



Ninepoint Global Real Estate Fund

March 2021 Commentary

Year-to-date to March 31, the Ninepoint Global Real Estate Fund generated a total return of 2.61% compared to the MSCI World IMI Core Real Estate Index, which generated a total return of 4.02%. For the month, the Fund generated a total return of 2.86% while the Index generated a total return of 2.23%.

Investment Team



Jeff Sayer, CFA
Vice President, Portfolio
Manager

As we have discussed in several of our recent monthly commentaries, the equity markets are continuing to rally but now with broader sector participation as anticipated. Essentially, after more than a decade of market leadership from the Information Technology sector, the “reopening trade” hinges on the fact that certain traditional value/cyclical sectors should be able to finally report above average revenue and earnings growth rates. Capital has been flowing into these types of names and, year-to-date, market returns have been led by the Energy, Financials and Industrials sectors. The laggards have been the Consumer Staples, Information Technology and Utilities sectors, but every sector in the S&P 500 finished in the green through the first quarter of 2021. Currently, approximately 95% of the stocks in the S&P 500 Index are trading above their respective 200 day moving average, which is close to a decade high and another sign of a healthy bull market.

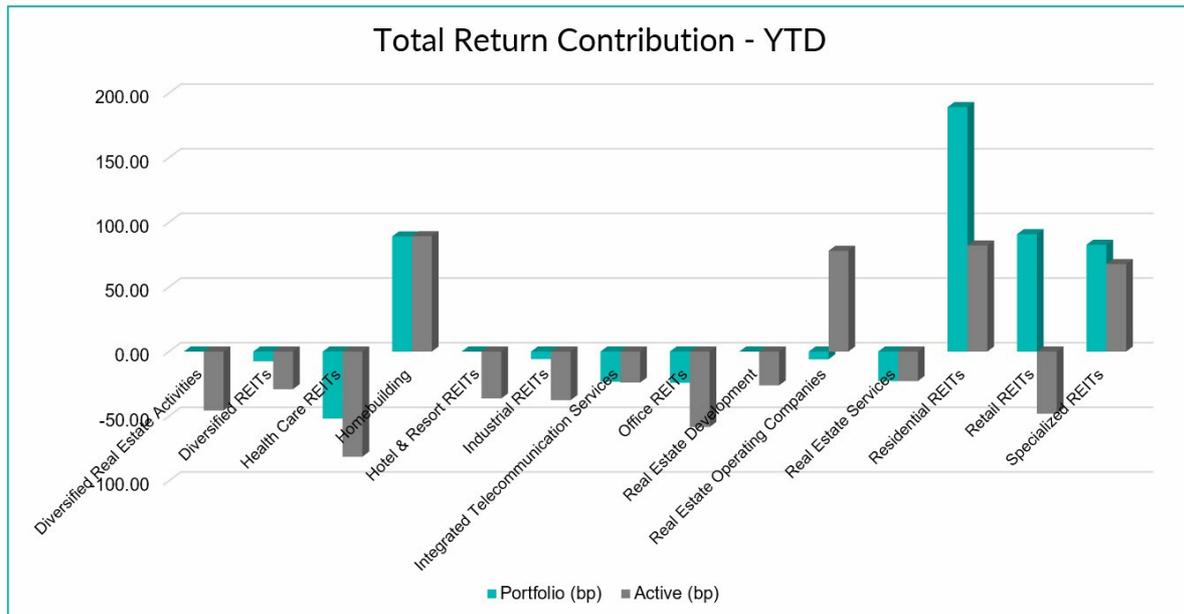
From our perspective, the biggest news in the quarter was the announcement of a \$2 trillion infrastructure spending package and economic recovery plan from the Biden administration. This huge sum of money is expected to be allocated over the next eight years and should be funded over the next fifteen years through higher corporate tax rates (currently stated to rise from 21% to 28% but we believe 25% is more likely to be enacted). The proposal is expected to disburse \$620 billion for transportation infrastructure (such as bridges, roads, public transit, seaports, airports and EV charging stations), \$580 billion for manufacturing capacity expansion, R&D advancements and job training, \$400 billion for the care of the elderly and disabled, \$300 billion for improved water infrastructure, broadband networks and electricity grids and \$300 billion for affordable housing and upgraded schools. The proposal is truly massive and should hopefully lead to meaningful improvements in the quality of life for millions of Americans. We are working hard to ensure that our dividend-focused and real asset-focused strategies are positioned to benefit from the spending program in the years ahead.

With the markets at all-time-highs, investors are clearly anticipating that the nascent economic recovery will lead to accelerating revenue and earnings growth in 2021 and 2022. We are mindful that the key risk over the near term will be the interpretation of incoming economic data points as they scream higher over the next few months. Measures of inflation, both the PPI and CPI, will be closely watched by equity and bond investors as we all debate whether the effects are transitory or more permanent (for example think about gasoline prices today compared to one year ago). If bond investors get nervous and the US 10-year Treasury bond yields breakout toward 2.0% or potentially even higher, we may see equities wobble through the summer. However, after carefully listening to speeches from various FOMC board members, we trust that the US Federal Reserve will continue to

provide easy monetary conditions thus prolonging the equity cycle through at least 2023.

