Ninepoint Global Infrastructure Fund

April 2018 Commentary

Investment Team

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Vice President, Portfolio Manager

Year-to-date at April 30, the Ninepoint Global Infrastructure Fund generated a total return of -1.21% compared to the S&P Global Infrastructure Index, which generated a total return of -1.08%.

Returns in the month of April were good on an absolute basis but slightly disappointing on a relative basis, with the Fund generating a total return of 1.19% and the benchmark generating a total return of 2.13%. Thankfully, after a tough couple of months, April was generally better for the broad equity markets. Over the course of the month, the energy sector posted strong results as crude oil rallied toward $70 per barrel and we remain overweight. Utilities also continued to rally, but we remain underweight given our outlook for rising rates over a medium to long-term time horizon.

Our modelling indicates that the Canadian dollar should continue to weaken in 2018. However, with some form of a resolution to the ongoing NAFTA negotiations expected shortly, we have hedged approximately half of our USD exposure in order to reduce currency-related volatility in the Fund.

Top contributors to the year-to-date performance of the Ninepoint Global Infrastructure Fund included Mastercard (+63 bps), Marathon Petroleum (+47 bps) and Raytheon (+46 bps). Top detractors year-to-date included Westshore Terminals (-62 bps), Comcast (-60 bps) and Quanta Services (-50 bps). Note that we have sold our entire position in Comcast based on fears of a pending bidding war for SKY PLC.

Traditionally, infrastructure investors looking for energy exposure would focus on the midstream and pipeline companies. However, various issues including funding concerns, changes in Federal Energy Regulatory Commission (FERC)regulations related to the master limited partnership (MLP) structure and a difficult regulatory environment for new projects have weighed on these subsectors. With the rally in crude oil, we have had greater success in the energy sector by investing in companies such as Suncor Energy (SU CN), an integrated energy company (with some commodity exposure) which is currently paying a dividend of $1.44 per share, yielding approximately 3%.

Suncor has some of the best energy infrastructure in the country, including a long-life, low decline reserve base (7.8 billion barrels of proved and probable reserves), refineries in Montreal, Sarnia, Edmonton and Commerce City, Colorado, product pipelines and terminals across Canada and the United States and a retail network of approximately 1,750 locations in Canada and US. The Company's solid balance sheet and significant cash flow generation have allowed 15 consecutive years of dividend increases, including an approximately 150% increase over the past five years or a five-year compound annual growth rate (CAGR) of just under 21%. Unsurprisingly, the stock has worked well as a dividend play and we expect the trend to continue, based on a solid outlook for the global economy and crude oil supply/demand dynamics.

The Ninepoint Global Infrastructure Fund held 33 positions as at April 30, 2018 with the top 10 holdings accounting for approximately 36% of the fund. Over the past year, 29 out of our 33 holdings have announced a dividend increase, with an average hike of 16.8%. Using a total infrastructure approach, we will continue to apply a disciplined investment process, balancing valuation, growth and yield in an effort to generate solid risk-adjusted returns.

Jeffrey Sayer, CFA

[1] All returns and fund details are a) based on Series F units; b) net of fees; c) annualized if period is greater than one year; d) as at April 30, 2018; e) 2011 annual returns are from 09/01/11 to 12/31/11. The index is 100% MSCI World Core Infrastructure NR (CAD) and is computed by Ninepoint Partners LP based on publicly available index information.

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: capital depletion risk; concentration risk; credit risk; currency risk; cybersecurity risk; derivatives risk; exchange traded funds risk; foreign investment risk; income trust risk; inflation risk; interest rate risk; liquidity risk; market risk; regulatory risk; series risk; short selling risk; small company risk; specific issuer risk; tax risk.

mentioned in this report.

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