Ninepoint Global Infrastructure Fund

March 2022 Commentary

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Year-to-date to March 31, the Ninepoint Global Infrastructure Fund generated a total return of 2.23% compared to the MSCI World Core Infrastructure Index, which generated a total return of 1.63%. For the month, the Fund generated a total return of 6.05% while the Index generated a total return of 5.26%.

Sadly, the invasion and occupation of the Ukraine by Russian forces has continued through March and scenes from the country have become more and more horrific. From a broad market perspective, it has played out similarly to the annexation of Crimea in 2014, which we had highlighted in last month's commentary as the most comparable event in recent history. Essentially, the equity markets reached intraday lows on February 24, the date the invasion commenced and have now recouped the entire drawdown that occurred in the lead up to war. We still believe that if NATO is not dragged directly into the conflict, investor sentiment probably can't get any worse than the day tanks rolled across the border. Having said that, we believe that the economic impact of the invasion could be long-lasting, with important ramifications for both food and energy, reinforcing the importance of self-sufficiency and security of supply.

With commodity inflation (including fossil fuels, base metals and agricultural products) now likely to persist longer than previously anticipated, investors must focus their attention on the Fed's response. Currently, the market is expecting another 200 bps of tightening this year (or eight hikes of 25 bps each) in addition to the 25 bps of tightening announced at the March 16 FOMC meeting. With only six more official FOMC meeting dates over the balance of 2023, investors need to be aware that the probability of a 50 bps hike in May is high. Further, investors should expect to hear details on the Fed's quantitative tightening plan, with the pace of balance sheet reduction also likely more rapid than prior expectations. To be clear, liquidity in the financial system is set to tighten throughout 2022.

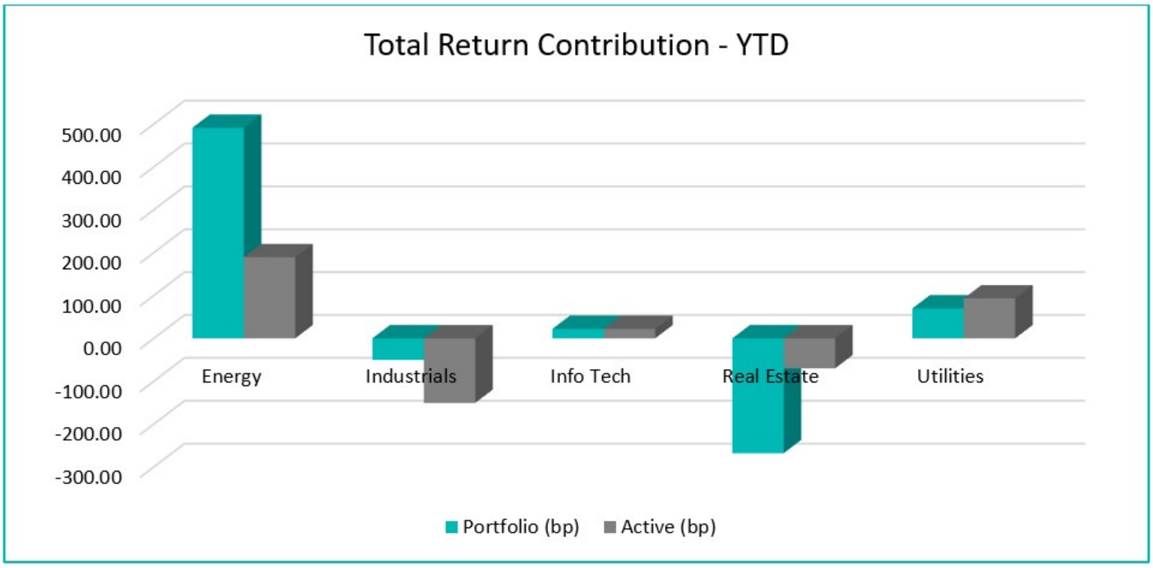
Perhaps it should be no surprise then that the most watched and discussed leading indicator of a coming recession has been triggered with the inversion of the 2-year/10-year Treasury yield curve. The only problems with this indicator are that not every yield curve inversion has been followed by a recession and that it provides very little information regarding the timing of the peak in the equity markets. So, we will plan to monitor various other measures of the health of the economy, including data related to housing, consumer confidence, unemployment and corporate profits before adopting a much more defensive posture. Importantly, if the inflation numbers show some signs of moderating, the economic data remains relatively robust and the pace of interest rate hikes & quantitative tightening slows relative to market expectations, prior cycles have shown that the equity markets can rally through a period of rising interest rates.

