



Ninepoint Global Real Estate Fund

August 2018 Commentary

Year-to-date to August 31, the Ninepoint Global Real Estate Fund generated a total return of 4.31% compared to the FTSE EPRA/NAREIT Index (CAD), which generated a total return of 6.71%.

Returns in the month of August were good on both an absolute and relative basis, with the Fund generating a total return of 1.87% while the benchmark generated a total return of 1.35%. Although the US 10-year bond yield was essentially unchanged through the month of August, ending at 2.94%, REITs continued to rally. We outperformed on the back of solid performance from our Real Estate Operating Companies, Residential REITs, Specialized REITs and Industrial REITs in the month.

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 Real Estate Fund included Aroundtown (+120 bps), Colliers (+74 bps) and Killam Apartment (+65 bps). Top detractors year-to-date included Immobiliare Grande Distribuzione (-65 bps), Gazit-Globe (-41 bps) and Citycon Oyj (-31 bps).

As we've discussed previously, the Canadian apartment REITs have been among the top performing sub-sectors year to date. Limited supply and high occupancy levels have translated into solid rent growth across most markets in the country, with Ontario particularly strong. Having built a portfolio of 9,021 apartment suites (7,212 suites in the primary markets of the Greater Toronto Area, Montreal and the National Capital Region), InterRent Real Estate Investment Trust has rallied nicely through the year.

Given the price appreciation and the completion of a secondary public offering of 10.8 million trust units on August 9th at a price of \$10.65 per unit for gross proceeds of \$115 million, InterRent looks to be eligible for inclusion to the S&P TSX Composite in September. Based on current data, indexers are forecast to generate approximately 6.7 million units of demand, which should be supportive of continued unit price performance, at least in the near term.

The Ninepoint Global Real Estate Fund was concentrated in 30 positions as at August 31, 2018 with

Investment Team



Jeff Sayer, CFA
Vice President, Portfolio
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the top 10 holdings accounting for approximately 41.8% of the fund. Over the prior fiscal year, 19 out of our 30 holdings have announced a dividend increase, with an average hike of 6.2%. 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 RETURNS¹ AS OF MAY 31, 2022 (SERIES F NPP132) | INCEPTION DATE: AUGUST 5, 2015

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTI
Fund	-7.6%	-16.6%	-4.8%	-9.6%	5.3%	6.7%	7.1%	8.4%
MSCI World IMI Core Real Estate NR (CAD)	-5.5%	-13.3%	-6.1%	-9.2%	0.5%	0.8%	2.9%	3.9%

¹All 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) 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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