Ninepoint Global Real Estate Fund

April 2019 Commentary

Year-to-date to April 30, the Ninepoint Global Real Estate Fund generated a total return of 12.37% compared to the MSCI World IMI Core Real Estate Index, which generated a total return of 11.05%. For the month, the Fund generated a total return of -0.29% while the Index generated a total return of -0.74%. After an extremely disappointing Q4 2018, the broad markets continued to make a V-shaped recovery in 2019, approaching prior all-time highs.

Investment Team

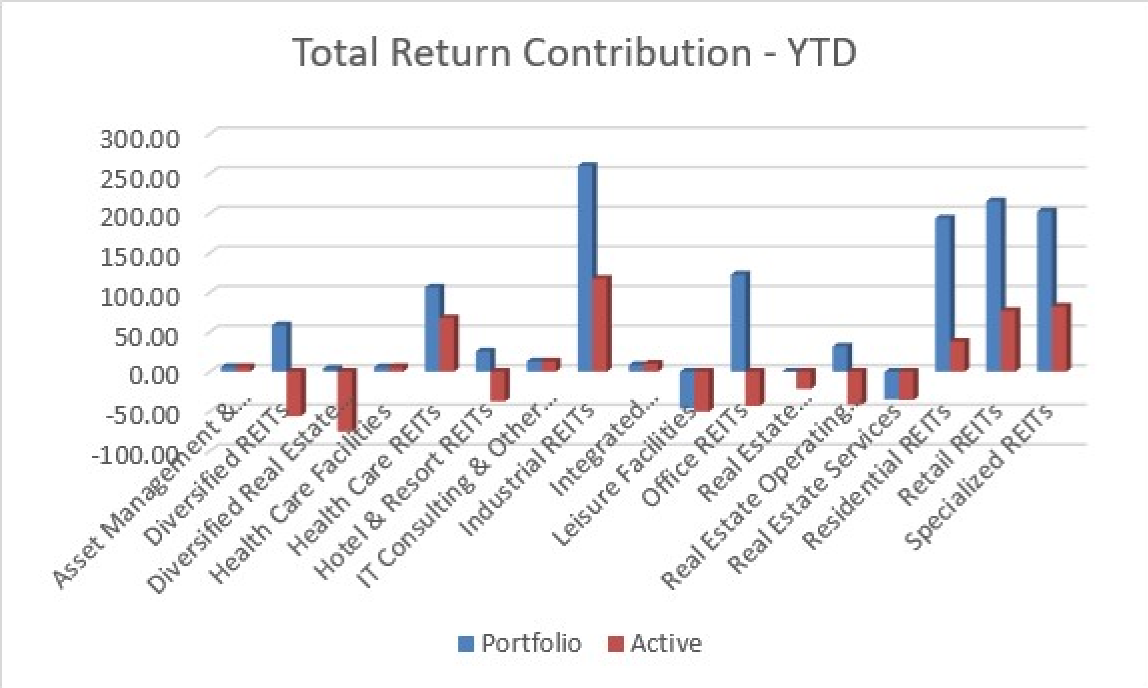
Jeff Sayer, CFA
Vice President, Portfolio Manager

As we've discussed previously, the 2019 rally has been driven by multiple expansion, which has been validated by a Q1 2019 earnings season that has played out better than originally feared. With approximately 80% of the S&P 500's constituents having reported results, the blended revenue growth rate (includes both actual and estimated results) has reached 5.2% and the blended earnings growth rate has improved to a decline of only 0.8% on a year over year basis, according to FactSet. Forecasters who had been calling for a decline of mid-single digits and potentially an earnings recession seem to have been proven to be overly pessimistic.

Further, global economic data has continued to stabilize, with the IHS Markit US Composite PMI at 53.0 in April, the IHS Markit Eurozone Composite PMI at 51.3 in April and the Caixin China Composite PMI at 52.7 in April, all above the key 50.0 expansionary level. Although the United States and China have yet to officially announce some form of a trade deal, we believe that an agreement is more likely than not, given President Trump's bid for a second term, which should bolster global growth expectations going forward.

