



Ninepoint Global Infrastructure Fund

June 2018 Commentary

Year-to-date to June 30, the Ninepoint Global Infrastructure Fund generated a total return of 1.32% compared to the S&P Global Infrastructure Index, which generated a total return of 1.33% in CAD.

Returns in the month of June were good on an absolute basis but disappointing on a relative basis, with the Fund generating a total return of 1.18% while the benchmark generated a total return of 3.36%. Although the US 10-year bond yield was relatively stable through the month of June, ending at 2.86%, political uncertainty and global trade war fears led to a defensive rotation in the equity markets. The Utilities sector had a relatively strong rally in the month but remain underweight the sector since we continue to believe that a full blown trade war will be averted.

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 (+115 bps), Visa (+71 bps) and CSX Corporation (+68 bps). Top detractors year-to-date included Westshore Terminals (-64 bps), Comcast (-61 bps) and Brookfield Asset Management (-36 bps).

As crude oil prices rallied to levels not seen since 2014, one of our holdings, Parkland Fuel Corporation (PKI CN), closed at an all-time high. The Company is an independent marketer of fuel and petroleum products, delivering gasoline, diesel, propane, lubricants and heating oil to motorists, businesses, households and wholesale customers in Canada and the United States.

Over the past year, Parkland closed two key acquisitions that have powered the shares higher. First, on June 28, PKI completed the acquisition of CST's Canadian assets from Couche-Tard, including 495 dealer and commissioned agent retail sites and 159 company-operated retail fuel sites, primarily in Quebec, under the Ultramar brand. Second, on October 1, 2017 PKI completed the acquisition of Chevron Canada's downstream fuel business including 129 Chevron branded retail service stations primarily in the Greater Vancouver area, three petroleum terminals and a 55,000 bpd refinery located in Burnaby, British Columbia. Based on the management's projections, the acquisitions will boost Parkland's EBITDA from \$250 million, to approximately \$650 million in 2018, an increase of 168%.

With an annualized dividend of \$1.1736 per share (but paid monthly), Parkland is currently yielding roughly 3.6%. Management is targeting 3% to 5% long-term organic EBITDA growth, but with a track record of successful acquisitions, we expect PKI to continue to outperform through the balance of 2018.

Investment Team



Jeff Sayer, CFA
Vice President, Portfolio
Manager

The Ninepoint Global Infrastructure Fund was concentrated in 30 positions as at June 30, 2018 with the top 10 holdings accounting for approximately 38.6% of the fund. Over the past year, 26 out of our 30 holdings have announced a dividend increase, with an average hike of 17.2%. 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 RETURNS¹ AS OF SEPTEMBER 30, 2022 (SERIES F NPP356) | INCEPTION DATE: SEPTEMBER 1, 2011

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR	I
Fund	-6.6%	-2.3%	0.9%	-4.4%	5.3%	5.9%	7.1%	7.9%	
MSCI World Core Infrastructure NR (CAD)	-8.0%	-7.9%	-4.4%	-9.3%	0.1%	1.9%	6.6%	10.7%	

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 June 29, 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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