Ninepoint Global Infrastructure Fund

July 2021 Commentary

Ninepoint Partners,

Year-to-date to July 31, the Ninepoint Global Infrastructure Fund generated a total return of 5.89% compared to the MSCI World Core Infrastructure Index, which generated a total return of 8.48%. For the month, the Fund generated a total return of 0.37% while the Index generated a total return of 2.52%.

Despite rising fears related to the spread of the Covid-19 Delta variant, there is little evidence to suggest that the economic recovery is fading. According to FactSet, with 89% of the S&P 500 companies having reported actual results, 87% of the companies have reported a positive revenue surprise and 87% of the companies have reported a positive earnings surprise. Thus far, the blended earnings growth rate for the S&P 500 is an astounding 88.8%, which represents the highest year-over-year growth rate since Q4 2009. Admittedly, the exceptional earnings growth is expected to moderate going forward, however consensus estimates still imply 42% earnings growth in 2021 and 10% in 2022. The resiliency relative to the depths of the Covid-19 crisis is frankly remarkable.

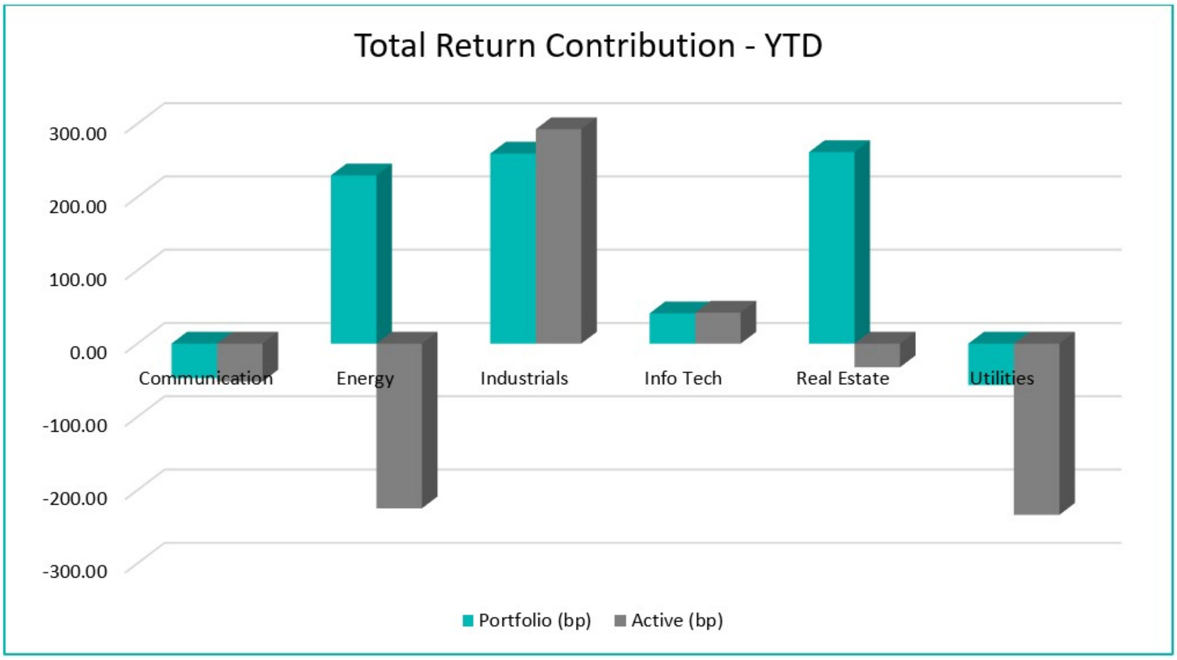
Our confidence in the recovery was bolstered by the recent announcement from President Biden that a group of bipartisan Senators had reached an agreement on $550 million of new infrastructure spending. Totaling approximately $1.2 trillion over five years (and financed through a combination of redirected spending, corporate user fees, strengthened tax enforcement and revenue generated from higher economic growth), the bill has just been passed by the Senate and will be moving to the House of Representatives for final approval. Once signed into law, the current tranche of spending is heavily focused on the transportation and utility sectors, with highlights including $110 billion for roads & bridges, $66 billion for railways, $65 billion for power infrastructure, $65 billion for broadband, $55 billion for water infrastructure, $39 billion for public transit, $25 billion for airports, $17 billion for ports & waterways and $15 billion for electric vehicles. These much-needed infrastructure upgrades will create millions of jobs, enhance competitiveness and boost GDP "over the course of the decade".

Looking ahead, the biggest uncertainty facing the market is still the path of monetary policy normalization. Chairman Powell and other members of the FOMC have clearly indicated that tapering discussions are now appropriate due to increased confidence in the economic recovery. A more formal discussion at the upcoming Jackson Hole Economic Policy Symposium followed by an official tapering announcement during one of the remaining three FOMC meeting dates over the balance of the year should be expected. Perhaps the announcement will coincide with the final approval the infrastructure spending bill in the fall of calendar 2021. Replacing monetary stimulus with fiscal stimulus would act as a buffer, since financial markets have generally experienced elevated volatility leading up to and during periods of tapering and rate hikes. But with policy normalization well-telegraphed, solid investment returns should continue through at least 2023 since we are likely years away from real monetary tightening.

