

## Inside the Ninepoint-Waygar Fund 10% December loss

"The [financial statements](#) for the Ninepoint Canadian Senior Debt Fund currently available on Ninepoint's website provide no visibility into the fund's portfolio. These financials show only that the fund is invested in the Ninepoint Canadian Senior Debt Master Fund LP, registered in the Cayman Islands."

"The investment objective of the Fund is to seek to invest, directly or indirectly, in a portfolio of first priority or first lien senior secured loans to Canadian companies. Loans comprising the Portfolio will be fully supported by senior liens on assets of the borrower companies. To achieve its investment objective, the Fund intends to invest substantially all of its assets in shares of Ninepoint Canadian Senior Debt Feeder Fund Ltd. (the "Feeder Fund"), a Cayman Islands exempted company, which in turn invests substantially all of its assets in shares of Ninepoint Canadian Senior Debt Master Fund LP (the "Master Fund"), a Cayman Islands exempted limited partnership. As a result, the performance of the Fund will be dependent on the performance of the Feeder Fund, which in turn will be dependent on the performance of the Master Fund."

***THIS IS AN UPDATE ON THE LENDER, AND THE WOES THAT THEY ARE SUFFERING FROM LENDING TO STRUGGLING BUSINESSES — ONE OF THREE OF WHICH IS PACEM INTERNATIONAL SOLUTION LLC / ALS INC.***

### **Update On Issuer 10: Pacem used tens of millions from Ninepoint to fund research and development.**

"In a recent presentation to investment advisors, Ninepoint also disclosed that they had lowered the fair value of the loan to Issuer 10. They said: *'Fair value adjustment is estimated based on various scenarios relating to the repayment of the loan via cash flow and / or M&A as of Dec 2023.'*

As you would expect, a congressman dealing with selling hundreds of millions in munitions to foreign governments would attract scrutiny from the US media.

*'An Insider examination of his business dealings, though, found that Pacem has had deep ties to foreign governments and is struggling financially.'*

Mills told Business Insider that he had *'divested from the company.'* However, his public financial [disclosure](#) for 2022 still showed that he owned Pacem at the end of that year. This disclosure also shows that in 2022, Mills and his spouse received a US\$1,248,748 and US\$250,000 salary, respectively, from Pacem Solutions International. We would love to know if Pacem was making "Payment-in-kind" interest payments during 2022."

**[NOTE: Members of congress can only make 15% above their salary. Additionally, members of congress are not allowed to earn income from foreign entities/contracts or federal contracts.]**

"Beyond reporting that Pacem was '*struggling financially*,' Business Insider partially corroborated our findings by saying that Mills had obtained financing from a Canadian lender. They also disclosed the use of proceeds from the loan.

*'Pacem is also loaded with debt: It owes \$48 million to a Canadian lender, nearly five times the company's highest potential valuation. **Mills said the loan was funding research and development.***'

We found it odd that Mills claims this loan was '*funding research and development*.' We didn't know this was part of the [objective](#) of the Ninepoint-Waygar Fund— as you can see below, there was no mention of R&D by Waygar to investors when it originated the loan back in April 2019.

Mills's disclosure of the use of proceeds leaves us with more questions than answers. Does it make sense to invest capital in an R&D effort and have a capped return? If Pacem had many purchase orders to sustain a \$60-million debt load, why didn't they use the money to fulfill those orders and earn the margin on them?

One thing seems sure, Pacem has struggled to pay down its debt. On August 10, 2022, during the Ninepoint-Waygar Fund's H1 2022 review, Wayne Ehgoetz told investors that Issuer 10 and two other issuers '*will be repaying our facilities in late Q4 or early Q1 2023.*'"

**SOURCE: OPM WIRE**

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