



Ninepoint Focused Global Dividend Fund

December 2021 Commentary

Year-to-date to December 31, the **Ninepoint Focused Global Dividend Fund** generated a total return of 16.52% compared to the S&P Global 1200 Index, which generated a total return of 20.51%. For the month, the Fund generated a total return of 3.59% while the Index generated a total return of 2.83%.



Ninepoint Partners,

Now that 2021 has come to an end, investors can look back on the year and should feel reasonably good about the performance of a well-diversified investment portfolio. Notwithstanding solid index level performance, the last twelve months were quite challenging with aggressive sector rotations underneath the surface complicating the investment process. But despite a late-November to early-December trading wobble, triggered by the identification and rapid spread of the Covid-19 Omicron variant and the hawkish “Powell Pivot” during testimony before the Senate Banking Committee, the broad equity markets experienced a solid seasonal rally and finished strong.

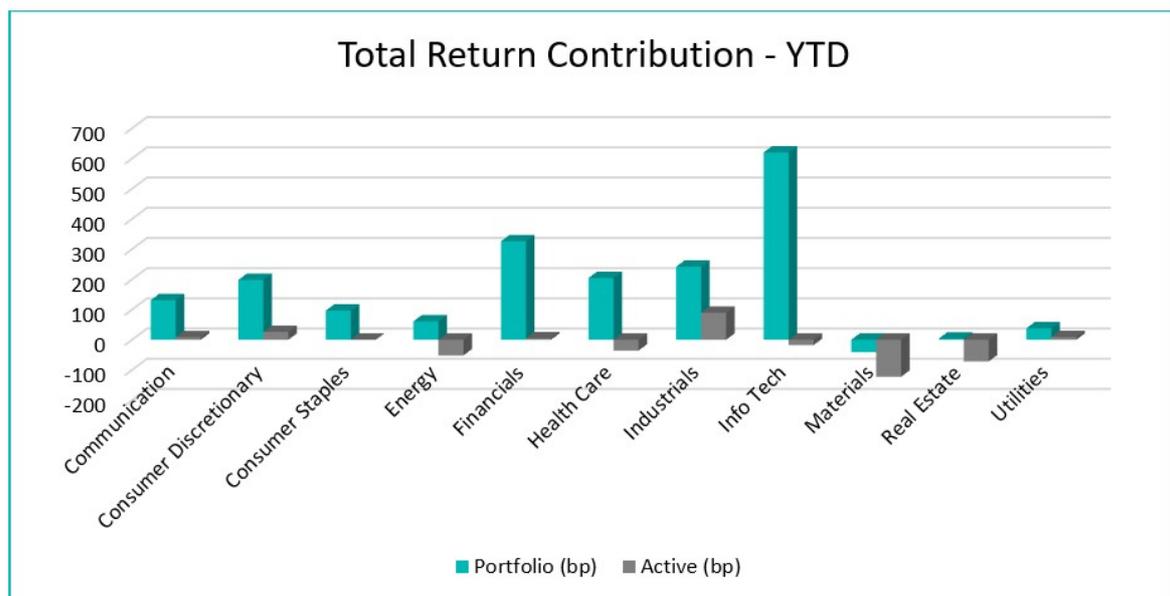
As we had hoped, the equity markets have generally ignored incremental news related to the spread of the Omicron variant. Admittedly, new cases are skyrocketing but, thankfully, infection severity and mortality rates seem to be vastly reduced relative to other variants. Specifically, if we look at data from South Africa, the 7-day moving average of new cases peaked at 23,284 on December 18th while deaths reached 90 on January 5th compared to the prior wave where the 7-day moving average of new cases peaked at 20,076 on July 8th while deaths peaked at 419 on July 26th. Extrapolating from the data, scientists around the world are concluding that Omicron is incredible contagious but is far less dangerous than prior variants. Again, we understand the need for an abundance of caution, but Omicron will likely only pause and not derail the global economic reopening, assuming everyone can continue to follow recommendations from the scientific and health care communities.

