of U.S. Shale is Upon Us

The twilight of U.S. shale production is a massively underappreciated coming reality with profound implications, both for the oil market and for geopolitics. In 2024, U.S. shale production grew by its slowest pace since the COVID-era, and 2025 is now forecasted to be the last year of modest growth. With global oil inventories continuing their decline to record low levels on an absolute and seasonal basis, the Trump presidency is likely to bear witness to the peaking of U.S. shale production. Ultimately, the mantra, "drill, baby drill" is toothless and will have no impact on the trajectory of U.S. shale production growth, even under a new administration.

OPEC Spare Capacity Set to Normalize

With U.S. shale production slowing, consensus expectations for non-OPEC production currently remain too high. In the second half of 2025, there will likely be a great opportunity for OPEC to begin to return curtailed volumes onto the market, leading to the beginning of the normalization of OPEC spare capacity and creating a meaningful catalyst for the oil market.

An Undersupplied LNG Market

The increase in liquid natural gas (LNG) capacity both in Canada and the U.S. – combined with increased power demand due to the build out of data centres – will likely lead to an undersupplied natural gas market in the second half of 2025 and below average natural gas inventories.

Geopolitical Influences & Trump's Tight Sanctions

The energy markets in 2024 were impacted by several major trends, both from geopolitical and fundamental forces. The oil market continued to be impacted by the ongoing war in Ukraine, and the risk of Ukrainian forces striking Russian oil or infrastructure, thereby impacting productive and export capabilities.

The conflict between Israel and Iran led to several bouts of volatility, as the market struggled with the possibility of Israel attacking Iran's major oil exporting infrastructure. Under President-elect Donald Trump, the new U.S. administration will be expected to put "maximum pressure" on Iranian oil exports, with the enforcement of existing sanctions with a proven track record. The impact will be felt globally, not just in the U.S., and could potentially impact Iranian oil exports by as much as one million barrels per day.

China's Demand Outlook

Chinese oil demand in 2024 was meaningly weaker than original expectations – but in 2025, improved demand growth from China is expected, owing to the ongoing implementation of the country's fiscal stimulus package.

