



Ninepoint Global Real Estate Fund

July 2020 Commentary

Year-to-date to July 31, the Ninepoint Global Real Estate Fund generated a total return of 3.23% compared to the MSCI World IMI Core Real Estate Index, which generated a total return of -15.18%. For the month, the Fund generated a total return of 7.96% while the Index generated a total return of 1.30%.

Investment Team



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.

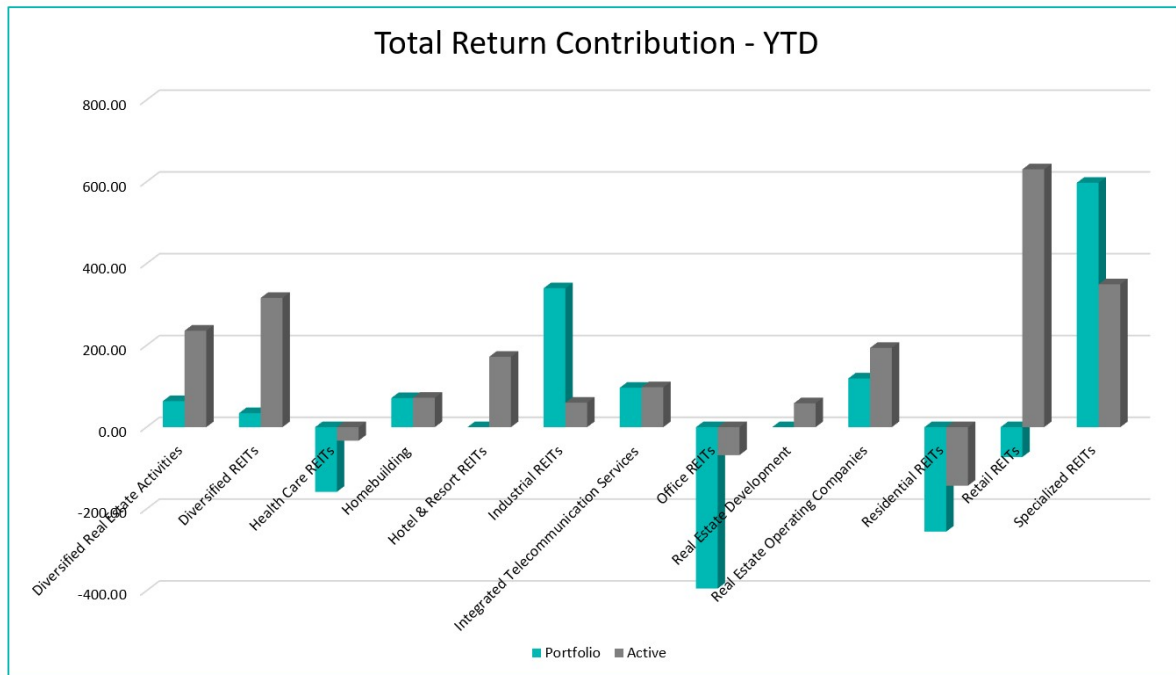
The question remains whether the recovery is self-sustaining or not, which will determine if equity valuations today can be justified by future expected earnings. Consensus estimates, according to various strategists and equity analysts, currently imply a solid 30% rebound in calendar 2021. However, 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 Real Estate Fund by sub-

industry included Specialized REITs (+598 bps), Industrial REITs (+340 bps) and Real Estate Operating Companies (+119 bps) while top detractors by sub-industry included Office REITs (-395 bps), Residential REITs (-255 bps) and Health Care REITs (-158 bps) on an absolute basis.

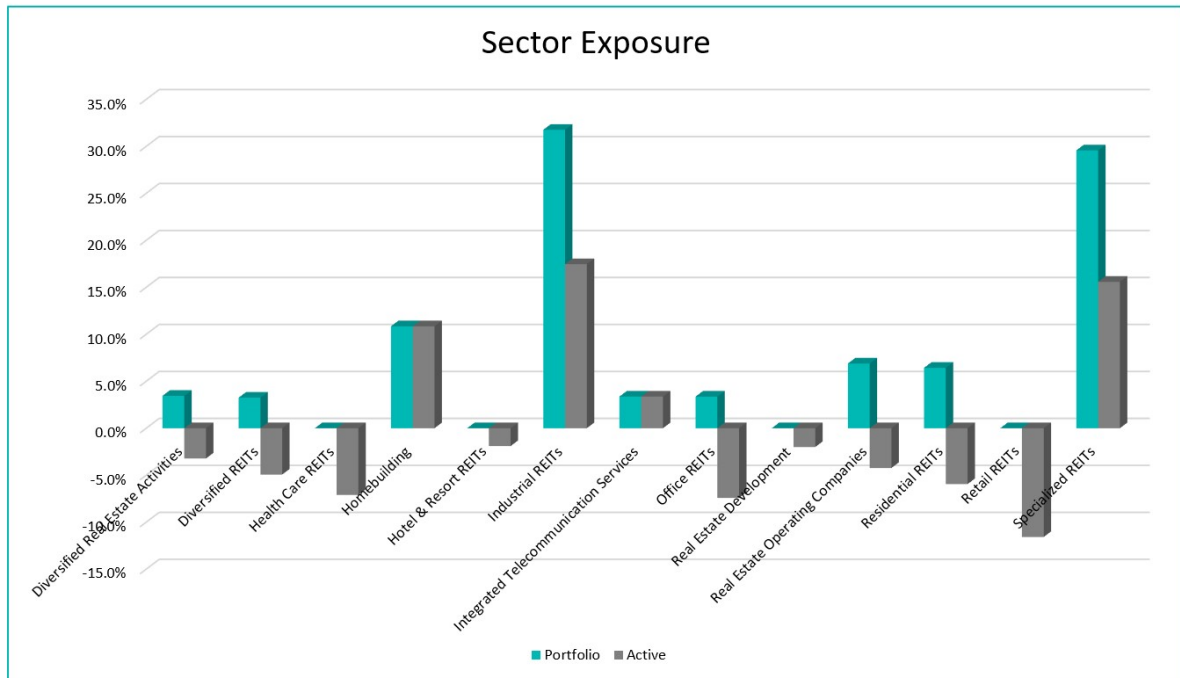
On a relative basis, positive return contributions from the Retail REITs, Specialized REITs and Diversified REITs sub-industries were offset by negative contributions from the Residential REITs, Office REITs and Health Care REITs sub-industries.



