

# NINEPOINT CARBON CREDIT ETF

AN ALTERNATIVE MUTUAL FUND





# An Emerging Asset Class

In the energy transition economy, many believe setting a price on carbon, and allowing that price to rise, is one of the best ways to encourage polluters to limit emissions and drive innovation in green technology.

According to the European Commission, companies covered by the European Union Emission Trading System (ETS) reduced emissions by about 35% between 2005 and 2019. In the United States, California launched its own ETS in 2013, and have since reduced emissions from sources covered by the ETS by 10% from 2013 to 2018.

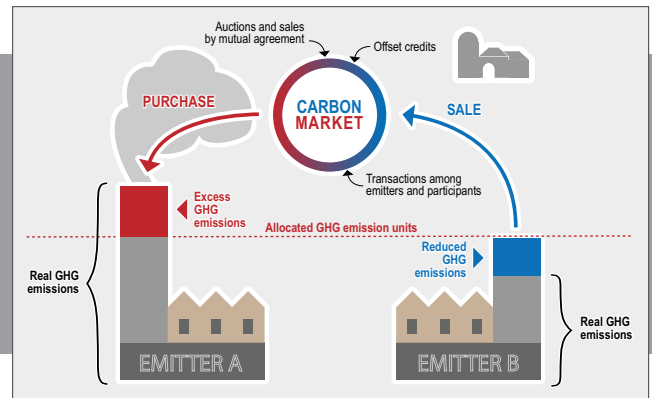
## Emissions Trading Systems (ETS) and Carbon Credits

In an emissions trading system - sometimes referred to as a cap-and-trade system, a regulator or government-entity sets a policy objective to reduce emissions in their region and sets a cap on total emissions allowable. Within an emissions trading system, the regulator splits the cap into carbon allowances or credits. A company regulated under the emission trading system can acquire carbon credits from the regulator, purchase through secondary markets, or reduce its emissions.

After each compliance period, regulated companies must surrender enough carbon credits to cover its emissions, or be heavily fined. Each year the regulator reduces the total number of allowances available, thereby achieving lower emissions targets.

### What is a Carbon Credit?

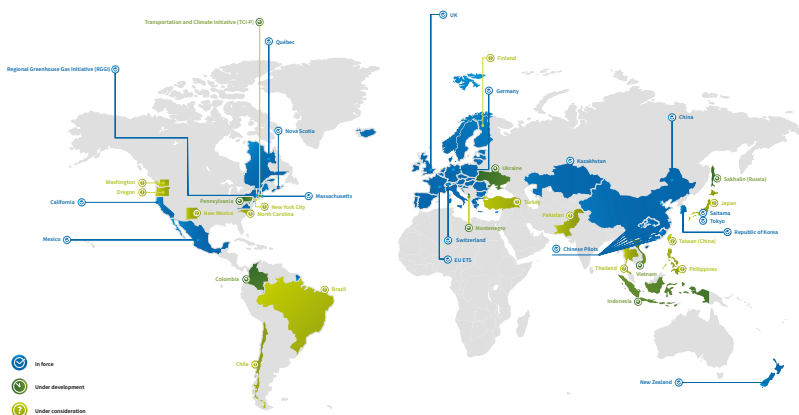
A carbon credit is a permit allowing the holder to emit carbon dioxide or other greenhouse gases. One carbon credit represents one ton of CO<sub>2</sub>.



Source: Ministère de l'Environnement et de la Lutte contre les changements climatiques.

### A unique investment opportunity

According to financial market data provider Refinitiv, the total value of global carbon market reached US\$851 billion in 2021.<sup>1</sup> Energy consulting firm Wood Mackenzie estimates that the global emissions trading market could be worth as much as \$22 trillion by 2050.<sup>2</sup>



ETS systems are operating in 38 countries covering over 40% of global GDP. Some of the largest ETSs globally include:

- EU ETS
- California/Quebec
- US Eastern States (RGGI)
- United Kingdom (UKA)

Source: The World Bank, Adapted from International Carbon Action Partnership (ICAP) 2021.