With long-term interest rates still well below 2.0% (the US 10-year Treasury bond yield is currently pinned below 1.50%) and earnings growth of approximately 42% in 2021 and approximately 10% in 2022 (again according to FactSet), earnings multiples can remain elevated relative to historical levels although they will likely trend lower over time. We would therefore characterize the current environment as mid-cycle, where positive investment returns depend on identifying companies with accelerating earnings, cash flow and dividend growth. Essentially, we think this environment bodes well for the relative performance of our dividend and real asset strategies over the medium term.

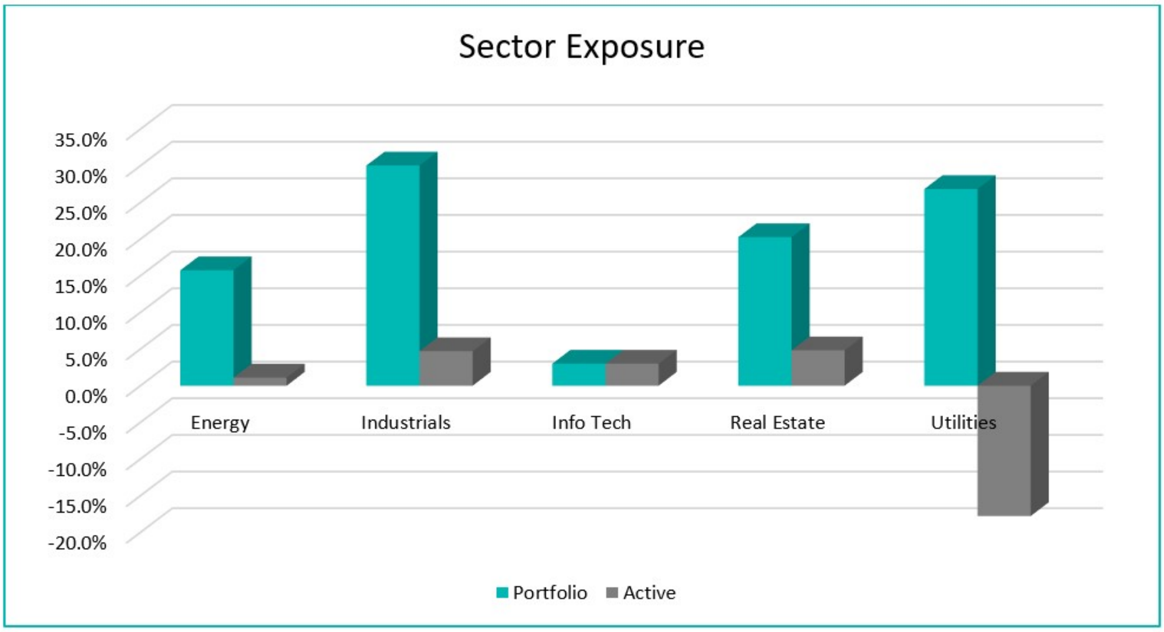
Top contributors to the year-to-date performance of the Ninepoint Global Infrastructure Fund by sector included Real Estate (+261 bps), Industrials (+259 bps) and Energy (+230 bps) while top detractors by sector included Utilities (-55 bps) and Communication (-47 bps) on an absolute basis.

On a relative basis, positive return contributions from the Industrials (+297 bps) and Information Technology (+42 bps) sectors were offset by negative contributions from the Utilities (-208 bps), Energy (-206 bps) and Communication (-52 bps) sectors.



Source: Ninepoint Partners

We are currently overweight the Real Estate, Industrials and Information Technology sectors, while underweight the Utilities sector. We have positioned for the middle phase of the investment cycle, where above-average earnings, cash flow and dividend growth should compensate for some degree of multiple-compression due to rising interest rates.



Source: Ninepoint Partners

The Ninepoint Global Infrastructure Fund was concentrated in 30 positions as at July 31, 2021 with the top 10 holdings accounting for approximately 38.3% of the fund. Over the prior fiscal year, 21 out of our 30 holdings have announced a dividend increase, with an average hike of 5.1% (median hike of 5.9%). 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 JULY 31, 2021 (SERIES F NPP 356) | INCEPTION DATE - SEPTEMBER 1, 2011

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	0.4%	5.9%	3.3%	5.4%	10.4%	7.8%	8.7%	7.7%
Inception	2.5%	8.5%	3.1%	9.5%	10.0%	8.1%	8.2%	12.3%

[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 July 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.

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: capital depletion risk; concentration risk; credit risk; currency risk; cybersecurity risk; derivatives risk; exchange traded funds risk; foreign investment risk; income trust risk; inflation risk; interest rate risk; liquidity risk; market risk; regulatory risk; series risk; short selling risk; small company risk; specific issuer risk; tax risk.

mentioned in this report.

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