



# Ninepoint Global Infrastructure Fund

## July 2018 Commentary

Year-to-date to July 31, the Ninepoint Global Infrastructure Fund generated a total return of 3.88% compared to the S&P Global Infrastructure Index, which generated a total return of 2.07%.

Returns in the month of July were excellent both on an absolute and relative basis, with the Fund generating a total return of 2.53% while the benchmark generated a total return of 0.73%. Although the US 10-year bond yield rose modestly through the month of July, ending at 2.96%, the Utilities sector continued to rally. However, we remain underweight given our expectations of higher rates by year end. Much of our outperformance in the month could be attributed to individual stock selection within the Energy, Telecommunication Services and Information Technology sectors, where we remain overweight.

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 throughout 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 Global Infrastructure Fund included Mastercard (+118 bps), CSX Corporation (+106 bps) and Parkland Fuel (+87 bps). Top detractors year-to-date included Westshore Terminals (-65 bps), Comcast (-63 bps) and Mastec (-40 bps).

In July, several of our energy holdings were particularly strong. Marathon Petroleum (MPC US) rallied 14.0%, Parkland Fuel (PKI CN) rallied 9.2% and Williams Companies (WMB US) rallied 8.6%, all in CAD terms. MPC reported on July 26, with revenue 1% ahead of expectations, EBITDA 5% ahead of expectations and adjusted earnings per share 12% ahead of expectations. The Company's disciplined investment strategy allowed a \$1.1 billion return of capital to shareholders, including \$885 million of share repurchases in the quarter. Shares of PKI were strong heading into earnings, reported August 2, with revenue 17% ahead of expectations and EBITDA 22% ahead of expectations (and more than quadruple the results the prior year). On the back of the solid results, management raised EBITDA guidance by almost 20% for the full year. Finally, WMB jumped in advance of its quarterly earnings report, reported August 1, with revenue 4% ahead of expectations. The market seemed most excited about the consolidation of WPZ, the Company's MLP vehicle, which will simplify the investment thesis.

The Ninepoint Global Infrastructure Fund was concentrated in 30 positions as at July 31, 2018 with

### Investment Team

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

the top 10 holdings accounting for approximately 37.1% of the fund. Over the past year, 26 out of our 30 holdings have announced a dividend increase, with an average hike of 16.7%. 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 GLOBAL INFRASTRUCTURE FUND - COMPOUNDED RETURNS<sup>1</sup> AS OF AUGUST 31, 2023 (SERIES F NPP356) | INCEPTION DATE: SEPTEMBER 1, 2011**

	<b>1M</b>	<b>YTD</b>	<b>3M</b>	<b>6M</b>	<b>1YR</b>	<b>3YR</b>	<b>5YR</b>	<b>10YR</b>	<b>INCEPTION</b>
Fund	0.4%	1.3%	4.5%	2.6%	-3.0%	6.7%	6.4%	6.8%	7.1%
MSCI World Core Infrastructure NR (CAD)	-2.1%	-3.4%	-0.4%	-2.3%	-4.8%	4.4%	5.5%	9.6%	10.2%

<sup>1</sup> 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 July 31, 2018; 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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