



Ninepoint Resource Class

December 2018 Commentary

2018 was a difficult year for resource equities. The fund returned -42.7% compared to the benchmark which returned -17.8%. The fund is currently weighted as follows:

- 57% Precious metal equities
- 26% Energy equities
- 5% Base metal equities
- 4% Other equities
- 7% Uranium
- 2% Cash

Two primary factors contributed to the fund's poor performance: Commodity prices and the fund's small cap bias. Commodities sold off significantly in 2018. Natural gas, oil, copper and zinc led the declines by returning -48%, -21%, -22% and -23%, respectively. In some instances, the moves from the 2018 peaks were quite dramatic. Oil and Nickel plunged 40% and 33% respectively from their 2018 highs. Gold bullion fared relatively well, declining 2% during 2018. Although the fund was overweight gold equities through 2018, the fund's small cap bias resulted in many of the gold equities underperforming as investor interest in small cap resource equities, and in particular gold equities, was anemic despite trough valuations. Another aggravating factor was the shuttering of some of the last large institutional gold strategies which drove negative funds flow through most of 2018.

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Investment Team



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¹ All returns and fund details are a) based on Series F shares; b) net of fees; c) annualized if period is greater than one year; d) as at December 31, 2018; e) 2011 annual returns are from 10/17/11 to 12/31/11. Blended Index (50/50 S&P/TSX Capped Materials Total Return Index and S&P/TSX Capped Energy Total Return Index) and is computed by Ninepoint Partners LP based on available index information.

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