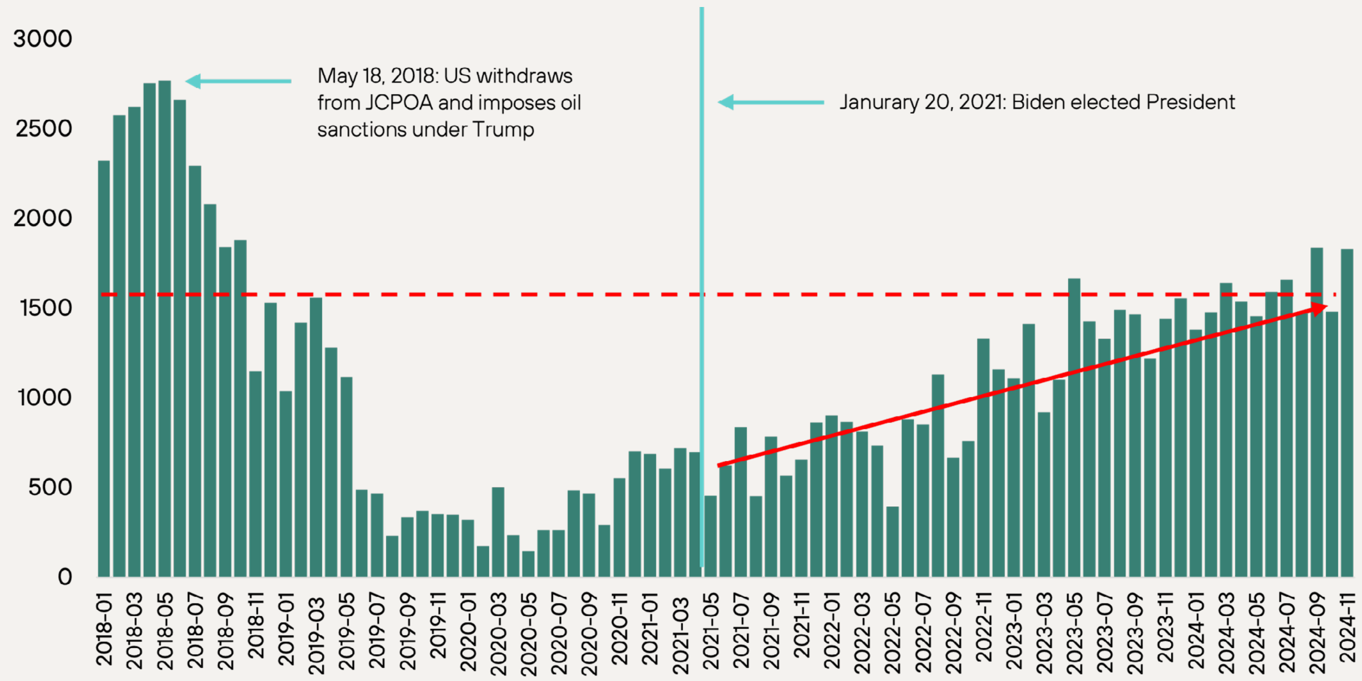
Sun Not Setting Any Time Soon

Despite the popular narrative that energy is a "sunset industry" in the face of the energy transition, the reality is that the demand for oil, natural gas and coal is expected to grow longer and stronger than the consensus belief in the year ahead. However, energy equities are still priced as if the demand for all forms of traditional energy will soon be reaching a peak – yet there is only room for expansion in the energy industry.

"Even with likely too-high non-OPEC supply growth forecasts in 2025 and modest demand growth, OPEC+ can now begin normalizing spare capacity without building inventories and negatively impacting price. We believe oil is mispriced due to erroneous views on spare capacity."

— Eric Nuttall
Partner, Senior Portfolio Manager
Ninepoint Partners

Iranian Oil Exports
(000 Bbl/d)



Source: Kpler

Global Infrastructure Outlook

2024 has been a good year for investors in the global infrastructure asset class and, over the past several years, infrastructure investments have largely outpaced other real asset classes including real estate. This continues to validate our view that infrastructure should be considered to be a core holding in any diversified investment portfolio. With the U.S. Federal Reserve and Bank of Canada beginning to ease interest rates, 2025 is poised to be another strong year for the asset class, particularly since the electrification of the U.S. economy and the energy transition investment themes should provide strong supportive tailwinds to the sector.

Trump Victory Benefits Stocks Tied to Deregulation, Lower Taxes & Economic Growth

In the U.S., President-elect Donald Trump's victory, coupled with the Republican Party's sweep of Congress, has been extremely well received by the equity markets. With the uncertainty heading into the election removed, the investment themes that have outperformed since the election have been essentially the same as the ones that had worked after the 2016 election – those tied to deregulation, lower taxes and economic growth. Conversely, stocks exposed to the threat of tariffs on foreign-produced goods and almost every stock related to renewable energy production have dramatically underperformed. The U.S. Dollar has been strong, mostly due to the prospect of America-first policies, and bond yields have spiked, mostly on fears related to unconstrained fiscal spending and potentially rising deficits (the stronger growth outlook has also likely helped both trades). It is quite possible that these broad trends observed in the equity markets persist into early 2025, as investors chase performance while feeling reluctant to sell winners to avoid realizing taxable capital gains.

Lower Interest Rates Remain Supportive for Equity Markets Entering 2025

Having concluded just days after the U.S. presidential election, the U.S. FOMC meeting on November 7th was almost an afterthought to some investors, but the Committee did announce its second rate cut of the cycle, lowering the overnight rate by 25 basis points to 4.75%. However, the number of expected interest rate cuts in 2025 has recently declined from four to just two, as the US economy, including the labour market, has remained robust. The rationale for fewer interest rate cuts going forward is also based on the fact that Trump's policies – primarily aggressive fiscal spending and tariffs on foreign-produced goods – are considered broadly inflationary. However, investors would benefit from taking a wait-and-see approach before making judgement as some offsetting policies may prove deflationary and it remains to be seen what will ultimately be enacted. In the meantime, the prospect of generally lower interest rates remains supportive for the equity markets through the easing cycle as long as the economic data does not deteriorate significantly from here.

