Chemtrade Logistics Income Fund (CGIFF)

Updated August 26th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$10.93	**5 Year Annual Expected Total Return:**	3.6%	**Market Cap:**	$1.23 B
Fair Value Price:	$10.00	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	08/31/26
% Fair Value:	109%	**5 Year Valuation Multiple Estimate:**	-1.8%	**Dividend Payment Date:**	09/29/26
Dividend Yield:	4.8%	**5 Year Price Target**	$10.00	**Years Of Dividend Growth:**	2[1]
Dividend Risk Score:	F	**Sector:**	Materials	**Rating:**	Hold

Overview & Current Events

Chemtrade Logistics Income Fund is a North American supplier of essential industrial chemicals, operating through two main segments: Sulphur and Water Chemicals (SWC) and Electrochemicals (EC). Last year, the SWC segment (including includes sulphuric acid, regen acid, water treatment coagulants, and specialty chemicals), accounted for about 60% of total revenue, while the EC segment (producing sodium chlorate and chlor-alkali products like caustic soda and chlorine) contributed the remaining 40%. Chemtrade serves a wide range of industries such as pulp and paper, oil and gas, water treatment, and mining, with a customer base spread across Canada, the U.S., and international markets. The Fund has a market cap of $1.23 billion and is based in Toronto, Canada. It pays distributions on a monthly basis. While the Fund reports in CAD, we have converted all figured in USD unless otherwise noted.

On January 21st, 2026, Chemtrade raised its dividend by 4.3% to a monthly rate of C$0.06.

On August 12th, 2026, Chemtrade Logistics posted Q2 results for the period ending June 30th, 2026. Revenue rose 16.5% to $418.2 million from $358.9 million, driven by the Polytec acquisition and higher merchant acid, sulphur, Regen acid and water-solutions pricing, partly offset by weaker chlor-alkali netbacks and sodium chlorate sales. Adjusted EBITDA fell 7.8% to $92.0 million, reflecting weaker EC performance, lower Water Solutions margins and a $5.1 million North Vancouver turnaround, partly offset by Polytec and stronger acid earnings. Distributable cash after maintenance CAPEX fell to $30.6 million, or $0.27 per unit, from $51.7 million, or $0.46 per unit. Chemtrade maintained 2026 Adjusted EBITDA guidance of $350.5 million to $379.4 million. In July, North Vancouver approved the facility's rezoning, although a petition has since challenged that decision. For FY2026, we forecast DCFU of $1.30. That said, we have applied a DCFU power of $2.00 in our estimates, which we believe the company can sustainably achieve under normal conditions.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
DCFU	---	$1.09	$0.33	$0.69	$0.50	$0.65	$1.46	$1.85	$1.25	$1.45	***$1.30***	***$2.00***
DPS	$0.89	$0.95	$0.88	$0.92	$0.55	$0.47	$0.44	$0.45	$0.46	$0.50	***$0.52***	***$0.66***
Units[2]	69.1	105.3	92.6	92.6	92.7	101.7	147.4	157.9	153.7	122.9	***114.2***	***145.0***

From 2017 through 2019, Chemtrade generated relatively stable DCF/unit due to a steady demand environment across its industrial chemicals business. Though 2018 marked a sharp drop to just $0.33 per unit, this drop was tied to a tough year (including lower sodium chlorate prices and margin pressure in water treatment products) rather than structural deterioration. By 2019, DCF per unit rebounded to $0.69, as cash flows improved across segments.

However, 2020 marked a turning point. The Fund's DCF per unit fell to $0.50 USD, driven not just by currency effects but by the severe demand disruption caused by COVID-19. As a critical service, Chemtrade continued operating, but many of its end markets (including refining, pulp and paper, and industrial manufacturing) were significantly impacted. This led to a steep drop in volumes, especially for Regen acid and sodium chlorate. These issues were compounded by supply chain uncertainty. In the years that followed, performance steadily recovered as industrial demand normalized, with 2024 and

[1] In local currency (CAD).

[2] Unit count is in millions.

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2025 delivering a clear rebound driven by stronger acid pricing, improved volumes, and record Adjusted EBITDA in 2025, marking a full recovery from the pandemic-driven downturn. We don't forecast further growth beyond our DCFU power estimate.

In Q2 2020, management cut the monthly distribution from $0.10 CAD to $0.05 CAD after nearly a decade of stability, citing the need to preserve liquidity, strengthen the balance sheet, and maintain flexibility amid pandemic uncertainty. The move shifted focus from yield to long-term sustainability. The cut enabled debt reduction, unit repurchases, and selective reinvestment, supporting future value creation. Distributions have since been raised over the past two years, and we forecast 5% annual growth going forward. However, we do not expect continued DCFU growth given the high base and potential industry and FX headwinds.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/ DCFU	---	12.5	38.8	13.0	11.4	7.8	4.1	3.4	5.3	5.8	***5.5***	***5.0***
Avg. Yld.	6.1%	7.0%	6.9%	10.2%	9.7%	9.2%	7.3%	7.2%	6.9%	5.9%	***4.8%***	***6.6%***

Chemtrade's P/DCFU has been compressed in recent years. Distributable cash has grown significantly while the market has yet to re-rate the units. With strong cash flow, rising distributions, and leverage down to 2.5x, the stock now trades at a compelling valuation. Still, we have set our fair multiple at a prudent 5.0, which implies that shares are overvalued at 5.5x expected DCFU. The distribution yield is rather noteworthy, and could rise further in the near future.

