



Ninepoint Global Real Estate Fund

June 2020 Commentary

Year-to-date to June 30, the Ninepoint Global Real Estate Fund generated a total return of -4.38% compared to the MSCI World IMI Core Real Estate Index, which generated a total return of -16.26%. For the month, the Fund generated a total return of -0.72% while the Index generated a total return of 0.74%.

Investment Team



Jeff Sayer, CFA
Vice President, Portfolio
Manager

Although the COVID-19 outbreak triggered the deepest global recession since WWII, the world is now beginning to reopen, albeit in fits and starts. As expected, the number of new cases is rising as we increase our mobility and interact with more people outside of our quarantine bubbles. However, the phased reopening seems to be going reasonably well in locations where compliance with social distancing norms (including the use of facemasks when indoors) remains high. Unfortunately, the United States is still struggling with the first wave of the outbreak (notably in Arizona, California, Florida and Texas) where civil liberties have taken precedence over the common good. Thankfully, we have yet to see dramatic spikes in either hospitalizations or deaths (possibly because the average age of new cases has dropped by approximately fifteen years thus improving the odds of survival for those infected) but clearly the most vulnerable need to be protected until we have an effective vaccine.

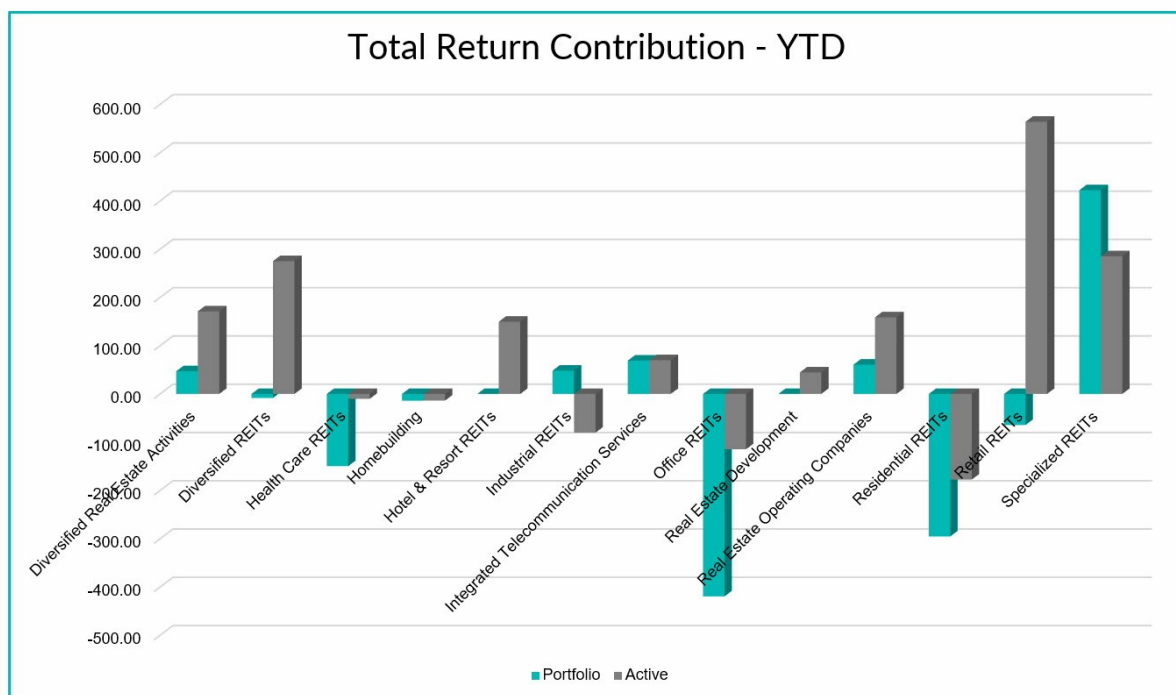
From an investment perspective, the equity markets have recovered from the panic lows of March 23rd in what most closely resembles a “V-shaped” rebound. In fact, the 20% return posted by the S&P 500 in Q2 2020 is the best quarterly return since Q4 1998 and the Index has now bounced 41% from its lows. Importantly, the rally has been supported by improving economic data, with the JPMorgan Global Composite PMI at 47.7 in June, up from 36.3 in May and 26.2 in April, the US Composite PMI at 47.9 in June, up from 37.0 in May and 27.0 in April and the Eurozone Composite PMI at 48.5 in June, up from 31.9 in May and 13.6 in April. Although still in contraction territory, the directional improvement in both the manufacturing and services components of the US economy has translated into job gains and the Bureau of Labor Statistics recently reported that total nonfarm payroll employment rose by 4.8 million in June after a 2.5 million gain in May.

