



# Ninepoint Global Infrastructure Fund

## July 2020 Commentary

Year-to-date to July 31, the Ninepoint Global Infrastructure Fund generated a total return of 2.21% compared to the MSCI World Core Infrastructure Index, which generated a total return of -3.89%. For the month, the Fund generated a total return of 4.98% while the Index generated a total return of 1.16%.

### Investment Team

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

The broad equity markets have staged a dramatic rebound from the panic lows of March 23rd, with the S&P 500 rallying approximately 50% to trade just a few percentage points below all-time highs. Admittedly, the markets have been led by just a handful of stocks (with the big five mega-capitalization technology companies leading the charge – AAPL, MSFT, AMZN, GOOG and FB) but breadth has begun to improve recently as various signs indicate that the worst of the COVID-19 outbreak-induced recession has passed.

In the United States, the number of new COVID-19 cases has picked up during the phased reopening but, importantly, we have not seen a dramatic spike in either hospitalizations or deaths. Further, tremendous monetary and fiscal stimulus has resulted in improving economic statistics, with the JPMorgan Global Composite PMI at 50.8 in July, up from the depths of 26.2 in April, the US Composite PMI at 50.3 in July, up from 27.0 in April, the Eurozone Composite PMI at 54.9 in July, up from 13.6 in April and the Caixin China Composite PMI at 54.5, up from 27.5 in February. The inflection in both the manufacturing and services components of the global economy into expansionary territory has translated into job gains and the US Bureau of Labor Statistics recently reported that total nonfarm payroll employment rose by 1.8 million in July after a 4.8 million gain in June and a 2.5 million gain in May.

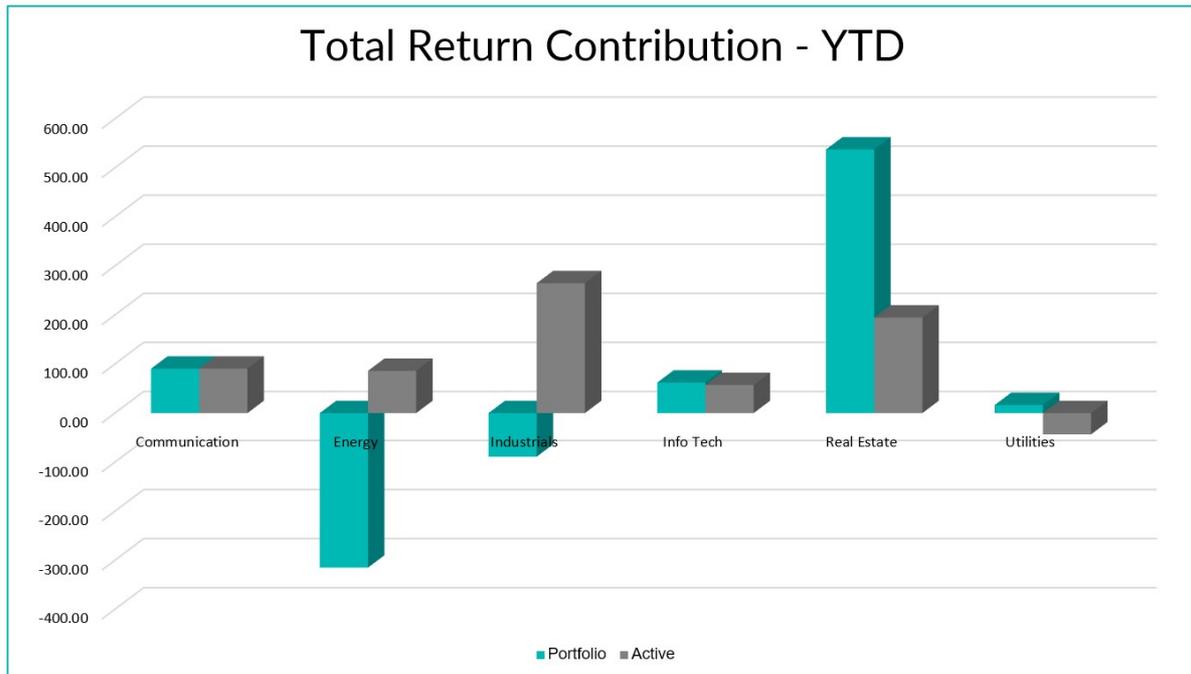
The question remains whether the recovery is self-sustaining or not, which will determine if equity valuations today can be justified by future expected earnings. Consensus estimates, according to various strategists and equity analysts, currently imply a solid 30% rebound in calendar 2021. However, bond investors don't seem to believe the recovery story, with the US 10-year Treasury yield again below 0.6%. Thankfully, pending incremental fiscal support and progress towards an effective vaccine offer reasons to be optimistic going forward. From a capital allocation perspective, an analysis of the S&P 500 dividend yield to the US 10-year Treasury yield still suggests that dividend paying securities are extremely attractive relative to bonds.

