



# Ninepoint Global Infrastructure Fund

## August 2018 Commentary

Year-to-date to August 31, the Ninepoint Global Infrastructure Fund generated a total return of 3.77% compared to the S&P Global Infrastructure Index (CAD), which generated a total return of -0.08%.

### Investment Team

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**Jeff Sayer, CFA**  
Vice President, Portfolio Manager

Returns in the month of August were flat on an absolute basis but good on a relative basis, with the Fund generating a total return of -0.10% while the benchmark generated a total return of -2.10%. Although the US 10-year bond yield was essentially unchanged through the month of August, ending at 2.94%, our utilities holdings detracted from performance and we remain significantly underweight. The Industrials sector was also a notable detractor from performance in August with weakness in the E&C sector. Our outperformance in the month could be attributed to our positioning in the Information Technology, Health Care and Financials sectors, which validates our total infrastructure approach.

Admittedly, we are later in the economic and investment cycle, but we believe that it is too early to position for an outright downturn. The economic data remains robust and, broadly speaking, earnings growth will be exceptional throughout the balance of 2018. Further, current expectations for 2019 are calling for another year of double digit earnings growth.

Our modelling indicates that the Canadian dollar should continue to weaken in 2018. However, with Mexico agreeing to some form of bilateral trade agreement with the United States, currency volatility has picked up. Although Canada reportedly missed a month end deadline, we are hopeful that a more equitable, negotiated trilateral agreement can be reached shortly. We have therefore added some USD/CAD currency hedges to reduce volatility in the Fund.

Top contributors to the year-to-date performance of the Ninepoint Global Infrastructure Fund included Parkland Fuel (+153 bps), MasterCard (+145 bps) and CSX Corporation (+129 bps). Top detractors year-to-date included Westshore Terminals (-65 bps), Comcast (-63 bps) and Mastec (-52 bps).

On the morning of August 14, we were horrified to see footage of the Genoa highway bridge collapsing, with an eventual loss of 43 people. Beyond the tragic loss of life, it was apparent that the full ramifications from an operational and financial perspective (potentially including the termination of the concession agreement and significant financial penalties) could be dire. Atlantia Group was likely to come under pressure, since the Morandi Bridge, on the A10 toll road, was operated by Autostrade per l'Italia, which is 88% owned by Atlantia Group. Modern infrastructure simply should not fail to such an extent if inspected and maintained properly. We immediately sold our entire position in Atlantia while the stock was down mid-single digits, avoiding more than a 30% sell-off over the following days.

The Ninepoint Global Infrastructure Fund was concentrated in 33 positions as at August 31, 2018

with the top 10 holdings accounting for approximately 37.4% of the fund. Over the prior fiscal year, 28 out of our 33 holdings have announced a dividend increase, with an average hike of 10.2%. 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**

**NINEPOINT GLOBAL INFRASTRUCTURE FUND - COMPOUNDED RETURNS<sup>1</sup> AS OF MARCH 31, 2023 (SERIES F NPP356) | INCEPTION DATE: SEPTEMBER 1, 2011**

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR	INCEPTION
Fund	1.0%	-0.4%	-0.4%	2.2%	-2.3%	9.2%	7.3%	7.0%	7.2%
MSCI World									
Core Infrastructure NR (CAD)	1.7%	0.5%	0.5%	7.7%	-2.4%	8.1%	7.6%	10.1%	11.0%

<sup>1</sup> 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 August 31, 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.

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