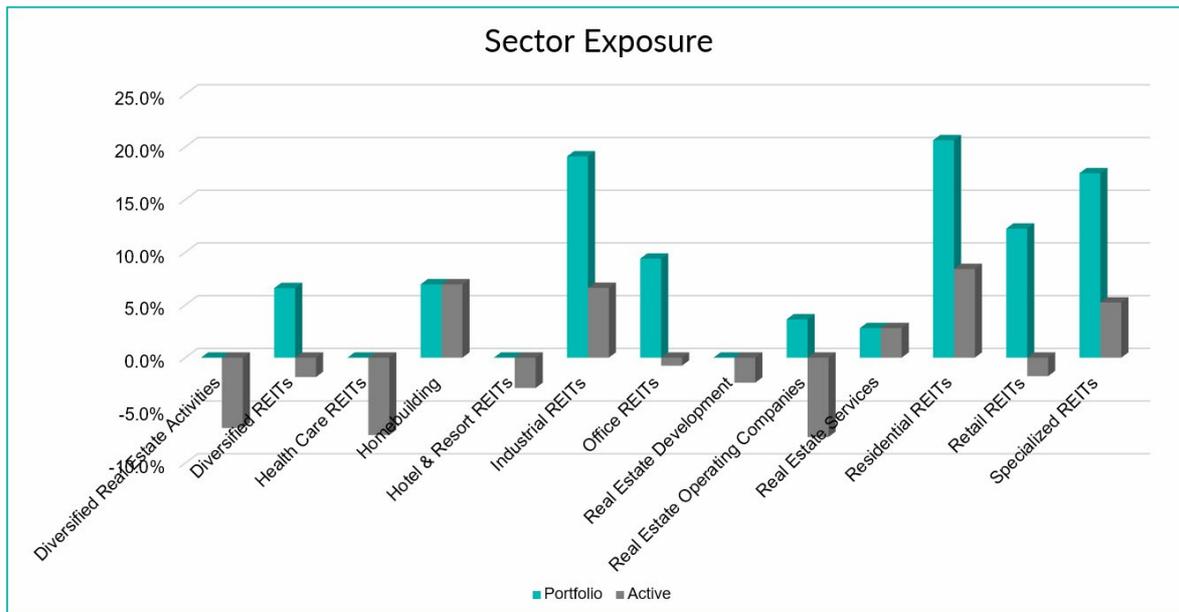
Top contributors to the year-to-date performance of the Ninepoint Global Real Estate Fund by sub-industry included Residential REITs (+189 bps), Retail REITs (+91 bps) and Homebuilding (+89 bps) while top detractors by sub-industry included Health Care REITs (-52 bps), Office REITs (-24 bps) and Integrated Telecommunication Services (-23 bps) on an absolute basis.

On a relative basis, positive return contributions from the Homebuilding, Residential REITs and Real Estate Operating Companies sub-industries were offset by negative contributions from the Health Care REITs, Office REITs and Retail REITs sub-industries.



Source: Ninepoint Partners

We are currently overweight Residential REITs, Homebuilding and Industrial REITs while underweight Real Estate Operating Companies, Health Care REITs and Diversified Real Estate Activities. As the vaccine rollout continues, we are maintaining relatively neutral sector positioning. Both growth/momentum and value/cyclical stocks are finally working together, and we believe it is futile to attempt to time the rotations with any degree of certainty or accuracy. Therefore, we are very comfortable continuing to relying on our investment process, which suggests a diversified strategy of dividend-paying securities to optimize the tradeoff between risk and return over the next twelve months.



Source: Ninepoint Partners

At the individual security level, top contributors to the year-to-date performance included UMH Properties (+88 bps), Lennar (+60 bps) and Gladstone Land (+55 bps). Top detractors year-to-date included QTS Realty (-39 bps), Digital Realty (-35 bps) and Alexandria (-30 bps).

In March, our top performing investments included Lennar (+65 bps), DR Horton (+45 bps) and UMH Properties (+40 bps) while Innovative Industrial Properties (-27 bps), Primary Health Properties (-23 bps) and Colliers International (-20 bps) underperformed.

The Ninepoint Global Real Estate Fund was concentrated in 30 positions as at March 31, 2021 with the top 10 holdings accounting for approximately 35.9% of the fund. Over the prior fiscal year, 19 out of our 30 holdings have announced a dividend increase, with an average hike of 5.2% (median hike of 3.1%). 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 MARCH 31, 2021 (SERIES F NPP132)

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	2.9%	2.6%	2.6%	1.5%	13.5%	6.5%	7.5%	8.3%
Index	2.2%	4.0%	4.0%	11.7%	18.1%	4.3%	3.7%	3.9%

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 March 31, 2021; 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

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