Electricity Demand & the Energy Transition Set to Shape Infrastructure in 2025

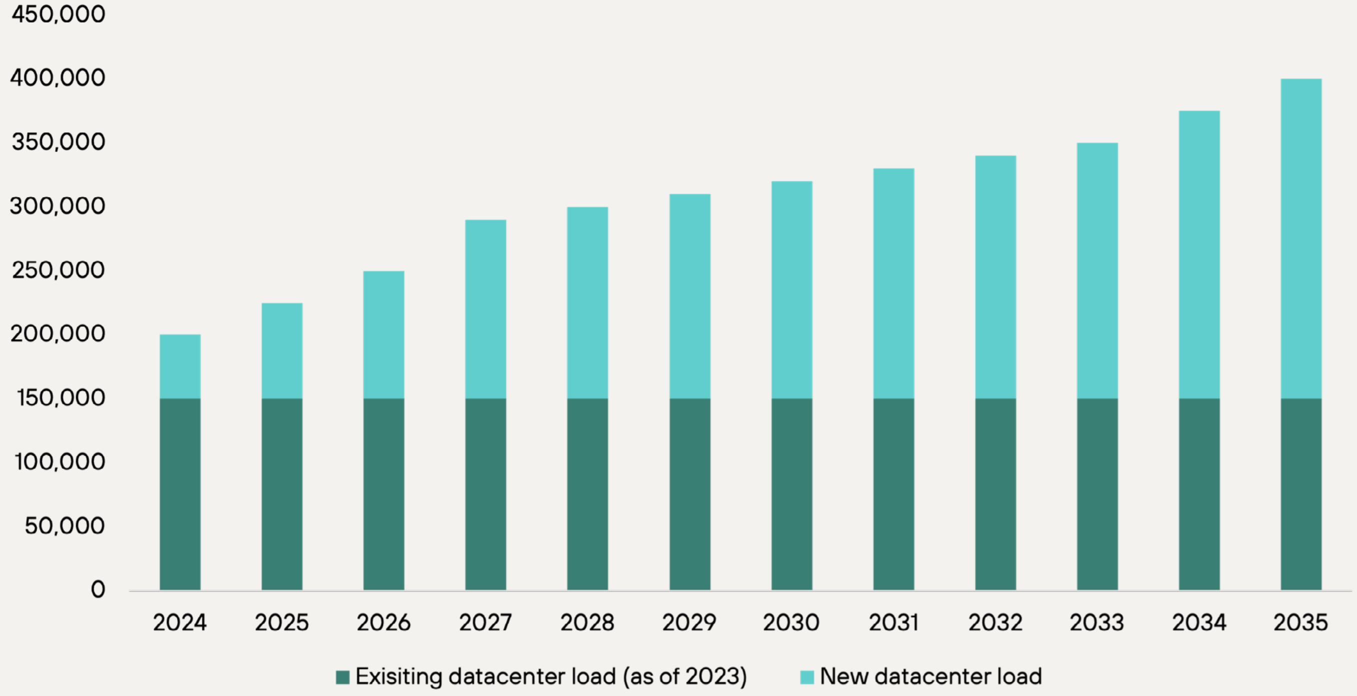
Despite the new administration in Washington, the infrastructure asset class remains ideally positioned to benefit from two significant investment themes for many years ahead: the electrification of the U.S. economy and the energy transition. Importantly, electricity demand is expected to accelerate dramatically, led by the construction of artificial intelligence (AI)-focused data centers, the onshoring of industrial manufacturing and the continued growth of electrified transportation, industries that are largely supported by Trump's stated policies.

Infrastructure, Inflation & Interest Rates

With the U.S. presidential election behind us and monetary policy easing underway, investors have many reasons to be optimistic heading into 2025. However, it will be important to carefully watch for policy announcements from Trump's administration and the ensuing impact on growth and inflation. The key question for the equity markets in 2025 will be whether Trump's policies prove inflationary, thus creating a spike in bond yields and necessitating a pause in the monetary policy easing cycle. If there is a spike in inflation and interest rates, expect to see reductions in exposure to interest rate-sensitive sectors (Real Estate and Utilities) and increases in exposure to more GDP/inflation-sensitive sectors (Energy and Industrials). In the meantime, we remain focused on high quality, dividend paying infrastructure assets that continue to demonstrate their ability to consistently generate revenue and earnings growth through the business cycle.

> *"With electricity demand and the energy transition both continuing to accelerate, we see attractive opportunities across various infrastructure sub-sectors or sub-industries, including traditional energy investments, clean energy investments and electrical, natural gas, nuclear or multi-utilities."*
>
> — Jeff Sayer
> Vice President, Portfolio Manager
> Ninepoint Partners

Cumulative Electricity Demand From U.S. Datacenters (GWh)



Data compiled Jan. 29, 2024
Sources: S&P Global Commodity Insights; S&P Global Market Intelligence 451 Research.

Digital Assets Outlook

2024 was a record-breaking year for the crypto market. Bitcoin rallied to reach $100,000 for the first time in history, more than doubling in value this year and rising more than 45% since Donald Trump's victory in the U.S. presidential election this past November. At the same time, artificial intelligence (AI) has taken the world by storm since the launch of Chat GPT in late 2022. Today, it remains on course to cause continued disruption in nearly every sector in 2025. Against this backdrop, the question for 2025 is how quickly will Trump and his pro-crypto allies in Congress take action to further accelerate adoption and fuel innovation.

The Biggest Winner of the Trump Trade: Crypto

The biggest winner of the Trump trade has been crypto and Web3, the blockchain-enabled internet, with leading assets like Bitcoin, Ethereum, and Solana performing very well. Why is the industry so hopeful? First, they argue that anything is better than the Biden administration, which was openly hostile to the Web3 industry. Second, a Trump presidency is viewed as more business-friendly, leaving the market to innovate undisturbed. Third, there is much the government can do to actively encourage innovation and investment by setting clear rules of the road; there's hope now that the crypto industry will finally achieve regulatory clarity under a Trump presidency.

