



Ninepoint Focused Global Dividend Class

July 2018 Commentary

Year-to-date to July 31, the Ninepoint Focused Global Dividend Class generated a total return of 7.62% compared to the S&P Global 1200 Index, which generated a total return of 7.25%.

Returns in the month of July were good on both an absolute and relative basis, with the Fund generating a total return of 2.42% while the benchmark generated a total return of 2.17%. Despite fears of a global trade war, earnings growth in the second quarter was outstanding, with growth coming in at approximately 23% year over year (for those companies reporting positive earnings). The Health Care, Industrials and Financials sectors outperformed while the Real Estate, Consumer Discretionary and Energy sectors underperformed over the course of 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 through 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. Because a resolution to the ongoing NAFTA negotiations is looking less likely in the near term, we have closed out our currency hedging, returning to a neutral positioning relative to our benchmark.

Top contributors to the year-to-date performance of the Ninepoint Focused Global Dividend Class included Mastercard (+147 bps), Microsoft (+132 bps) and Visa (+101 bps). Top detractors year-to-date included Brookfield Asset Management (-46 bps), MGM Resorts International (-40 bps) and Affiliated Managers Group (-30 bps).

Thermo Fisher (TMO US), one of our long-time favourites, reported another fantastic quarter on July 25. Revenue of \$6,078 million grew 22% year over year (8% organic, 12% from acquisitions and 2% from currency translation) and beat expectations by 3%, EBITDA of \$1,533 million grew 22% year over year and beat expectations by 5% and adjusted EPS of \$2.75 grew 20% year over year and beat expectations by 5%. To reflect the strong performance, management raised 2018 revenue guidance to a new range of \$23.68 to \$23.86 billion (implying 13% to 14% revenue growth over 2017) and adjusted EPS guidance to a new range of \$10.89 to \$11.01 (implying 15% to 16% growth over 2017). Because of the strength of the Company's global competitive positioning, TMO was able to deliver strong growth in Asia-Pacific and emerging markets, including China. In the release, management said it best, "Conditions across our end markets globally were strong and our team executed well to capture the opportunities for growth".

The Ninepoint Focused Global Dividend Class was concentrated in 28 positions as at July 31, 2018 with the top 10 holdings accounting for approximately 42.8% of the fund. Over the past year, 24 out of our 28 holdings have announced a dividend increase, with an average hike of 18.8%. We will

Investment Team



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

	1M	YTD	3M	6M	1YR	3YR	INCEPTION
Fund	-8.0%	-11.6%	-11.6%	-10.2%	-4.8%	3.3%	3.8%
Index	-7.6%	-13.0%	-13.0%	-7.2%	-3.5%	4.9%	6.6%

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 July 31, 2018; e) 2015 annual returns are from 11/25/15 to 12/31/15.

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