But as we suspected, from a medium to longer-term perspective, the hawkish “Powell Pivot” has greater implications for earnings growth, valuation multiples and the equity markets. After Powell’s testimony before the Senate Banking Committee where he said, “it’s probably a good time to retire that word (transitory)” and continued, “it is therefore appropriate in my view to consider wrapping up the taper of our asset purchases, which we actually announced at our November meeting, perhaps a few months sooner”, investors were intensely focused on the December 15th FOMC meeting. With the release of the official statement and dot plot chart, the Fed essentially moved in line with market expectations; asset purchases were tapered by \$30 billion per month from \$15 billion per month and the number of expected rate hikes moved from two to three in 2022 (with three more expected in 2023) based on a bump in PCE inflation expectations from 2.2% to 2.6% in 2022 and from 2.2% to 2.3% in 2023. In terms of the outlook for equities, rising interest rates and a steepening yield curve have generally been positive for the value/cyclical trade at the expense of high priced, long duration assets (unprofitable tech has been hit particularly hard recently).

Looking forward, we are still comfortable with our outlook that inflation will decline (from relatively moderate levels), and interest rates will rise (from extremely low levels) over the next few years. Although investors should expect choppier performance throughout the coming year, especially leading up to and coming out of the initial interest rate hike, with long-term interest rates still well below 2.0% (the US 10-year Treasury bond yield ended the year around 1.50%) and consensus earnings growth of 9% in 2022 (according to FactSet), 2022 should be another year of positive returns for the broad equity markets. Investors need to be disciplined and remain focused on the facts that vaccination rates are up, Covid-19 hospitalizations and deaths are down, and the global economy is slowly reopening (despite the Omicron variant). Further, corporate balance sheets are relatively clean and cash flow growth remains robust, so we believe that share buybacks are set to ramp up and dividend growth is set to accelerate over the next few years. Essentially, this environment bodes well for the performance of our dividend-focused and real asset strategies relative to other asset classes, until the Fed truly tightens monetary conditions.

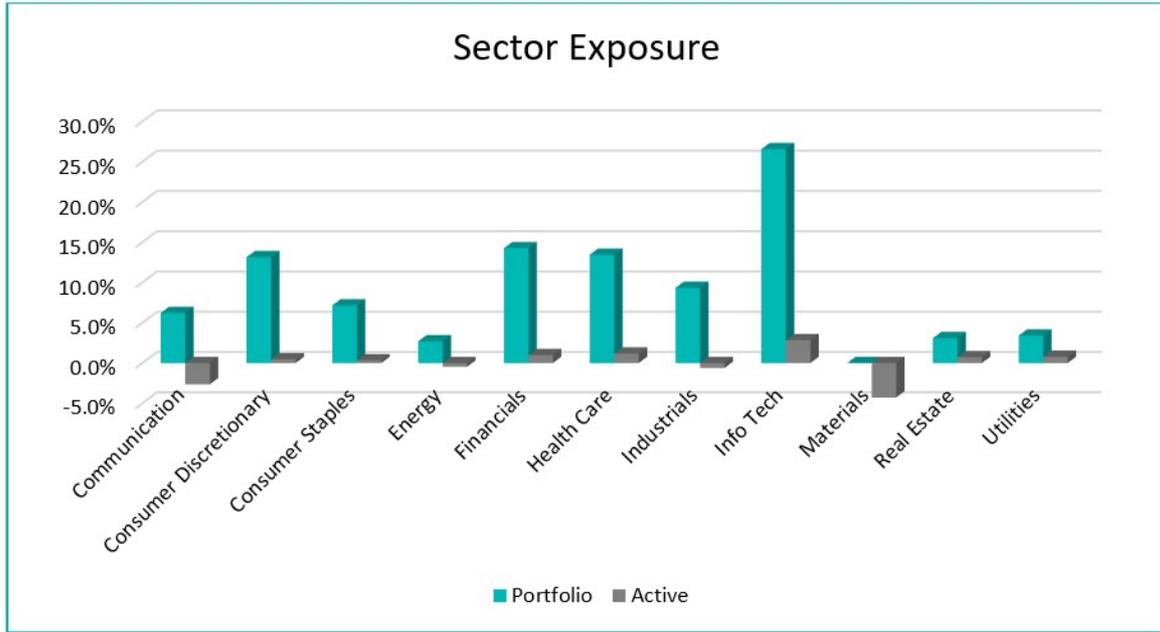
Top contributors to the year-to-date performance of the Ninepoint Focused Global Dividend Fund by sector included Information Technology (+620 bps), Financials (+326 bps) and Industrials (+242 bps) while top detractors by sector included only Materials (-41 bps) on an absolute basis.

