Ninepoint Global Real Estate Fund

November 2021 Commentary

Year-to-date to November 30, the Ninepoint Global Real Estate Fund generated a total return of 25.24% compared to the MSCI World IMI Core Real Estate Index, which generated a total return of 19.80%. For the month, the Fund generated a total return of 0.77% while the Index generated a total return of 1.33%.

Ninepoint Partners,

After what was setting up to be solid back-to-back months, the broad equity markets wobbled over just the last few trading days of November. Two new (but not unrelated) issues rattled investors, but we believe that the Covid-19 Omicron variant and the ensuing hawkish “Powell Pivot” will prove to be mostly noise over the balance of 2021 and into 2022. We would also note that our USD exposure served its purpose during this brief period of elevated market stress and protected our portfolios against significant drawdowns through the end of the month.

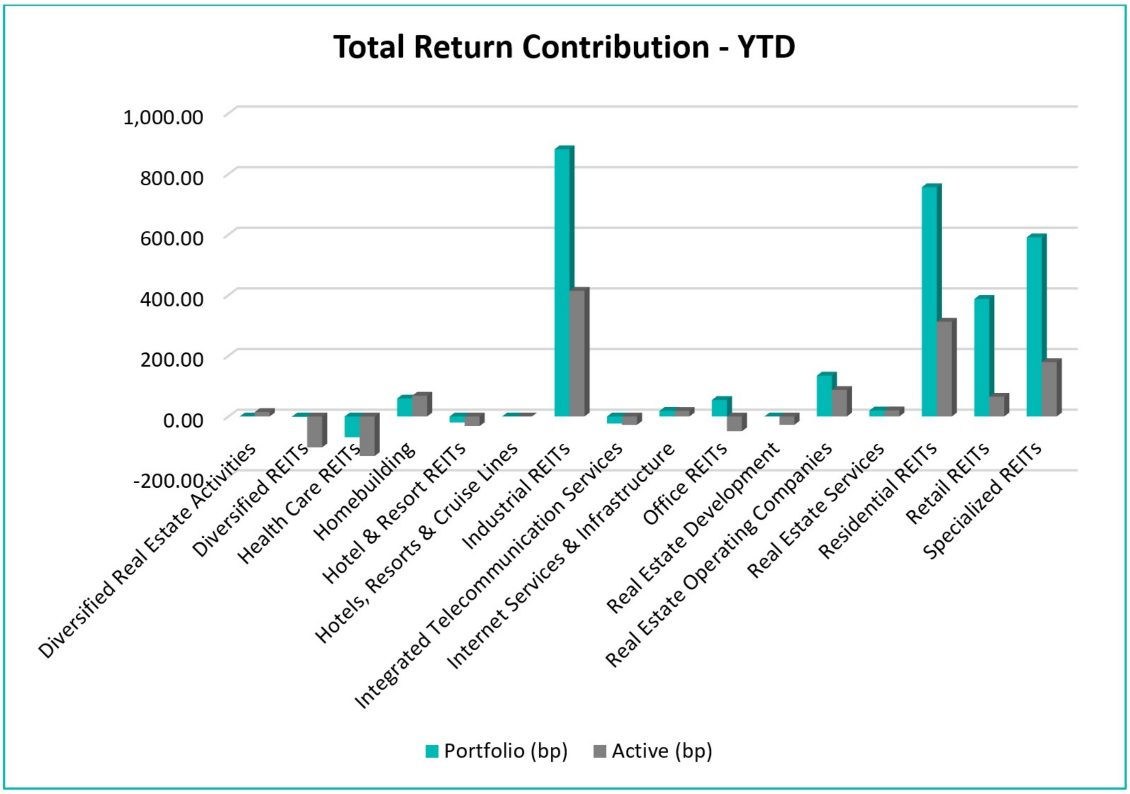
It was during the week of US Thanksgiving, a traditionally quiet period in the market, when scientists in South Africa announced the emergence of a new Covid-19 variant. With relatively low vaccination rates in the country, a jump in cases (small in absolute numbers but significant in terms of percentage increase) led to the identification of what is now known as the Omicron variant. Because of a larger number of mutations in the virus genome (relative to Delta and other previously identified variants), news reports speculated on the ability of Omicron to evade vaccines, increase infection severity and even cause a higher mortality rate. Without clear scientific data, authorities around the world implemented travel restrictions and investors panicked, selling stocks indiscriminately. Thankfully, as of the start of the second full week of December, we can report that there have been zero reported deaths attributable to the Omicron variant. We understand the need for an abundance of caution but, at this stage, Omicron will likely only pause and not derail the global economic reopening

From a medium to longer-term perspective, the hawkish “Powell Pivot” has greater implications for earnings growth, valuation multiples and the equity markets. Now that Jerome Powell has been officially nominated for a second term as Chair of the Board of Governors of the Federal Reserve, perhaps the appointment gave him the confidence to notably shift his public views on inflation. During recent testimony before the Senate Banking Committee Powell said, “it’s probably a good time to retire that word (transitory)” and continued, “it is therefore appropriate in my view to consider wrapping up the taper of our asset purchases, which we actually announced at our November meeting, perhaps a few months sooner”. Considering that market expectations were already leaning toward a faster taper and even two to three rate hikes in 2022, we were mildly surprised by the immediate and aggressive selling in high priced, long duration assets (unprofitable tech was hit particularly hard). From our perspective, we are still comfortable with our outlook that inflation will decline (though from relatively moderate levels), and interest rates will rise (though from extremely low levels) over the next few years.