Safety, Quality, Competitive Advantage, & Recession Resiliency

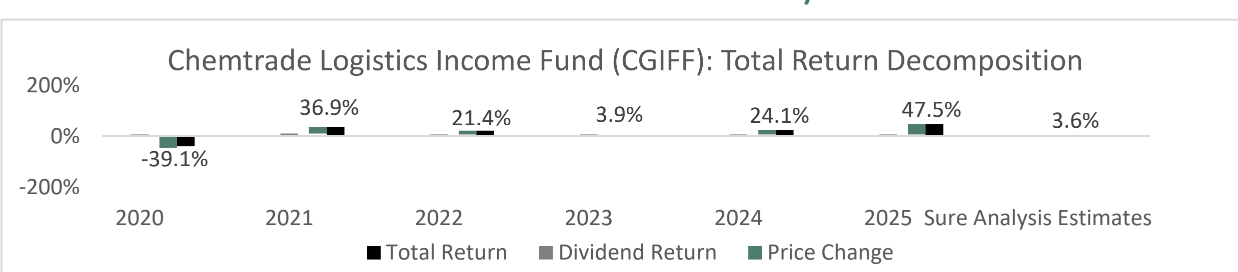
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	87%	267%	133%	110%	72%	30%	24%	37%	34%	***26%***	***33%***

Chemtrade operates in the essential industrial chemicals space, supplying products that are deeply embedded in critical sectors like water treatment, pulp and paper, energy, and agriculture. This gives the business a high degree of defensive stability and relevance across economic cycles. Its operations are split across two segments with long-standing customer relationships and high switching costs, contributing to a durable competitive edge. Safety and quality-wise, Chemtrade has significantly improved its balance sheet, reducing net debt to just 2.5x EBITDA (from 4.0 to 6.0 in previous years). While not immune to economic slowdowns, since volumes can weaken during recessions, many of Chemtrade's products are non-discretionary and mission-critical, giving the business a degree of recession resiliency that sets it apart from more cyclical industrial peers. We believe the current level of DPU is safe.

Final Thoughts & Recommendation

Chemtrade combines a high yield, stable monthly distributions post-cut, and a healthy balance sheet with exposure to critical, recession-resistant markets, offering a compelling investment case for income-oriented investors. However, we forecast annualized returns of just 3.6% moving forward, as the current valuation could prove a tough headwind. We rate Chemtrade units as a hold, mainly on the potential for the company to establish a track record of dividend growth.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	806	1,134	1,231	1,155	1,030	1,092	1,394	1,368	1,304	1,430
Gross Profit	62	147	67	73	25	(3)	259	312	314	325
Gross Margin	7.7%	13.0%	5.4%	6.3%	2.4%	-0.3%	18.6%	22.8%	24.1%	22.7%
SG&A Exp.	58	83	65	72	75	92	91	101	107	112
D&A Exp.	112	158	166	198	190	191	167	161	138	161
Operating Profit	3	63	0	(1)	(51)	(93)	165	210	205	211
Operating Margin	0.4%	5.6%	0.0%	-0.1%	-4.9%	-8.5%	11.9%	15.3%	15.7%	14.8%
Net Profit	4	114	(101)	(75)	(125)	(188)	84	185	93	100
Net Margin	0.4%	10.0%	-8.2%	-6.5%	-12.1%	-17.2%	6.0%	13.5%	7.1%	7.0%
Free Cash Flow	73	59	117	33	144	106	195	174	118	100
Income Tax	(57)	(72)	(38)	(18)	(35)	12	46	31	32	12

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,604	2,372	2,112	2,127	1,961	1,607	1,589	1,590	1,592	1,847
Cash & Equivalents	11	8	10	10	10	11	53	16	18	20
Accounts Receivable	95	171	147	119	68	76	91	111	103	146
Inventories	49	97	105	94	87	88	109	94	94	99
Goodwill & Int. Ass.	793	1,009	857	667	587	474	432	406	378	533
Total Liabilities	1,033	1,459	1,366	1,546	1,486	1,309	1,172	1,057	1,021	1,281
Accounts Payable	92	128	129	103	95	107	233	120	113	126
Long-Term Debt	629	1,023	931	1,036	959	819	666	516	483	875
Shareholder's Equity	570	913	746	581	475	298	417	533	570	565
LTD/E Ratio	1.10	1.12	1.25	1.78	2.02	2.75	1.60	0.97	0.85	1.55

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.2%	5.7%	-4.5%	-3.5%	-6.1%	-10.5%	5.2%	11.6%	5.8%	5.8%
Return on Equity	0.6%	15.3%	-12.2%	-11.3%	-23.7%	-48.5%	23.5%	38.9%	16.8%	17.6%
ROIC	0.3%	7.3%	-5.6%	-4.6%	-8.2%	-14.7%	7.6%	17.3%	8.8%	7.6%
Shares Out.	69.1	105.3	92.6	92.6	92.7	101.7	147.4	157.9	153.7	114.3
Revenue/Share	11.66	10.76	13.30	12.47	11.11	10.73	9.46	8.66	8.48	12.51
FCF/Share	1.05	0.56	1.27	0.35	1.55	1.04	1.32	1.10	0.77	0.87

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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