# Ninepoint Global Infrastructure Fund

## January 2021 Commentary

Year-to-date to January 31, the Ninepoint Global Infrastructure Fund generated a total return of 0.47% compared to the MSCI World Core Infrastructure Index, which generated a total return of -0.96%. 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

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


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.

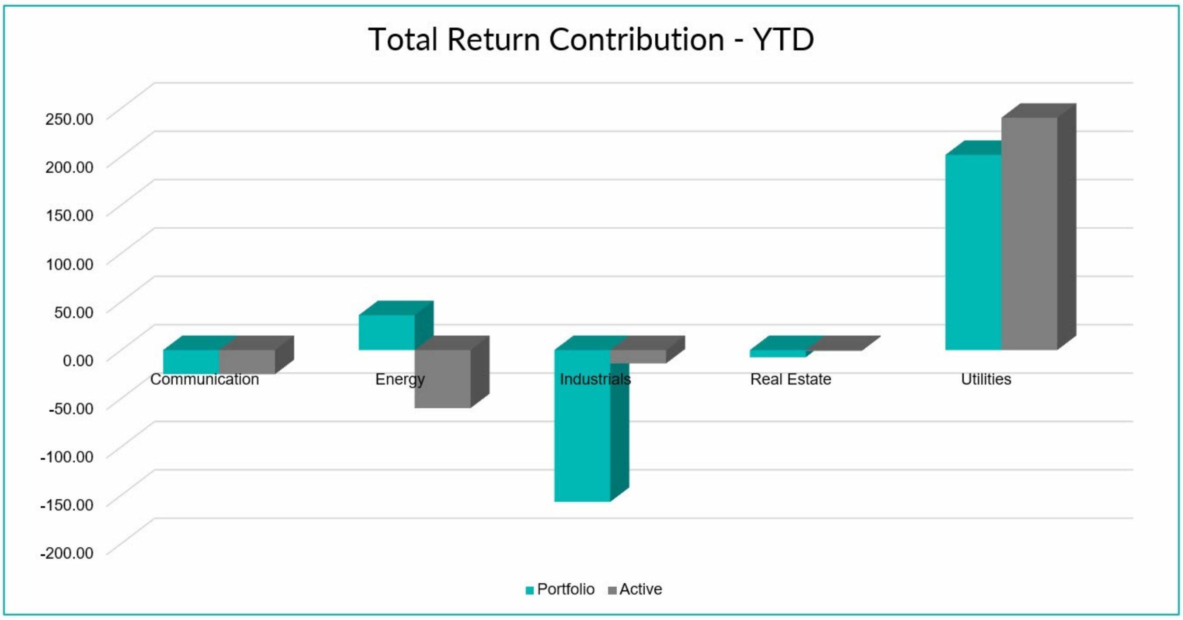
Second, with the next phase of fiscal stimulus package signed into law (in the amount of approximately $900 billion), the Democrats have just proposed incremental stimulus in the amount of about $1.9 trillion, including top up payments for eligible individuals, enhanced unemployment benefits for those 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 Global Infrastructure Fund should be ideally positioned for 2021, as the asset class stands to benefit from two key drivers. First, the Biden "Blue Wave" should be extremely supportive of renewable energy and clean power technology. Further, a significant infrastructure spending package is now likely and we are actively looking for opportunities to participate in the potential upside. Second, the successful reopening of the global economy should benefit beaten down sectors such as traditional oil & gas storage & transportation, airport services and toll roads. As transportation recovers to pre-pandemic levels, the cash flows of these businesses should rebound strongly from the lows of 2020. Essentially, there should be plenty of opportunity to find high quality dividend growers at attractive valuations across a wide range of businesses in the infrastructure space.