On a relative basis, positive return contributions from the Industrials (+90 bps), Consumer Discretionary (+26 bps) and Utilities (+9 bps) sectors were offset by negative contributions from the Materials (-122 bps), Real Estate (-71 bps) and Energy (-52 bps) sectors.



Source: Ninepoint Partners

We are currently slightly overweight the Information Technology, Health Care and Financials sectors, while slightly underweight the Materials, Communication and Industrials sectors. We have maintained relatively neutral sector allocations but, given our outlook, we have narrowed our focus to businesses with at least a five-year track record of dividend growth or a significant share buyback program, both important mechanisms of returning excess cash flow to shareholders.



Source: Ninepoint Partners

The Ninepoint Focused Global Dividend Fund was concentrated in 30 positions as at December 31, 2021 with the top 10 holdings accounting for approximately 38.9% of the fund. Over the prior fiscal year, 25 out of our 30 holdings have announced a dividend increase, with an average hike of 9.2% (median hike of 9.1%). We will continue to apply a disciplined investment process, balancing various quality and valuation metrics, in an effort to generate solid risk-adjusted returns.

Jeffery Sayer, CFA
 Ninepoint Partners

NINEPOINT FOCUSED GLOBAL DIVIDEND FUND - COMPOUNDED RETURNS¹ AS OF DECEMBER 31, 2021 (SERIES F NPP964)

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	3.6%	16.5%	10.9%	9.7%	16.5%	15.1%	11.1%	9.2%
S&P Global 1200 TR (CAD)	2.8%	20.5%	7.7%	9.5%	20.5%	18.5%	14.1%	12.7%

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 December 31, 2021; 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.

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: ADR risk; Capital depletion risk; Capital gains risk; Class risk; Credit risk; Currency risk; Cybersecurity risk; Derivatives risk; Exchange traded funds risk; Foreign investment risk; Inflation risk; Interest rate risk; Liquidity risk; Market risk; Securities lending, Repurchase and reverse repurchase transactions risk; Series risk; Short selling risk; Specific issuer risk; Tax risk.

Ninepoint Partners LP is the investment manager to the Ninepoint Funds (collectively, the "Funds"). Commissions, trailing commissions, management fees, performance fees (if any), and other expenses all may be associated with investing in the Funds. Please read the prospectus carefully before investing. The indicated rate of return for series F shares of the Fund for the period ended December 31, 2021 is based on the historical annual compounded total return including changes in share value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Fund may be lawfully sold in their jurisdiction.

The opinions, estimates and projections ("information") contained within this report are solely those of Ninepoint Partners LP and are subject to change without notice. Ninepoint Partners makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, Ninepoint Partners assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this information. Ninepoint Partners is not under any obligation to update or keep current the information contained herein. The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Please contact your own personal advisor on your particular circumstances. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Ninepoint Partners LP. Any reference to a particular company is for illustrative purposes only and should not to be considered as investment advice or a recommendation to buy or sell nor should it be considered as an indication of how the portfolio of any investment fund managed by Ninepoint Partners LP is or will be invested. Ninepoint Partners LP and/ or its affiliates may collectively beneficially own/control 1% or more of any class of the equity securities of the issuers mentioned in this report. Ninepoint Partners LP and/or its affiliates may hold short position in any class of the equity securities of the issuers mentioned in this report. During the preceding 12 months, Ninepoint Partners LP and/or its affiliates may have received remuneration other than normal course investment advisory or trade execution services from the

issuers mentioned in this report.

The information provided is general in nature and is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering of tax, legal, accounting or professional advice. Readers should consult with their own accountants and/or lawyers for advice on the specific circumstances before taking any action.

Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: CIBC Mellon GSSC Record Keeping Services:
Toll Free: 1.877.358.0540