A Whole-of-Government Approach to Crypto

Bitcoin soared past $100,000 after President-elect Donald Trump announced Paul Atkins as his pick for SEC chair. Atkins is a former SEC commissioner and an advisor to the Digital Chamber, the world's largest crypto trade association. His selection sends a strong signal Trump will make good on his promise to support the growth of this industry and overhaul agencies like the SEC.

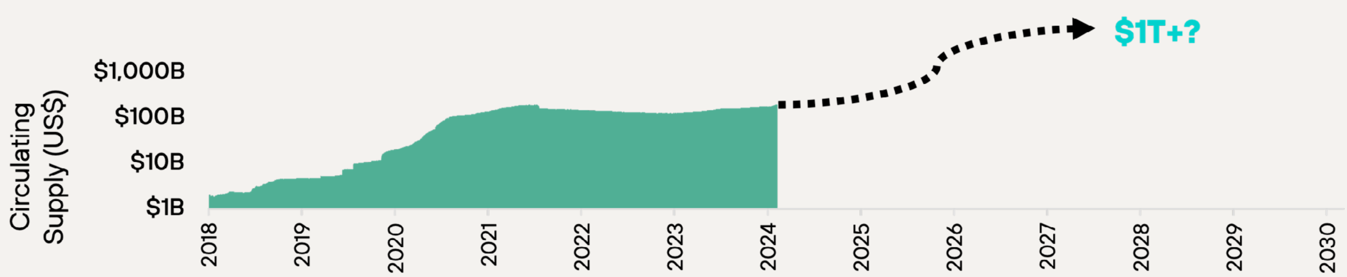
As of writing, Trump is also mulling the creation of a new position in the federal government to oversee all crypto strategy - the Crypto Czar - and is eyeing Chris Giancarlo, former CFTC chairman for the top job. This decision feels sensible as there is much the government can do, beyond setting clear rules and regulations, to support the crypto industry. Ultimately, a whole-of-government approach may be needed.

Trump-Led SEC May Attract New Retail & Institutional Investors to Crypto

The appointment of pro-crypto officials in positions of power at the SEC, CFTC and other federal agencies may bring much needed regulatory clarity to an industry that has operated in somewhat of a grey area. This would bring additional retail and institutional investors into the crypto markets and provide access to growth capital for the industry's leading businesses. Under the new administration, the SEC could very-well drop its suits against Coinbase that alleged the company is operating a brokerage exchange without a license. This would then set a precedent for other similar companies who want to enter the U.S. market.

> *"Like the Internet of the 1990s, the AI age of the 2020s is very new, and its use cases are not well developed or well understood. The winners of the Internet era were not infrastructure firms like Cisco, but companies like Amazon, Google and Facebook that used the web to upend legacy industries. With that in mind, the next wave of growth in AI will likely come from the application layer, like software for fully autonomous cars or humanoid robot companions."*
>
> — Alex Tapscott
> Managing Director, Digital Assets Group
> Ninepoint Partners

Stablecoin Market Growth Since Inception & Potential Trajectory



Source: DeFiLlama

Regulatory Clarity Poised to Draw Banks to Crypto Arena

With clear rules of the road, banks and other traditional players may finally enter the crypto arena, accelerating the growth of stablecoins (cryptocurrencies pegged to other, more traditional assets) and other financial applications. Some in the industry even hope that Trump may establish a strategic Bitcoin reserve and abolish taxes on many small-dollar crypto asset transactions, making it easier to use these assets for everyday transactions.

The Revenge of Ethereum

Bitcoin may be hitting new highs, but for the broader cryptoasset ecosystem, and for many investors in the space, performance beyond Bitcoin has been quite uneven. But there's one notable outlier from the recent rally: Ethereum (ETH), the second largest cryptoasset by market capitalization, and the foundational platform of Web3. ETH may still be trapped in a bear market, but ETH *sentiment* is in borderline depression territory. However, a careful analysis of the facts shows that the bear case is not just massively overstated, it is borderline delusional. The fact is that today Ethereum still dominates all other networks in essentially every metric, accounting for about [55% of the total $110B TVL across the crypto ecosystem and 52% of the $185 billion stablecoin supply is on Ethereum.]

Enterprise Onchain Adoption is Surging, Driven by Ethereum, Solana and New High Performance Blockchains

Enterprise onchain adoption is surging, and there's been one major commonality in most initiatives: Ethereum. BlackRock's tokenized BUIDL fund, Visa's Tokenized Asset Platform, PayPal's PYUSD stablecoin, UBS's inaugural onchain fund, and several others all chose Ethereum to originally launch these projects on. When Coinbase launched Base, it did so as an Ethereum Layer 2 network. According to a [Coinbase report], Web3 "projects announced by Fortune 100 companies have increased 39% year-over-year and hit a record high in Q1 2024." These metrics are likely to only accelerate in a regulatory and political environment where Web3 development is encouraged.

