



Ninepoint Focused Global Dividend Class

January 2021 Commentary

Year-to-date to January 31, the Ninepoint Focused Global Dividend Class generated a total return of -1.53% compared to the S&P Global 1200 Index, which generated a total return of -0.51%. It feels like we've barely had a chance to catch our breath after a wild 2020 but we are back with our first commentary for 2021.

Investment Team



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January has already been a whirlwind of interesting and market moving news flow. Although stocks rallied hard out of the gate, momentum turned sharply negative towards the end of the month. It was a particularly difficult few days for the markets in the United States, with the S&P 500 declining 3.3% over the course of the week. Essentially, the dip could be explained by an unusual situation where retail traders were able to orchestrate a short squeeze in a few highly shorted stocks, most notably GameStop. Normally this wouldn't have had a significant impact on the rest of the market but as hedge fund losses accelerated, risk management triggered widespread covering and de-grossing in consensus longs. Thankfully, investor positioning seems to have stabilized and various fundamental drivers have reasserted themselves.

From a fundamental perspective, the three catalysts that we have highlighted in prior commentaries continue to provide reasons to be optimistic into 2021. First, the inauguration of Joe Biden as the 46th president of the United States on January 20 officially completed the Democratic sweep and created a "Blue Wave" scenario. Despite the almost unimaginable scenes of rioters storming Capitol Hill in the days prior to the inauguration, the removal of political uncertainty should be generally supportive for equities going forward. We expect the unified government to focus on repairing the economy and eradicating Covid-19 in the short term, which more than offsets the risk of higher taxes and greater regulation in the long term.

Second, with the next phase of fiscal stimulus package signed into law (in the amount of approximately \$900 billion), the Democrats have just proposed incremental stimulus in the amount of about \$1.9 trillion, including top up payments for eligible individuals, enhanced unemployment benefits for those still out of work, support for small businesses, aid for states and schools and funding for Covid-19 testing and vaccinations. Admittedly a huge sum, the size and scope of the proposal is consistent with the severity of the impact of the pandemic and the Democrats' intentions to boldly address the issues. With approximately 10 million people still unemployed in the United States relative to pre-pandemic levels, fiscal support is still needed to bridge the gap until the economy can be safely reopened.

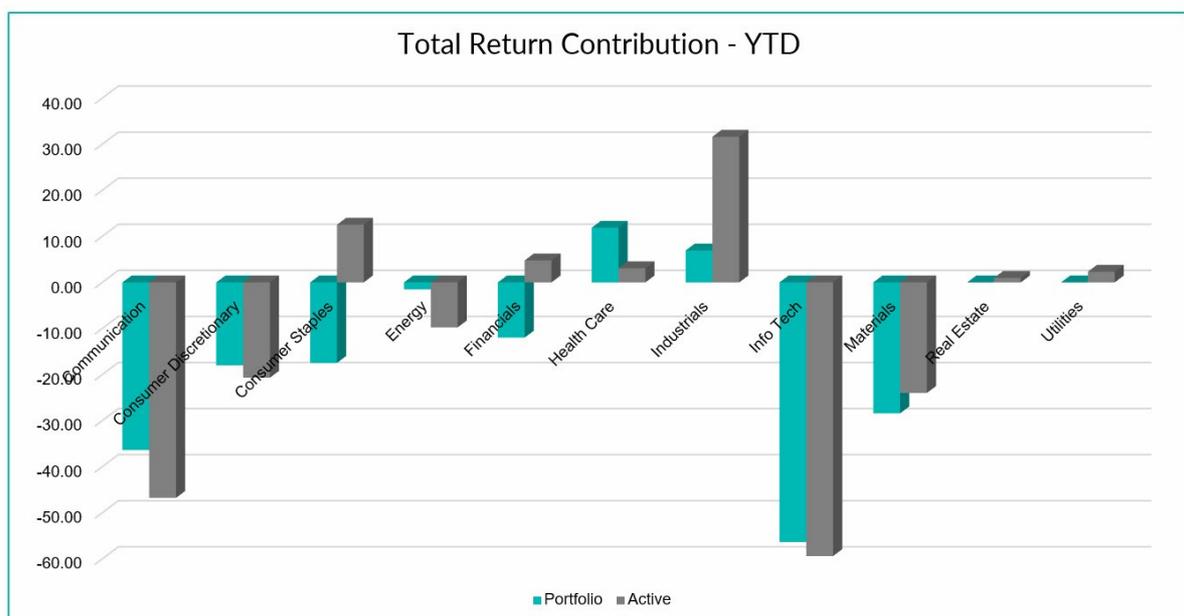
Third, after the discovery and approval of two mRNA-based Covid-19 vaccines, more Americans have now received at least one dose than have tested positive for the virus. Today, almost 8% of the population of the United States has received a single dose, while almost 2% of the population has been fully vaccinated. Sadly, the vaccine rollout has not proceeded as smoothly in Canada and less than 2.5% of the population has received at least one dose of the vaccine. Hopefully, the pending

approval of the Johnson & Johnson and Novavax vaccines (which require only one dose as opposed to two) will accelerate the pace of vaccinations across North America and lead to the elimination of the virus.