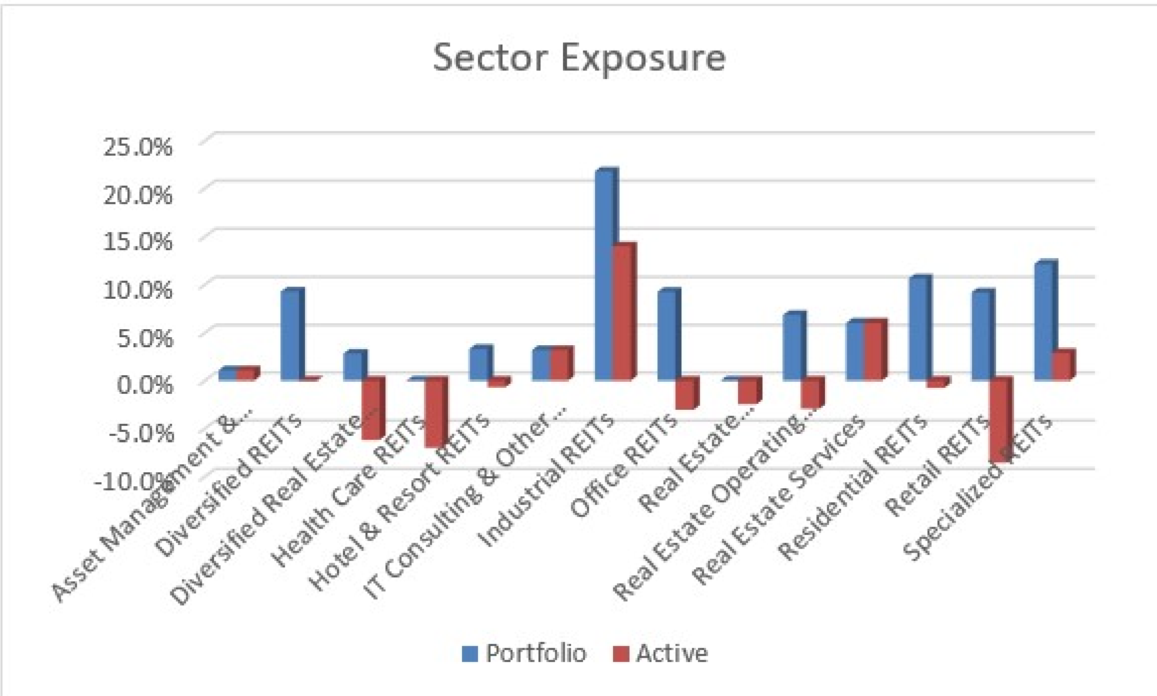
Finally, the earnings multiple expansion that we've seen in 2019 can be justified by the FED's dovish messaging through the first four months of the year. We are quite aware that the 3-month to 10-year yield curve inverted (although the more widely-watched 2-year to 10-year yield curve remained positively sloped) but this will likely prove to be a false signal in terms of predicting a recession within the next 12 to 18 months given how quickly the curve normalized. Instead, we are diligently watching consumer confidence (which rebounded in April to 129.2 compared to 124.1 in March), jobless claims (which remained near 50-year lows in April) and the unemployment rate (which fell to 3.6% in April, the lowest rate since December 1969) for any signs of an impending economic downturn. For now, monetary policy remains supportive of continued economic expansion.

Top contributors to the year-to-date performance of the Ninepoint Global Real Estate Fund by sub-industry included Industrial REITs (+260 bps), Retail REITs (+215 bps) and Specialized REITs (+203 bps) while top detractors by sub-industry included Leisure Facilities (-46 bps) and Real Estate Services (-35 bps).



Source: Ninepoint Partners

We are currently overweight Industrial REITs and Real Estate Services while underweight Retail REITs, Health Care REITs and Diversified Real Estate Activities.



Source: Ninepoint Partners

At the stock specific level, top contributors to the year-to-date performance included Prologis (+103 bps), Equinix (+90 bps) and American Tower (+79 bps). Top detractors year-to-date included Vail

Resorts (-46 bps), Colliers International (-43 bps) and CyrusOne (-23 bps).

In April, our top performing investments included Braemar Hotel & Resorts (+42 bps), Prologis (+32 bps) and Americold (+17 bps) while Agree Realty (-30 bps), Tricon Capital (-23 bps) and Colliers International (-20 bps) underperformed.
Braemar Hotel & Resorts, the full-service luxury hotel and resort owner/operator, was our top contributor in April and a relatively new purchase for the Ninepoint Global Real Estate Fund. The REIT owns interests in thirteen properties (although admittedly two of these properties are considered non-core) across the United States, including the states of California, Florida and Colorado, and the US Virgin Islands. Prior to the acquisition of the Ritz-Carlton Lake Tahoe in January 2019, the portfolio consisted of approximately 2,640 rooms that generated trailing twelve months (TTM) hotel EBITDA of $108.8 million at a TTM average-daily-rate of $296 at a TTM occupancy of 80%. The Ritz-Carlton Lake Tahoe (purchased for $103.3 million, implying a TTM cap rate of 8.0% and a price per key of $547,000) will add 170 rooms and $9.2 million of hotel EBITDA (based on the TTM financial results at the time of the acquisition).

Company-wide revenue, EBITDA and AFFO per share are expected to stabilize in 2019 after some extremely unfortunate weather events negatively impacted a few of Braemar's key properties over the past two years, including wildfires in California and hurricanes in the Atlantic. Most significantly, the REIT's Ritz-Carlton St. Thomas (in the US Virgin Islands) sustained damage from Hurricane Irma in 2017 but the 180-room luxury resort is scheduled to finally reopen this fall, after significant repairs and upgrades. Although Braemar's business interruption insurance provided $13.5 million of income in 2018 and $6.0 million in the first quarter of 2019, the market should respond favourably once the property begins contributing funds from operations again.

In the meantime, we are happy to collect the current 4.7% distribution yield and watch Braemar's valuation rerate steadily higher. Eventually, the units should trade more in line with its hotel & resort REIT peers, which would imply another 1.0x to 1.5x of price to AFFO multiple expansion.

The Ninepoint Global Real Estate Fund was concentrated in 30 positions as at April 30, 2019 with the top 10 holdings accounting for approximately 34.1% of the fund. Over the prior fiscal year, 20 out of our 30 holdings have announced a dividend increase, with an average hike of 10.1%. Using a total real estate 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

NINEPOINT GLOBAL REAL ESTATE FUND - COMPOUNDED RETURNS[1] AS OF JULY 31, 2022 (SERIES F NPP132) | INCEPTION DATE: AUGUST 5, 2015

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTI
Fund	7.6%	-16.3%	-7.2%	-8.4%	-5.2%	7.1%	7.6%	8.2%
MSCI World IMI Core Real Estate NR (CAD)	7.0%	-13.7%	-6.0%	-9.1%	-7.8%	1.0%	3.8%	3.7%

[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, 2019; e) 2015 annual returns are from 08/04/15 to 12/31/15. The index is 100% MSCI World IMI Core Real Estate NR (CAD) and is computed by Ninepoint Partners LP based on publicly available index information

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