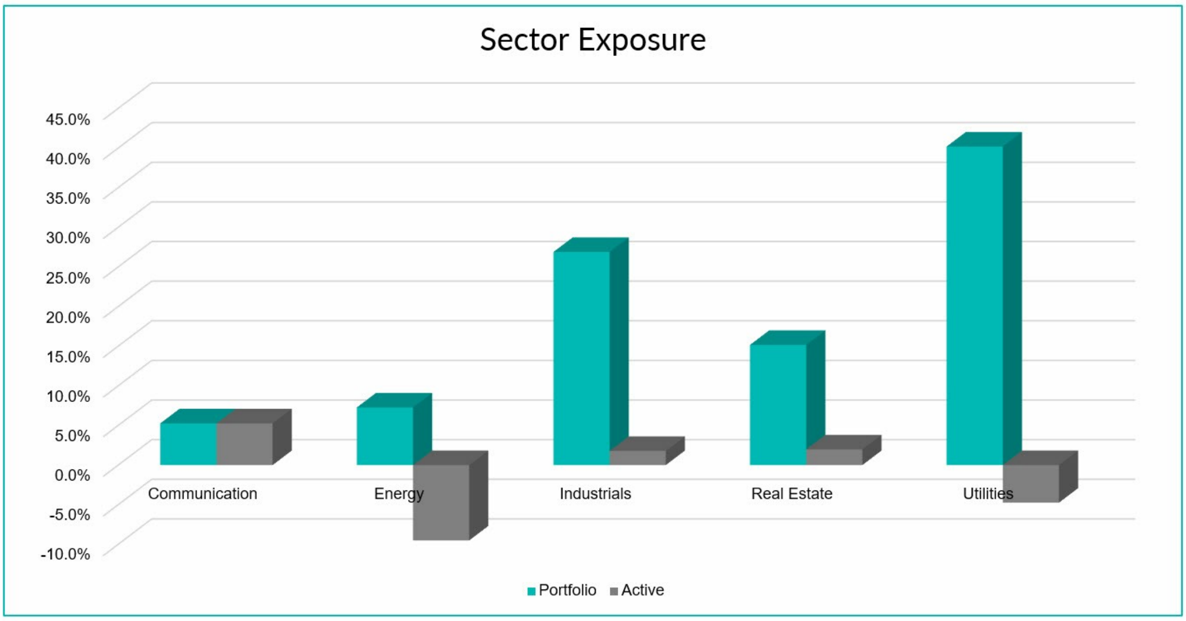
Top contributors to the year-to-date performance of the Ninepoint Global Infrastructure Fund by sector included Utilities (+202 bps) and Energy (+36 bps) while top detractors by sector included Industrials (-157 bps), Communication (-25 bps) and Real Estate (-7 bps) on an absolute basis.

On a relative basis, a positive return contribution from the Utilities sector was offset by negative contributions from the Energy, Communication and Industrials sectors.




Source: Ninepoint Partners

We are currently overweight the Communication, Real Estate and Industrials sectors, while underweight the Energy and Utilities sectors. Given our expectations for the rally to broaden through 2021 as the world reopens, we have reduced some of our outsized sector allocations. 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. Further, we expect to be able to continue to identify investment opportunities in the renewable energy and clean power technology space, using our disciplined investment process in the years ahead.




Source: Ninepoint Partners

At the stock specific level, top contributors to the year-to-date performance included NextEra Energy Partners (+66 bps), Boralex (+42 bps) and Veolia Environnement (+27 bps). Top detractors year-to-date included Ferrovial (-42 bps), Orsted (-26 bps) and T Mobile (-19 bps).

The Ninepoint Global Infrastructure Fund was concentrated in 30 positions as at January 31, 2021 with the top 10 holdings accounting for approximately 37.3% of the fund. Over the prior fiscal year, 20 out of our 30 holdings have announced a dividend increase, with an average hike of 4.1% (median hike of 6.0%). 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 Partners

## NINEPOINT GLOBAL INFRASTRUCTURE FUND - COMPOUNDED RETURNS[1]

AS OF JANUARY 31, 2021 (SERIES F NPP356)

| | 1M | YTD | 3M | 6M | 1YR | 3YR | 5YR | INCEPTION |
|---|---|---|---|---|---|---|---|---|
| Fund | 0.5% | 0.5% | 5.0% | 4.8% | 0.5% | 7.3% | 9.7% | 7.5% |
| Index | -1.0% | -1.0% | 3.3% | 0.4% | -7.6% | 7.8% | 7.9% | 11.9% |

[1] 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 January 31, 2021; 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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