The question now becomes whether the economic recovery is self-sustaining and continues higher or levels off below the prior peak, which will determine the pace and magnitude of the earnings recovery. On a positive note, fiscal and monetary stimulus have reached epic proportions (the US has already provided \$3 trillion in fiscal support with another \$1 to \$1.5 trillion possible by the late-July to early-August time frame). However, bond investors don't yet believe the recovery story (or at least any sort of inflationary economic growth) with the US 10-year Treasury yield stuck in a range between 0.6% and 0.8% despite the rebound in the equity market. So, the question remains unresolved for now, but a positive vaccine announcement would be an immediate game-changer. From my perspective, a quick analysis of the S&P 500 dividend yield to the US 10-year Treasury yield suggests that dividend paying securities haven't been this attractive relative to bonds in over twenty years. Calendar 2020 is far from over, but a portfolio of dividend paying stocks, balanced between

growth/momentum and value/cyclical factors should continue to perform well through the cycle. Having said that, we do need to keep an eye on the potential short-term risks, including disappointment related to a Phase IV stimulus package, concerns regarding the rising number of new COVID-19 cases and uncertainty surrounding the upcoming US Presidential election.

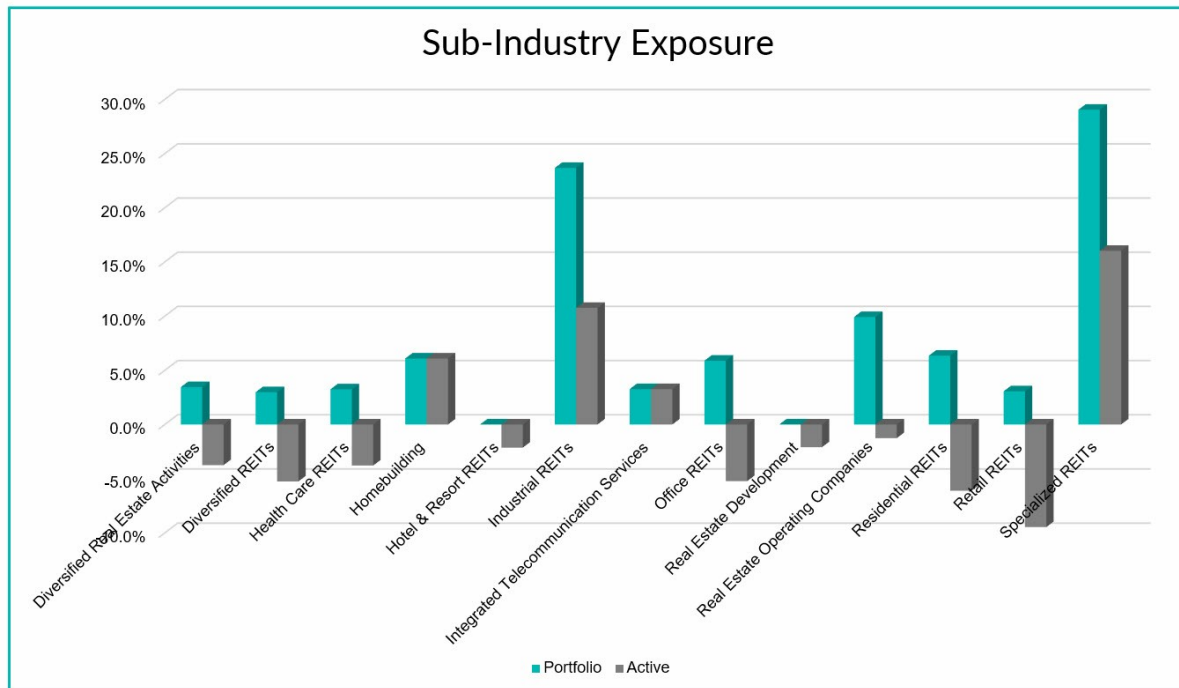
Top contributors to the year-to-date performance of the Ninepoint Global Real Estate Fund by sub-industry included Specialized REITs (+422 bps), Integrated Telecommunication Services (+69 bps) and Real Estate Operating Companies (+61 bps) while top detractors by sub-industry included Office REITs (-419 bps), Residential REITs (-294 bps) and Health Care REITs (-150 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 Industrial REITs sub-industries.



Source: Ninepoint Partners

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



Source: Ninepoint Partners

At the individual security level, top contributors to the year-to-date performance included Equinix (+98 bps), Crown Castle (+82 bps) and Cellnex (+77 bps). Top detractors year-to-date included Dream Office (-113 bps), Kilroy Realty (-102 bps) and Invitation Homes (-84 bps).

In June, our top performing investments included Tricon Capital (+42 bps), Nexpoint Residential (+23 bps) and Cellnex (+18 bps) while Easterly Government Properties (-25 bps), QTS Realty (-24 bps) and Equity Commonwealth (-23 bps) underperformed.

The Ninepoint Global Real Estate Fund was concentrated in 29 positions as at June 30, 2020 with the top 10 holdings accounting for approximately 37.5% of the fund. Over the prior fiscal year, 22 out of our 29 holdings have announced a dividend increase, with an average hike of 5.7% (median hike of 6.9%). 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, 2022 (SERIES F NPP132) | INCEPTION DATE: AUGUST 5, 2015

	1M	YTD	3M	6M	1YR	3YR	5YR	INCE
Fund	-6.7%	-22.2%	-14.7%	-22.2%	-6.5%	5.2%	6.0%	7
MSCI World IMI Core Real Estate NR (CAD)	-7.0%	-19.4%	-15.1%	-19.4%	-9.9%	-1.0%	2.0%	2

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 June 30, 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 June 30, 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 to 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