



# Ninepoint Global Infrastructure Fund

## November 2018 Commentary

Year-to-date to November 30, the Ninepoint Global Infrastructure Fund generated a total return of -0.81% compared to the MSCI World Core Infrastructure Index, which generated a total return of 8.05%. Prior to October, we had used the S&P Global Infrastructure Index as our benchmark, which generated a total return of -0.95% year-to-date. Note that we changed our benchmark for administrative reasons, but unfortunately it does make our year-to-date returns appear much weaker on a relative basis.

### Investment Team

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**Jeff Sayer, CFA**  
Vice President, Portfolio  
Manager

Returns in the month of November were good on an absolute basis but disappointing on a relative basis, with the Fund generating a total return of 2.99% while the MSCI World Core Infrastructure Index generated a total return of 4.93% and the S&P Global Infrastructure Index generated a total return of 3.14%.

After a dramatic correction in October, with the S&P 500 falling 10.6% to an intraday low on October 29, markets recouped some of the drawdown in November. Our investments in the Industrials, Utilities and Real Estate sectors generated gains, while our investments in the Energy sector detracted from performance. Currency hedging also slightly detracted from performance in November as the USD continued to benefit from flight-to-safety capital flows in a volatile macro environment.

During any challenging period, it is important to understand what has been driving broad sentiment and adhere to an investment process that works over the cycle. In the very near term, investors are focused on the extremely flat yield curve (but the 2-year to 10-year spread is still not inverted), US-China trade developments (we believe that some progress was made at the G20 meeting), low oil prices (OPEC and Russia have agreed to reduce output in an effort to support prices) and BREXIT (the UK parliament has postponed voting on the matter for now).

Given these cross currents, perhaps it is not surprising that the S&P 500 has violently whipsawed within a range roughly defined by 2,600 (approximately 14.5x forward earnings estimates) and 2,800 (approximately 15.75x forward earnings estimates) since early October. However, we expect markets to end the year higher than today based on a more dovish FED (we are looking for a December rate hike accompanied by language indicating a willingness to pause sometime over the following twelve months) and continued progress on US-China trade negotiations (even if a formal trade deal remains elusive).

Our modelling indicates that the Canadian dollar is slightly undervalued. However, the equity market selloff, oil price collapse and trade war rhetoric have introduced a new level of complexity to our FX analysis as prior correlations have become less statistically significant. We have therefore maintained hedges on half of our USD/CAD exposure to reduce volatility in the Fund.

Top contributors to the year-to-date performance of the Ninepoint Global Infrastructure Fund

included CSX Corporation (+127 bps), Parkland Fuel (+126 bps) and MasterCard (+123 bps). Top detractors year-to-date included Westshore Terminals (-62 bps), Mastec (-56 bps) and BBA Aviation (-46 bps).

The Ninepoint Global Infrastructure Fund was concentrated in 30 positions as at November 30, 2018 with the top 10 holdings accounting for approximately 41.7% of the fund. Over the prior fiscal year, 26 out of our 30 holdings have announced a dividend increase, with an average hike of 10.5%. 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 RETURNS<sup>1</sup>**  
AS OF APRIL 30, 2020 (SERIES F NPP356)

	<b>1M</b>	<b>YTD</b>	<b>3M</b>	<b>6M</b>	<b>1YR</b>	<b>3YR</b>	<b>5YR</b>	<b>INCEPTION</b>
Fund	2.0%	-5.4%	-11.3%	-4.6%	1.3%	4.1%	3.7%	6.7%
Index	5.2%	-6.4%	-10.4%	-4.8%	-1.8%	6.2%	7.7%	12.6%

<sup>1</sup> 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 November 30, 2018; e) 2011 annual returns are from 09/01/11 to 12/31/11.

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