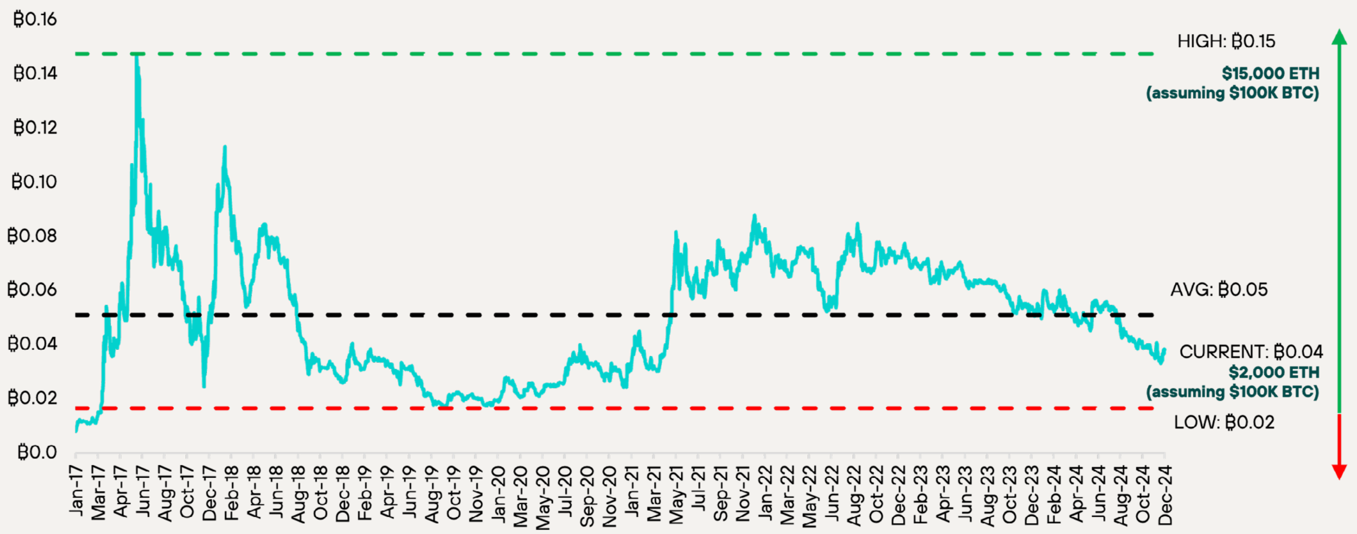
Nvidia Paves the Way for AI Chipmaker Boom

Nvidia, which manufactures the leading computer chips powering the AI revolution, has become the poster child for how a company can unlock billions, or even trillions, in value in this new age. Today, GPUs are the dominant chip in AI — and Nvidia is the dominant player. While Nvidia is the clear leader, it's not alone: more than a dozen other companies crowd the market with their own offerings, including legacy chipmakers like AMD, Intel, and IBM, and lesser-known upstarts such as Graphcore and Groq. However, often in technology, the market leader dominates. Google captured most of search revenue. Apple captured most of mobile revenue. Nvidia is poised to capture most of the revenue from the AI chip bonanza.

AI Disruptions Are Coming to Business, Culture & Our Everyday Way of Life

AI is on course to create five very significant disruptions to business, culture and our way of life. In health sciences, AI is helping to identify disease and discover new drugs, leading to breakthroughs that will impact medicine and longevity. Virtual AI companions are augmenting and improving human capability. AI is accelerating the development of autonomous vehicles and robotic humanoid companions – in fact, a robot may soon be the household appliance of the 21st century. One day, AI could disrupt creative industries, paving the way for an AI-written award-winning screenplay or song. Finally, machine-human brain interfaces like Neuralink will quite literally meld organic and synthetic brains, a moment that prominent futurist and AI expert Ray Kurzweil calls "the singularity."

ETH/BTC Ratio (2017 – Present)



Source: CoinGecko

Precious Metals Outlook — Gold

While gold reached an all-time high late in the year, gold equities did not participate in the rally as one would have expected. This has resulted in a significant disconnect between the commodity price and gold equity valuations. This trend presents a huge opportunity in 2025, as it is likely there will be a full trend reversal as western investor demand returns setting the sector up for a healthy re-rating.

Gold Price Hits New High in 2024

2024 was a remarkable year for gold, which reached an all-time high – in all currencies – in late October ahead of the U.S. presidential election. Following the election, the gold price declined by over US$200/oz, but has since stabilized in the US$2,630/oz range. The positive price momentum in the first half of 2024 was largely driven by geopolitical tensions and physical demand from central banks and retail in the emerging markets. These supportive trends continued into the second half of 2024 as western investor demand reemerged ahead of the anticipated rate cuts.

