



Ninepoint Focused Global Dividend Class

August 2020 Commentary

Year-to-date to August 31, the Ninepoint Focused Global Dividend Class generated a total return of 8.13% compared to the S&P Global 1200 Index, which generated a total return of 5.20%. For the month, the Fund generated a total return of 3.83% while the Index generated a total return of 3.41%.

Investment Team



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The explosive summer rally continued through the normally quiet month of August, led by the Information Technology, Consumer Discretionary and Communication sectors with the Utilities, Energy and Real Estate sectors bringing up the rear. Powering above the February highs, the S&P 500 recorded its best August performance in over 30 years and closed at 3,500 (just a few points the all-time closing high reached the prior trading day). With the US 10-year Treasury bond yield rising from 0.536% to 0.693% through the month, it is unsurprising that the interest rate-sensitive sectors lagged, although the move in rates barely registers on a long-term chart.

Despite a lack of progress on the next fiscal support package, investors have been willing to continue to pour money into the market leaders (including Tesla, Zoom and the big five mega-capitalization technology companies: AAPL, MSFT, AMZN, GOOG and FB) almost irrespective of valuation. But as the phased reopening continues, we believe that the rally will broaden to other economically sensitive sectors, with the inevitable approval of a safe, effective vaccine perhaps acting as the catalyst for a more lasting growth to value rotation.

In the meantime, historic monetary and fiscal stimulus continues to result in directionally improving economic statistics, with the JPMorgan Global Composite PMI at 52.4 in August, a 17-month high. Similarly, the US Composite PMI came in at 54.6 (the strongest expansion of private sector output since March 2019), with the manufacturing PMI at 53.1 and the services PMI at 55.0 in August. The improvement in both the manufacturing and services components of the economy has led to a brighter jobs outlook and the US Bureau of Labor Statistics recently reported that total nonfarm payroll employment rose by 1.371 million jobs in August and the unemployment rate declined to 8.4%. Although millions are still unemployed (or under-employed), the recovery continues to outpace even the most optimistic scenarios at the depths of the COVID-19 outbreak.

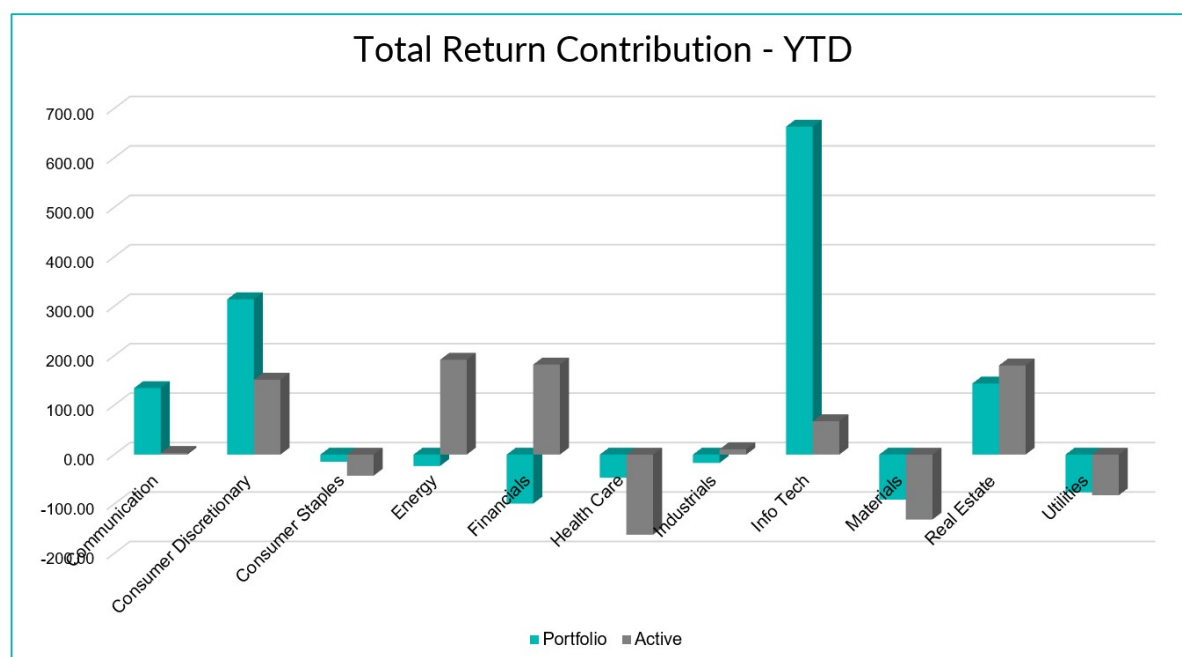
The importance of liquidity to the equity rally should not be underestimated and the US Federal Reserve has now clearly signaled "average inflation targeting", which was widely expected. Since the Fed plans to allow inflation to run above its previous ceiling of 2.0% and won't react to low unemployment levels, we expect interest rate hikes to be on hold for years. From our perspective, this has two key implications: dividend-paying equities haven't been this attractive relative to bonds in over twenty years and rising inflation expectations should provide a tailwind for real asset strategies (such as infrastructure and real estate).

Therefore, from an asset allocation standpoint, we continue to believe that there is no better investment alternative than a diversified portfolio of dividend paying stocks (including global

equities and publicly listed real estate and infrastructure securities). Any near-term weakness in equities stemming from disappointment related to a Phase IV stimulus package, concerns regarding the rising number of new COVID-19 cases around the world or uncertainty surrounding the upcoming US Presidential election should be viewed as an opportunity to rebalance portfolios and position for a return to positive GDP growth.