Therefore, we continue to believe that a diversified portfolio of dividend paying stocks (including global equities and publicly listed real estate and infrastructure securities) should generate solid total returns for investors over the balance of the cycle. Potential risks to our optimistic outlook include disappointment related to a Phase IV stimulus package, concerns regarding the rising number of new COVID-19 cases around the world and uncertainty surrounding the upcoming US Presidential election.

Top contributors to the year-to-date performance of the Ninepoint Global Infrastructure Fund by

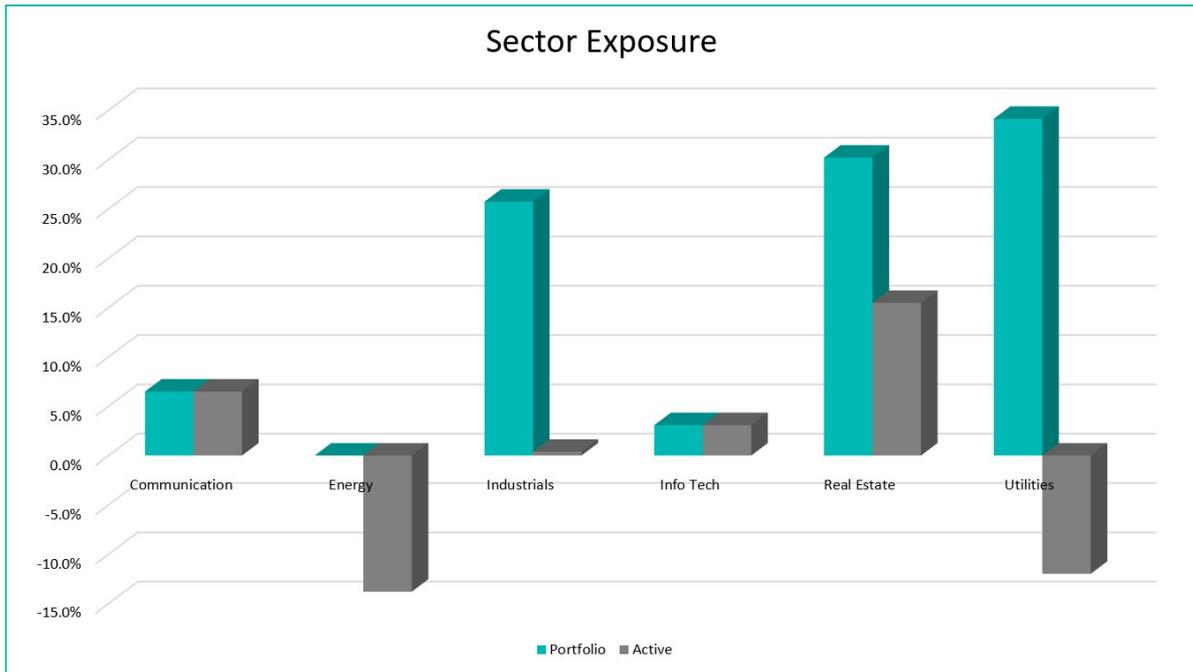
sector included Real Estate (+537 bps), Communication (+91 bps) and Information Technology (+62 bps) while top detractors by sector included Energy (-315 bps) and Industrials (-89 bps) on an absolute basis.

On a relative basis, positive return contributions from the Industrials, Real Estate, Communication, Energy and Information Technology sectors were only offset by a negative contribution from the Utilities sector. The Utilities sector has lagged year-to-date, but performance has begun to improve over the past few months as the global economy showed signs of stabilization and balance sheet concerns dissipated.



Source: Ninepoint Partners

We are currently overweight the Real Estate, Communication and Information Technology sectors, while underweight the Energy and Utilities sectors. At the end of the month, we were essentially fully invested, in line with our “total-infrastructure” approach emphasizing themes tied to the digitalization of the economy (including communication and ecommerce), renewable energy generation and clean power technology.



Source: Ninepoint Partners

At the stock specific level, top contributors to the year-to-date performance included Boralex (+129 bps), Equinix (+121 bps) and Orsted (+111 bps). Top detractors year-to-date included NextEra Energy Partners (-114 bps), Engie (-114 bps) and Eiffage (-94 bps).

In July, our top performing investments included Orsted (+77 bps), NextEra Energy (+46 bps) and Boralex (+43 bps) while Ferrovial (-30 bps), Dominion Energy (-24 bps) and Akamai Technologies (-20 bps) underperformed.

The Ninepoint Global Infrastructure Fund was concentrated in 28 positions as at July 31, 2020 with the top 10 holdings accounting for approximately 42.2% of the fund. Over the prior fiscal year, 15 out of our 28 holdings have announced a dividend increase, with an average hike of 4.5% (median hike of 3.6%). 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<sup>1</sup>  
AS OF JULY 31, 2020 (SERIES F NPP356)

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	5.0%	2.2%	8.1%	-4.1%	7.4%	7.4%	5.4%	7.4%
Index	1.2%	-3.9%	2.7%	-8.0%	0.7%	8.5%	7.6%	12.5%

<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, 2020; 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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