Geopolitics Remains a Wild Card for 2025

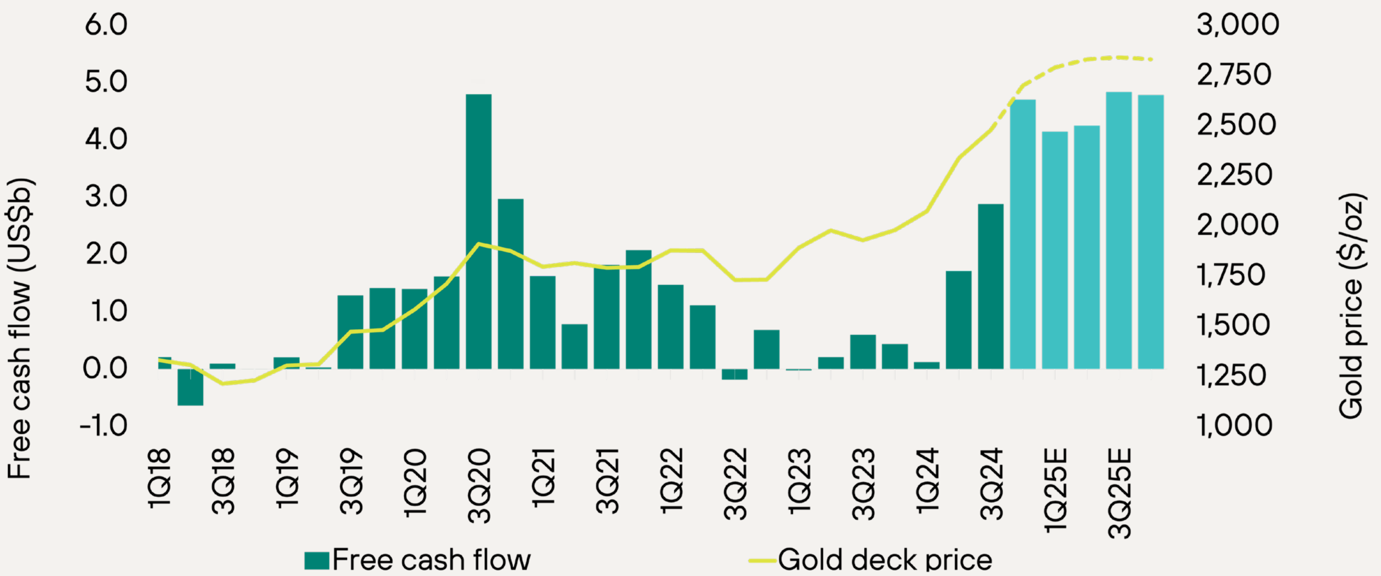
Heading into 2025, the outlook for gold remains positive. While some price sensitive physical demand, such as in retail and jewelry, is likely to be lower in 2025, central bank purchases are expected to remain well above historical trends to help fuel demand. That said, geopolitics remains a wild card – but this uncertainty could prove to be a positive for the gold price as precious metals traditionally benefit in uncertain markets. Against this backdrop, the increasing concern over the U.S. debt level and budget deficit are likely to lead investors to refocus on gold in the year ahead.

Tariffs to Impact Gold Performance Despite Incoming Rate Cuts

Continuing rate cuts and concerns over global debt are expected to continue to provide a strong tailwind for the gold price in 2025. In tandem, concerns over tariffs – which are inherently inflationary – remain a key unknown and could impact the pace of rate cuts and thus gold price performance.

> *"In the second half of 2024, as gold prices continued to rise and costs stabilized, the gold sector hit an inflection point and free cash flow turned positive. Balance sheets are strong and capital spending is stable and better understood. While the market still has some concern over 2025 guidance, we expect the sector's strong financial performance and improved capital returns to continue in 2025. Many investors are yet to appreciate this significant improvement."*
>
> — Nawojka Wachowiak
> *Senior Portfolio Manager, Gold and Precious Minerals Fund*
> Ninepoint Partners

Free Cash Flow vs. Gold Price



Source: RBC

Precious Metals Outlook — Silver

Silver is one of the oldest forms of currency in the world, and yet the modern applications of silver will present greater demand than ever in 2025. As the artificial intelligence (AI), electronics and clean energy industries continue to evolve and expand, silver and the silver market can capitalize on its over 10,000 uses. Looking at historic price data of silver in relation to the expected rate cuts in 2025, it is clear that silver is expected to rally.