Source: Ninepoint Partners

We are currently overweight Industrial REITs, Specialized REITs and Homebuilding while underweight Retail REITs, Office REITs and Health Care REITs. We continue to expect divergent sub-industry performance driven by the degree of success with rent collection. Therefore, we have invested the bulk of our cash position in the sub-industries that should benefit the most from work-from-home and consume-at-home trends.

We also have significant exposure to Homebuilding, since new home construction in the United States remains extremely strong, with June sales up 13.8% sequentially from May and up 6.9% on a year-over-year basis, as suburbanization gains momentum.



Source: Ninepoint Partners

At the individual security level, top contributors to the year-to-date performance included Equinix (+138 bps), Cellnex (+105 bps) and Digital Realty Trust (+97 bps). Top detractors year-to-date included Dream Office (-113 bps), Kilroy Realty (-102 bps) and Medical Properties Trust (-78 bps).

In July, our top performing investments included Goodman Group (+57 bps), D.R. Horton (+57 bps) and Lennar (+51 bps) while Persimmon (-25 bps), Rexford Industrial (-13 bps) and Vici Properties (-13 bps) underperformed.

The Ninepoint Global Real Estate Fund was concentrated in 28 positions as at July 31, 2020 with the top 10 holdings accounting for approximately 39.2% of the fund. Over the prior fiscal year, 21 out of our 28 holdings have announced a dividend increase, with an average hike of 9.6% (median hike of 6.3%). Using a total real estate 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 REAL ESTATE FUND - COMPOUNDED RETURNS¹ AS OF JUNE 30, 2023 (SERIES F NPP132) | INCEPTION DATE: AUGUST 5, 2015

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	0.4%	1.0%	-3.3%	1.0%	-0.5%	3.4%	3.7%	6.2%
MSCI World IMI Core Real Estate NR (CAD)	0.4%	-1.0%	-1.6%	-1.0%	-2.0%	2.3%	0.3%	2.1%

Effective February 7, 2017 the Sprott Global REIT & Property Equity Fund's name was changed to Sprott Global Real Estate Fund, subsequently on August 1, 2017 becoming Ninepoint Global Real Estate Fund.

¹All 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) 2015 annual returns are from 08/04/15 to 12/31/15. The index is 100% MSCI World IMI Core Real Estate NR (CAD) and is computed by Ninepoint Partners LP based on publicly available index information.

The Fund is generally exposed to the following risks. See the Simplified Prospectus of the Fund for a description of these risks: capital depletion risk, concentration risk, credit risk, currency risk, cybersecurity risk; derivatives risk, emerging markets risk, equity real estate investment trust (REIT) risk, exchange traded funds risk, foreign investment risk, income trust risk, inflation risk, interest rate risk, liquidity risk, market risk, real estate risk, regulatory risk, series risk, short selling risk, specific issuer risk, tax risk.

Ninepoint Partners LP is the investment manager to the Ninepoint Funds (collectively, the "Funds"). Commissions, trailing commissions, management fees, performance fees (if any), and other expenses all may be associated with investing in the Funds. Please read the prospectus carefully before investing. The indicated rate of return for series F units of the Fund for the period ended July 31, 2020 is based on the historical annual compounded total return including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Fund may be lawfully sold in their jurisdiction.

The opinions, estimates and projections ("information") contained within this report are solely those of Ninepoint Partners LP and are subject to change without notice. Ninepoint Partners makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, Ninepoint Partners assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this information. Ninepoint Partners is not under any obligation to update or keep current the information contained herein. The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Please contact your own personal advisor on your particular circumstances. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Ninepoint Partners. Any reference to a particular company is for illustrative purposes only and should not be considered as investment advice or a recommendation to buy or sell nor should it be considered as an indication of how the portfolio of any investment fund managed by Ninepoint

Partners is or will be invested. Ninepoint Partners and/or its affiliates may collectively beneficially own/control 1% or more of any class of the equity securities of the issuers mentioned in this report. Ninepoint Partners and/or its affiliates may hold short position in any class of the equity securities of the issuers mentioned in this report. During the preceding 12 months, Ninepoint Partners and/or its affiliates may have received remuneration other than normal course investment advisory or trade execution services from the issuers mentioned in this report.

Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: CIBC Mellon GSSC Record Keeping Services: Toll Free: 1.877.358.0540