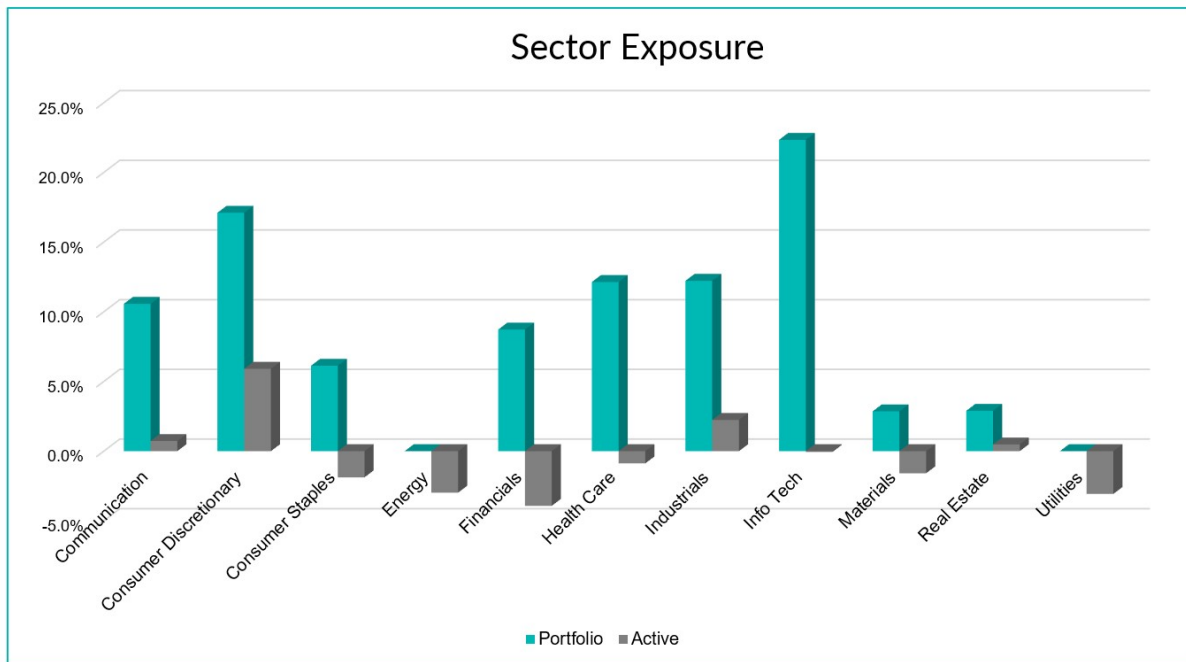
Top contributors to the year-to-date performance of the Ninepoint Focused Global Dividend Class by sector included Information Technology (+663 bps), Consumer Discretionary (+314 bps) and Real Estate (+144 bps) while top detractors by sector included Financials (-99 bps), Materials (-91 bps) and Utilities (-76 bps) on an absolute basis.

On a relative basis, positive return contributions from the Energy, Financials and Real Estate sectors were offset by negative contributions from the Health Care, Materials and Utilities sectors.



Source: Ninepoint Partners

We are currently overweight the Consumer Discretionary, Industrials and Communication sectors, while underweight the Financials, Utilities and Energy sectors. At the end of the month, we held a 5.0% cash position, but we have not made any dramatic sector allocation decisions other than overweight the Consumer Discretionary sector, led by our position in Amazon.



Source: Ninepoint Partners

At the stock specific level, top contributors to the year-to-date performance included Amazon (+252 bps), Apple (+232 bps) and Nvidia (+220 bps). Top detractors year-to-date included FMC Corporation (-91 bps), Applied Materials (-85 bps) and Brookfield Infrastructure Partners (-80 bps).

In August, our top performing investments included Nvidia (+79 bps), Apple (+76 bps) and Mastercard (+40 bps) while Laboratory Corporation of America (-21 bps), Waste Connections (-15 bps) and Arthur J Gallagher (-15 bps) underperformed.

The Ninepoint Focused Global Dividend Class was concentrated in 29 positions as at August 31, 2020 with the top 10 holdings accounting for approximately 38.6% of the fund. Over the prior fiscal year, 22 out of our 29 holdings have announced a dividend increase, with an average hike of 11.6% (median hike of 9.8%). We will continue to apply a disciplined investment process, balancing various quality and valuation metrics, in an effort to generate solid risk-adjusted returns.

Jeffrey Sayer, CFA

Ninepoint Partners

NINEPOINT FOCUSED GLOBAL DIVIDEND CLASS - COMPOUNDED RETURNS¹
AS OF AUGUST 31, 2020 (SERIES F NPP137)

	1M	YTD	3M	6M	1YR	3YR	INCEPTION
Fund	3.8%	8.1%	8.0%	12.4%	8.1%	10.0%	7.9%
Index	3.4%	5.2%	8.0%	11.7%	14.5%	11.4%	10.3%

¹ All returns and fund details are a) based on Series F shares; b) net of fees; c) annualized if period is greater than one year; d) as at August 31, 2020; e) 2015 annual returns are from 11/25/15 to 12/31/15. The index is S&P GLOBAL 1200 TR (CAD) and is computed by Ninepoint Partners LP based on publicly available index information.

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