Silver Demand is Multifaceted

Second only to oil, silver is the most widely used commodity in the world. Silver industrial use is operating at record highs, and silver industrial demand is expected to only grow in 2025. While key drivers in its remarkable growth have traditionally been rooted in a strong green economy, including investment in photovoltaics (PV), power grids and 5G networks, automotive electronics and supporting infrastructure, there are also growing centers for demand, including its uses in nuclear power, medicine and AI. Within industries such as solar power, new technologies are likely to contribute to growth as the market shifts to more silver-intensive solar cells to receive higher efficiency in converting sunlight to electricity. All of these uses are set to be major market players in the year ahead. At the same time, silver supply is not keeping up with demand, which has led to continued supply / demand deficits. We expect the deficits to persist going forward leading to a continued drawdown of above ground inventories.

A Strong Track Record in Easing Cycles

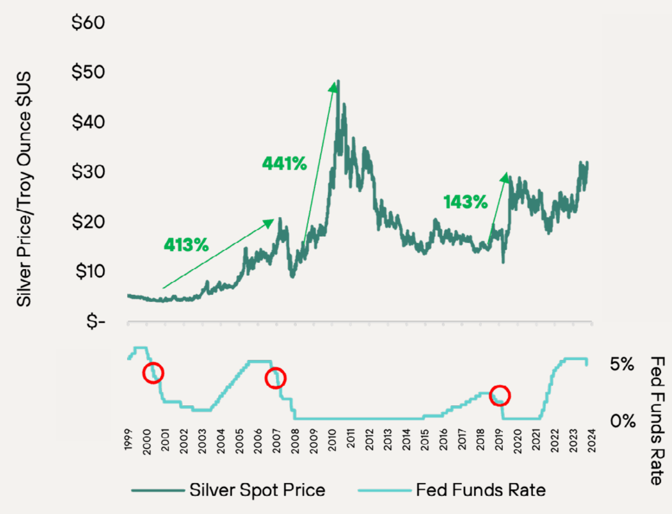
2025 is expected to be a year of continued monetary easing with rate cuts in the near-term. Silver has historically rallied following rate cuts from the U.S. Federal Reserve. Therefore, as rates fall and the new presidential administration in the U.S. takes office, silver is poised to rally, especially as precious metals often have a reputation as a "safe asset."

Silver Can Outperform Gold in 2025

Silver is on track to outperform gold in 2025. While historically silver has outperformed gold 2 to 1 on average in precious metals bull markets, in the post COVID-19 era, silver outperformed gold 3.6 to 1. Despite this, silver is still currently priced at a discount compared to gold as the gold to silver ratio is above historic norms. We believe that in 2025, there could be a catch-up opportunity for silver investments as demand continues to rise and supply stagnates.[1]

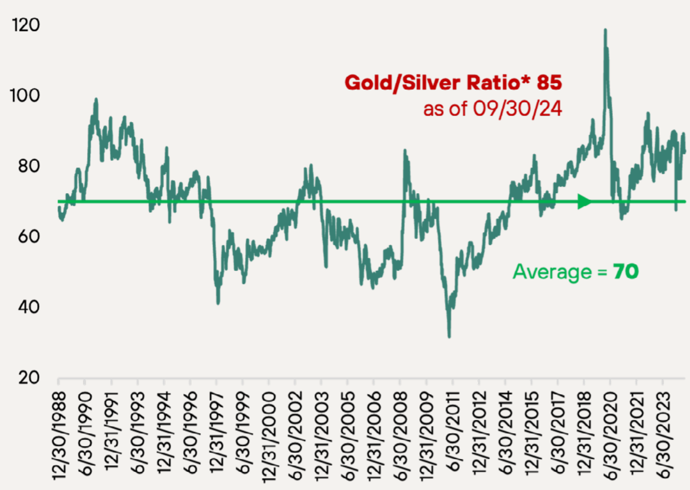
> *"Silver's position in the global economy will only grow in 2025, because of its diversity and resilience in the market. Electrification is not slowing down any time soon, and even if there are changes in energy policy in the U.S. that impact EVs and solar, there are still robust industrial markets with silver demand globally. It is an unavoidable commodity across the world from markets in North America to China and India silver demand is growing rapidly."*
>
> — Maria Smirnova
> *Senior Portfolio Manager & Chief Investment Officer*
> Sprott Asset Management

Silver Has Perfomed Well with Easing Cycles[1]



Source: Bloomberg as of 9/30/2024.

Silver May Be Undervalued Compared to Gold[2,3]



Source: Bloomberg as of 9/30/2024.

Private Credit Outlook

In 2024, the private credit and leveraged lending markets began to show signs of a gradual recovery, fueled by clearer monetary policy guidance, easing interest rates, and improved liquidity conditions. This uptick in financing activity, particularly in U.S. private credit deals, refinancings, and buyout financing, signals a growing sense of stability despite persistent economic uncertainties as we enter 2025. The broadly syndicated loan (BSL) market, supported by continued private equity activity and substantial dry powder, is now poised for further growth.

