



Ninepoint Resource Class

June 2019 Commentary

The fund returned 5.72% (Series F) in June compared to the benchmark which returned 5.60%. Year-to-date to the end of June, the fund has returned -0.92% vs the benchmark return of 8.88%. The fund is weighted as follows:

- 65% Gold
- 20% Energy
- 5% Base Metals
- 7% Uranium
- 3% Other

June was another month of deteriorating global economic data. In the US we saw durable goods, manufacturing PMI and new home sales miss expectations. Eurozone manufacturing PMIs continued to signal contraction for the fifth straight month. Chinese manufacturing PMIs missed expectations and moved into contractionary territory. The rest of Asia is also struggling with Japan, Korea, Malaysia and Taiwan also printing contractionary PMIs in June. This is a global slowdown. Note that PMIs are one of the most reliable leading indicators. Given the economic developments year-to-date and the current backdrop (See April commentary for more color), one could logically conclude that broader markets would at best be muddling along while gold equities would be putting in new highs. This is not the case but there is hope.

The real big news during June was that gold bullion finally broke a formidable resistance level that had been in place for 5+ years. Bold statement: Given the big technical break, current global economic conditions, the existing geopolitical backdrop and the political trajectory in developed economies towards Modern Monetary Theory means we are likely in the very early innings of a GOLD BULL MARKET. What about the gold equities? It always takes some time for capital to make its way into the equities. Therein lies the opportunity: While the gold bullion rally certainly appears to have legs and gold is trading above its 2016 peak of \$1366, the GDX is ~20% below its 2016 peak levels while the GDXJ is ~33% off its 2016 peak. A simple retracement of gold equities to 2016 highs would lead to a 25% rally in large cap miners (GDX) and a 50% rally in the junior/mid cap miners (GDXJ). The Resource Class is heavily weighted to junior gold equities.

2018 Flow-Through Update

The fund is weighted as follows:

- 66% Gold
- 24% Energy
- 4% Base Metals
- 6% Uranium

2018 II Flow-Through Update

Investment Team



Jason Mayer, CFA, MBA

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The fund is weighted as follows:

- 72% Gold
- 6% Energy
- 6% Base Metals
- 16% Uranium

2019 Flow-Through Update

At the end of June, the fund was 44% invested. 30% has been allocated to gold mining equities while base metal and uranium equities represent the balance. The portfolio currently consists of 20 companies with a weighted average market capitalization of \$120M.

Jason Mayer, CFA, MBA

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 June 28, 2019; 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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