



# Ninepoint Global Real Estate Fund

## November 2018 Commentary

Year-to-date to November 30, the Ninepoint Global Real Estate Fund generated a total return of 1.97% compared to the MSCI World IMI Core Real Estate Index, which generated a total return of 5.19%. Prior to October, we had used the FTSE EPRA/NAREIT Index as our benchmark, which generated a total return of 6.00% year-to-date.

Note that we changed our benchmark for administrative reasons, but it does make our year-to-date returns appear slightly better on a relative basis.

Returns in the month of November were excellent on an absolute basis but slightly disappointing on a relative basis, with the Fund generating a total return of 4.17% while the MSCI World IMI Core Real Estate Index generated a total return of 5.06% and the FTSE EPRA/NAREIT Index generated a total return of 4.97%.

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 Residential REITs, Specialized REITs and Industrial REITs sub-industries generated gains, while our investments in the Diversified Real Estate sub-industry 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 Real Estate Fund included

### Investment Team

---



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

Aroundtown (+99 bps), Killam Apartment (+88 bps) and InterRent (+87 bps). Top detractors year-to-date included Immobiliare Grande Distribuzione (-63 bps), Gazit-Globe (-40 bps) and Equinix (-35 bps).

The Ninepoint Global Real Estate Fund was concentrated in 29 positions as at November 30, 2018 with the top 10 holdings accounting for approximately 39.8% of the fund. Over the prior fiscal year, 21 out of our 29 holdings have announced a dividend increase, with an average hike of 6.3%. 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 GLOBAL REAL ESTATE FUND - COMPOUNDED RETURNS<sup>1</sup>**  
AS OF APRIL 30, 2020 (SERIES F NPP132)

	<b>1M</b>	<b>YTD</b>	<b>3M</b>	<b>6M</b>	<b>1YR</b>	<b>3YR</b>	<b>INCEPTION</b>
Fund	4.4%	-5.0%	-9.5%	-7.4%	1.0%	5.9%	8.1%
Index	4.7%	-16.6%	-18.8%	-18.3%	-12.7%	-0.8%	2.0%

<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) 2015 annual returns are from 08/04/15 to 12/31/15.

**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 November 30, 2018 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