Dealmaking Activity Set to Rise in 2025

With interest rates set to continue to decrease throughout 2025, there will likely be an uptick in deal-making activity. We are witnessing a surge in refinancings (higher share of total deal count) with borrowers trying to take advantage of an expansive monetary policy regime.

Borrower performance is anticipated to improve as consumer spending recovers and the cost of capital decreases, supporting stable or improving margins and encouraging expansion through new products and geographies. As the BSL market reopens – increasing competition in large billion-dollar deals - and banks begin to regain market share, the stage is set for a lending showdown as competition once again intensifies among private credit providers.

A Source of Stable Returns As Rates Decline

Over the course of the past few months, lower interest rates have already begun to enhance the appeal of private credit for investors seeking stable returns that exceed those of Guaranteed Investment Contracts (GICs) and other cash-like investments. Heading into 2025, exposure to private credit is likely to offer important diversification that can help investors to mitigate portfolio volatility while also providing a buffer during significant market downturns.

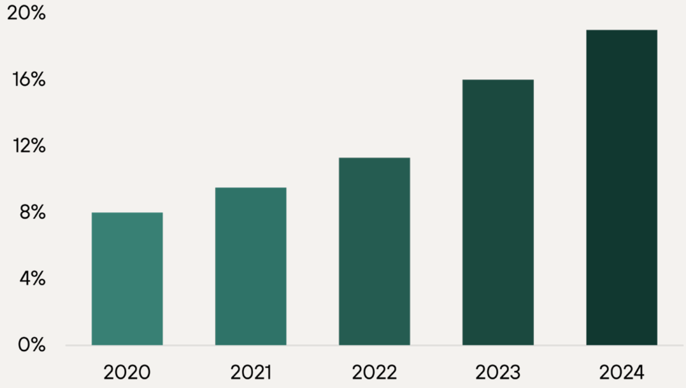
Inflation & Unemployment Rates: Two Crucial Factors for Dealmaking

Employment levels are a crucial feature to private credit's success in the new year. For private credit to thrive in 2025, unemployment and inflation will have to remain in check to prevent delays in future interest rate cuts. To achieve a soft landing in 2025, inflation will not only need to remain within the target range, but unemployment also cannot rise to unsustainable levels. If these two critical criteria are achieved, economic and deal-making activity will be able to remain high, opening the door for further opportunities in private credit.

"Sustained demand for private credit is expected over the long term, particularly if monetary policy adjustments support a soft landing for the economy. Among the many benefits of a soft landing will be continued access to credit for both corporate and private equity-backed companies. Conversely, if monetary policy measures fail to stimulate sustainable growth in the year ahead, then broader economic weakness could pose challenges for private credit performance, particularly in sectors vulnerable to economic slowdowns or rising default rates."

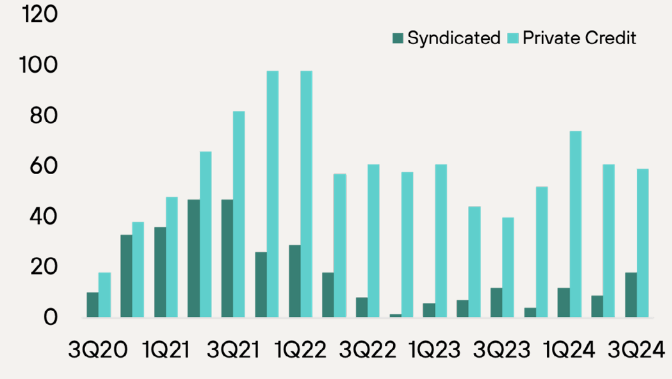
— David Sum
Managing Director, Alternative Income Group
Ninepoint Partners

Refinancing share of deal count



Source: Pitchbook | LCD Data through Sept. 25, 2024

Count of LBOs financed in BSL and private credit market



Source: Pitchbook | LCD Data through Sept. 25, 2024

1. The silver spot price is measured by the Silver Spot USD/Troy Ounce. The Fed Funds Rate is measured by Bloomberg ticker FDTR. You cannot invest directly in an index. Past performance is no guarantee of future results.
2. The gold/silver ratio is a measure that indicates how many ounces of silver are needed to purchase one ounce of gold. It is calculated by dividing the current spot price of gold by the current spot price of silver.
3. The silver spot price is measured by the Silver Spot USD/Troy Ounce. You cannot invest directly in an index. Past performance is no guarantee of future results.

Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: CIBC Mellon GSSC Record Keeping Services: Toll Free: 1.877.358.0540

Ninepoint Partners manages innovative investment solutions that offer investors the benefits of better diversification.

www.ninepoint.com