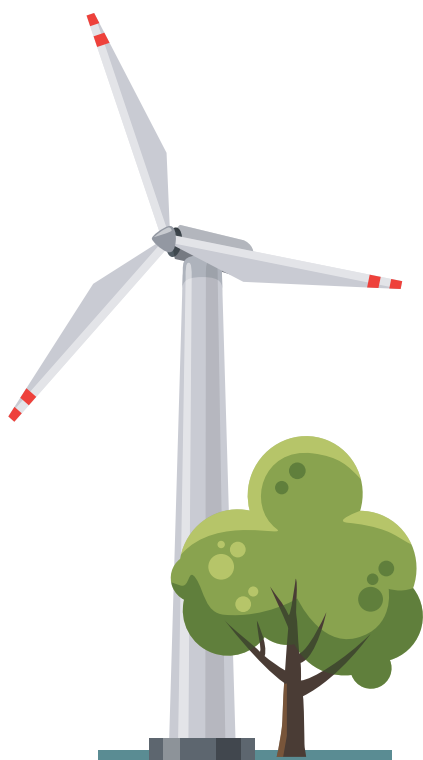
<sup>1</sup> Refinitiv. Global carbon markets value surged to record \$851 bln last year. Reuters. (2022, Jan 31). <https://www.reuters.com/business/energy/global-carbon-markets-value-surged-record-851-bln-last-year-refinitiv-2022-01-31/>  
<sup>2</sup> Wood Mackenzie, "COP26: Make or Break for Global Emissions Trading".

# Ninepoint Carbon Credit ETF

## ACCESS THE ENERGY TRANSITION ECONOMY

Carbon credits have emerged as an important, new asset class as global leaders have sought a meaningful way to target the reduction of carbon emissions in a predictable, effective, market-friendly fashion.

Investors can now access this emerging asset class for their portfolios and participate in the energy transition economy which aims to reduce greenhouse gases and support business innovation and initiatives.



### Reasons to invest

1

#### Emerging Asset Class:

Access a US\$851 billion market which has grown by 18x since 2017.<sup>3</sup>

2

#### Easy access:

The Fund is structured as an alternative mutual fund offering Series A, F, S\*, SF\*, Q, QF and an ETF Series on NEO Exchange (CBON/CBON.U).

3

#### Diversification:

Carbon Credit investments are expected to demonstrate low or negative correlation to traditional asset classes.

4

#### Global Exposure:

The Fund will primarily invest in global carbon emissions allowance futures and will initially include:

- European Union ETS (EUA) – Covers 40% of EU's total emissions
- California/Quebec (CCA) – Covers 75% of total emissions
- US Eastern States (RGGI) – Covers 10% of Eastern US total emissions
- United Kingdom (UKA) – Covers 31% of UK's total emissions

## What drives the price of carbon credits?

Supply	Demand
Climate Policy - "The Cap"	Economic activity
Use of compliant offset carbon projects	Energy prices
Possibility of carbon credit borrowing	Weather conditions
	Evolving technology
International trading and more...	

ETS prices March 27, 2008 to December 31, 2021



Source: International Carbon Action Partnership Price Explorer.

<sup>3</sup> Refinitiv - Carbon Market Year in Review 2020. Global carbon markets value surged to record \$851 bln last year. Reuters. (2022, Jan 31). <https://www.reuters.com/business/energy/global-carbon-markets-value-surged-record-851-bln-last-year-refinitiv-2022-01-31>

\* Available until the earlier of the Fund's net asset value exceeding \$20 million and February 28, 2022.

## Fund Details

<b>Inception Date</b>	February 16, 2022	
<b>Fund Type</b>	Global Commodities Liquid Alternative Mutual Fund	
<b>Management Fee</b>	ETF Series	0.75%
	Series A	1.75%
	Series S*	1.55%
	Series F	0.75%
	Series SF*	0.55%
<b>Minimum Investment</b>	\$500	
<b>Risk Tolerance</b>	High	
<b>Registered Plan Eligibility</b>	RRSP, RESP, RRIF, TFSA, RDSP	
<b>Fund Codes/Ticker</b>	ETF Series	(NEO) C\$ CBON   US\$ CBON.U
	Series A	C\$ NPP 899   US\$ NPP 947
	Series S*	C\$ NPP 1007   US\$ NPP 1001
	Series F	C\$ NPP 898   US\$ NPP 948
	Series SF*	C\$ NPP 1006   US\$ NPP 1000

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## Learn more about Ninepoint Carbon Credit ETF [ninepoint.com/CBON](https://ninepoint.com/CBON)



Ninepoint Partners LP is the investment manager to a number of funds (collectively, the "Funds"). Important information about these Funds, including their investment objectives and strategies, purchase options, and applicable management fees, performance fees (if any), and expenses, is contained in their prospectus. Please read the prospectus carefully before investing.

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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