Although investors should expect choppier performance throughout the year, with long-term interest rates starting to stabilize roughly around 2.5% and consensus earnings growth of 9.5% in

2022 and 8.9% in 2023 (according to FactSet), this should be another year of positive returns for the broad equity markets. In keeping with our mandates, we are concentrating our fundamental analysis on high quality, dividend growth companies and real asset investments, including real estate and infrastructure, given the attractive risk/reward outlook over the next two to three years from recent price levels.

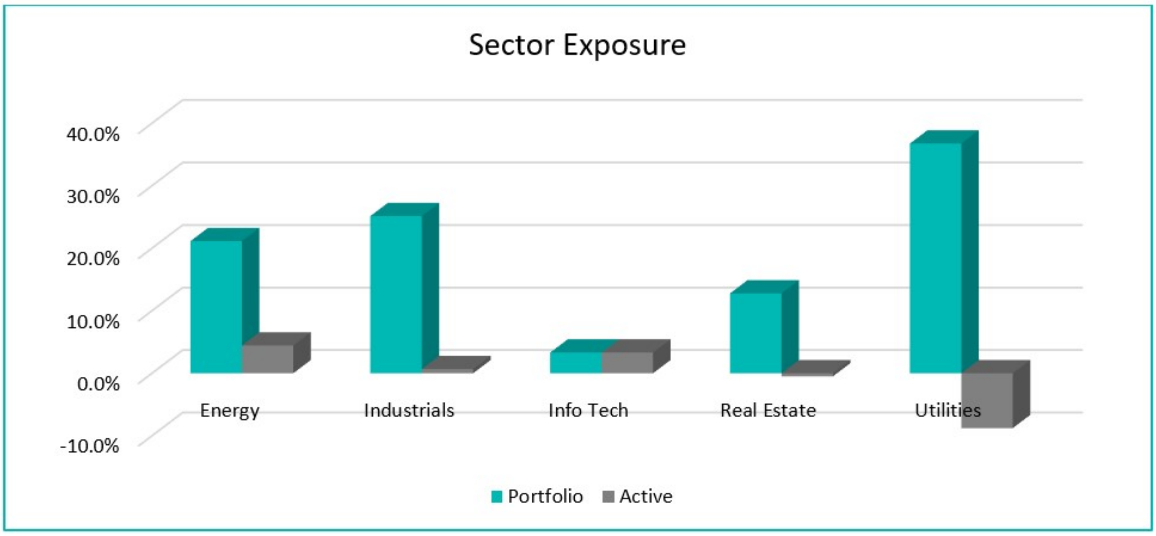
Top contributors to the year-to-date performance of the Ninepoint Global Infrastructure Fund by sector included Energy (+491 bps), Utilities (+70 bps) and Information Technology (+22 bps) while top detractors by sector included Real Estate (-268 bps) and Industrials (-50 bps) on an absolute basis.

On a relative basis, positive return contributions from the Energy (+189 bps), Utilities (+102 bps) and Information Technology (+22 bps) sectors were offset by negative contributions from the Industrials (-149 bps) and Real Estate (-69 bps) sectors.



Source: Ninepoint Partners

We are currently overweight the Energy and Information Technology sectors, while underweight the Utilities sector. The Oil & Gas Storage & Transportation sub-industry has been the clear leader year-to-date, but the Utilities sector has generated very strong returns since the beginning of March. Thankfully, we have recently added some more exposure to the Utilities sector, with an emphasis on companies that have been expanding their renewable energy capabilities. The Ukraine invasion has highlighted the importance of energy security and self-sufficiency (including both fossil fuels and renewable electricity generation) and we expect these themes to continue to work through 2022.



Source: Ninepoint Partners

The Ninepoint Global Infrastructure Fund was concentrated in 30 positions as at March 31, 2022 with the top 10 holdings accounting for approximately 38.7% of the fund. Over the prior fiscal year, 14 out of our 30 holdings have announced a dividend increase, with an average hike of 4.5% (median hike of 0.0%). 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 MARCH 31, 2022 (SERIES F NPP356) | INCEPTION DATE: SEPTEMBER 1, 2011

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR
Fund	6.1%	2.2%	2.2%	10.1%	15.1%	10.8%	9.0%	8.1%
MSCI World Core Infrastructure NR (CAD)	5.3%	1.6%	1.6%	10.4%	14.2%	6.9%	9.0%	12.0%

[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 March 31, 2022; 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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