The Ninepoint Focused Global Dividend Class should be well positioned for 2021, as we continue to expect broader participation in the equity rally as the reopening trade plays out. Our investment process suggests that a diversified barbell-strategy should optimize the tradeoff between risk and reward over the next twelve months. Essentially, there should be plenty of opportunity to find high quality, dividend growers at attractive valuations across a wide range of businesses.

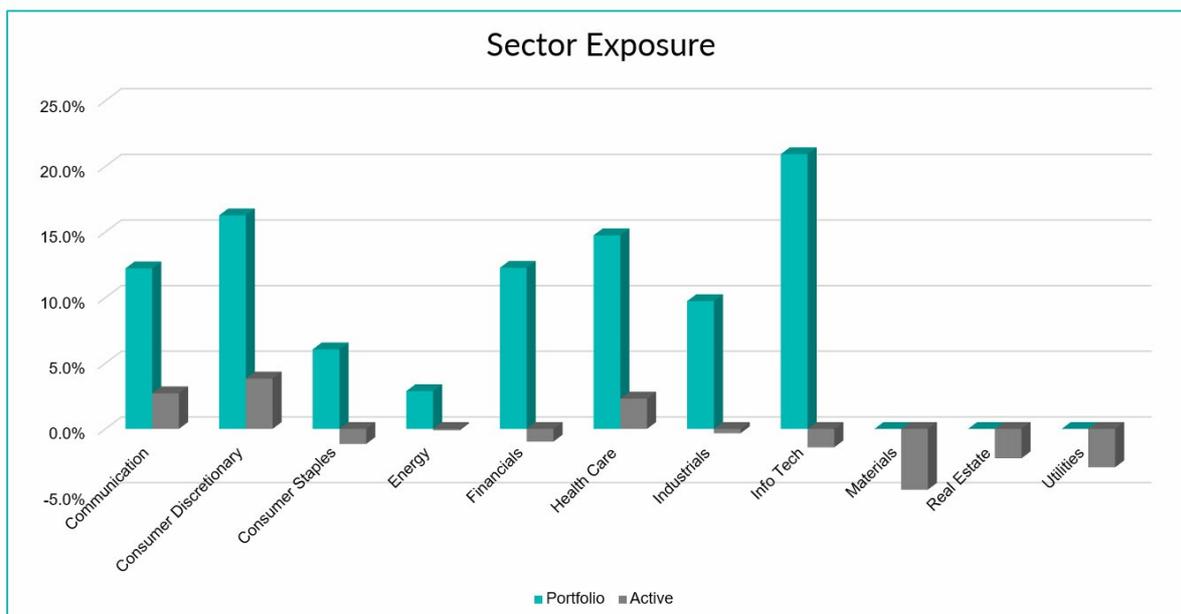
Top contributors to the year-to-date performance of the Ninepoint Focused Global Dividend Class by sector included Health Care (+12 bps) and Industrials (+7 bps) while top detractors by sector included Information Technology (-56 bps), Communication (-36 bps) and Materials (-28 bps) on an absolute basis.

On a relative basis, positive return contributions from the Industrials, Consumer Staples and Financial sectors were offset by negative contributions from the Information Technology, Communication and Materials sectors.



Source: Ninepoint Partners

We are currently overweight the Consumer Discretionary, Communication and Health Care sectors, while underweight the Materials, Utilities and Real Estate sectors. Again, given our expectations for the rally to broaden through 2021 as the world reopens, we have a relatively neutral positioning from a sector perspective. If the vaccine rollout accelerates within a reasonable timeframe, we may finally see both growth/momentum stocks and value/cyclical stocks rallying together and we are positioned accordingly.



Source: Ninepoint Partners

At the stock specific level, top contributors to the year-to-date performance included Hologic (+29 bps), Thermo Fisher Scientific (+25 bps) and Ally Financial (+23 bps). Top detractors year-to-date included Visa (-36 bps), MasterCard (-28 bps) and Facebook (-23 bps).

The Ninepoint Focused Global Dividend Class was concentrated in 32 positions as at January 31, 2021 with the top 10 holdings accounting for approximately 36.3% of the fund. Over the prior fiscal year, 21 out of our 32 holdings have announced a dividend increase, with an average hike of 11.1% (median hike of 6.6%). 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 JANUARY 31, 2021 (SERIES F NPP137)

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	-1.5%	-1.5%	4.3%	4.6%	6.7%	6.2%	8.8%	7.4%
Index	-0.5%	-0.5%	11.6%	11.1%	11.7%	10.0%	11.9%	10.9%

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 January 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.

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