Therefore, we see no reason to change our investment positioning and have not made any dramatic changes to our portfolios. We remain positioned for the middle phase of the investment cycle, where above-average earnings, cash flow and dividend growth should be able to compensate for some degree of multiple-compression due to rising interest rates. Today, with long-term interest rates still well below 2.0% (the US 10-year Treasury bond yield is currently trading below 1.50%) and consensus earnings growth of 9% in 2022 (according to FactSet), forward earnings multiples remain within a reasonable range. Investors need to be disciplined and remain focused on the facts that vaccination rates are up, Covid-19 hospitalizations and deaths are down, and the global economy is slowly reopening. Finally, we believe that share buybacks are set to ramp up and dividend growth is set to accelerate over the next few years. Essentially, this environment bodes well for the relative performance of our dividend and real asset strategies over the medium term.

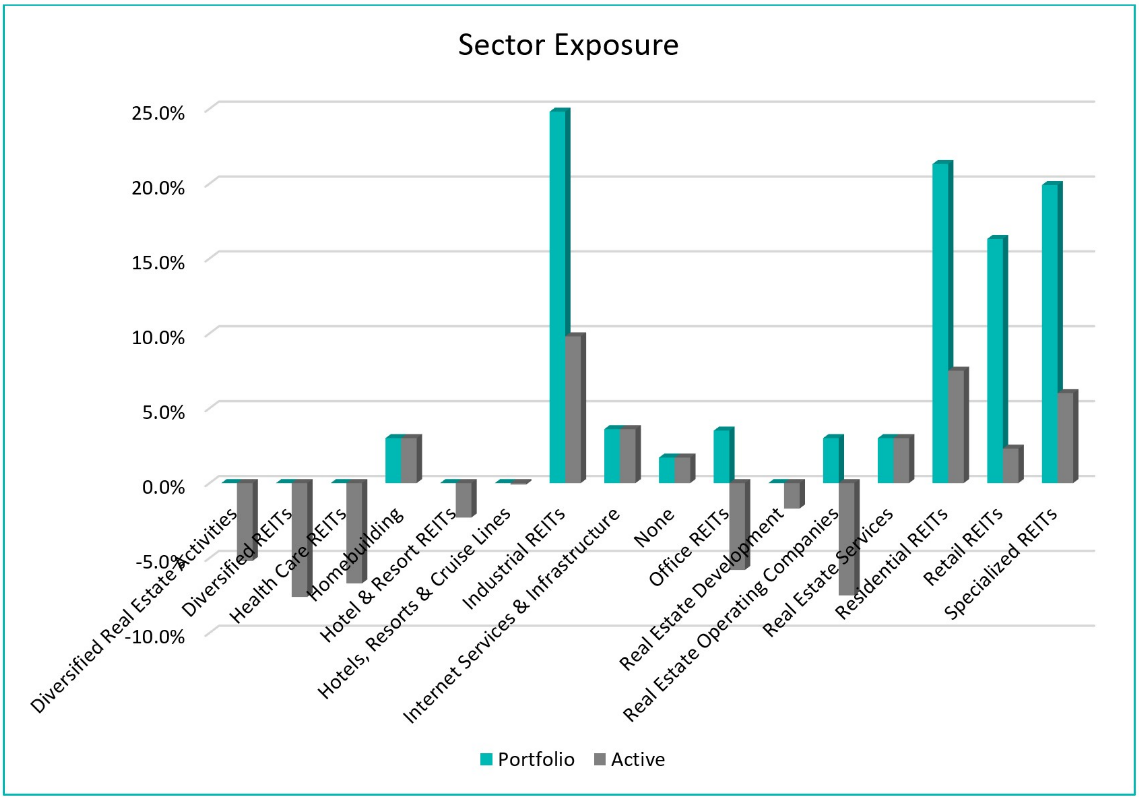
Top contributors to the year-to-date performance of the Ninepoint Global Real Estate Fund by sub-industry included Industrial REITs (+882 bps), Residential REITs (+756 bps) and Specialized REITs (+591 bps) while top detractors by sub-industry included Health Care REITs (-68 bps), Integrated Telecommunication Services (-23 bps) and Hotel & Resort REITs (-20 bps) on an absolute basis.

On a relative basis, positive return contributions from the Industrial REITs (+414 bps), Residential REITs (+313 bps) and Specialized REITs (+179 bps) sub-industries were offset by negative contributions from the Health Care REITs (-130 bps), Diversified REITs (-102 bps) and Office REITs (-79 bps) sub-industries.



Source: Ninepoint Partners

We are currently overweight Industrial REITs, Residential REITs and Specialized REITs while underweight Diversified REITs, Real Estate Operating Companies and Health Care REITs. Thus far in 2021, sub-industry allocation decisions have been the key to outperformance in the Real Estate sector. We expect this dynamic to continue into yearend as the reopening trade continues to gain momentum and the world returns to normal.



Source: Ninepoint Partners

The Ninepoint Global Real Estate Fund was concentrated in 30 positions as at November 30, 2021 with the top 10 holdings accounting for approximately 38.3% of the fund. Over the prior fiscal year, 19 out of our 30 holdings have announced a dividend increase, with an average hike of 4.0% (median hike of 3.6%). 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 RETURNS[1] AS OF JUNE 30, 2022 (SERIES F NPP132) | INCEPTION DATE: AUGUST 5, 2015

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	-6.7%	-22.2%	-14.7%	-22.2%	-6.5%	5.2%	6.0%	7.2%
MSCI World IMI Core Real Estate NR (CAD)	-7.0%	-19.4%	-15.1%	-19.4%	-9.9%	-1.0%	2.0%	2.7%

[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 November 30, 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

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: Toll Free: 1.866.299.9906. DEALER SERVICES: CIBC Mellon GSSC Record Keeping Services: Toll Free: 1.877.358.0540