2023 Mid-Year Update
Ninepoint Focused Global Dividend Fund

Hello, this is Jeff Sayer, Portfolio Manager of the Ninepoint Focused Global Dividend Fund. Welcome to our 2023 mid-year review.

The financial markets are rarely boring, and thus far in 2023, investors have had to deal with the lingering effects of the global pandemic, one of the fastest Fed tightening cycles in over forty years, the banking crisis culminating in the failure of several major regional banks, the debt ceiling negotiations, the ongoing debate over forward earnings expectations and the continuous struggle to correctly value those future earnings streams. Impressively, the NASDAQ is off to its best start in over 40 years, as investors have aggressively chased the artificial intelligence theme, with huge rallies in semiconductor manufacturers, wafer fab equipment manufacturers and the software companies that are the most likely to benefit from advancements in AI. Gains have been led by the Information Technology, Communication and Consumer Discretionary sectors and powered by seven stocks: NVIDIA, Meta, Tesla, Amazon, Alphabet, Apple, and Microsoft.

The performance disparity between the winners and losers is apparent when examining the various indexes. In the US, the tech-heavy NASDAQ Composite gained 32.3%, the S&P 500 TR gained 16.9%, and Dow Jones Industrial Average gained 4.9%. Global equity markets were also reasonably strong, with the S&P Global 1200 TR (in CAD) up 12.4%, given the significant weights of US mega-cap tech in the benchmark. Canadian equity investors realized more modest gains, because of the relatively hefty weighting of the Energy and Financials sectors, with the S&P/TSX Composite TR up only 5.7%. Essentially, if an investor wasn't significantly overweight mega-cap tech, it has been a relatively disappointing six months.

Long-term investors still need to contend with the lagged impact of tighter monetary policy, including falling inflation, slowing growth, and rising unemployment, as we work through the final stages of the economic cycle. Thankfully, inflation looks to have peaked in June 2022 at 9.1%, and has steadily trended lower ever since (to 3.0% in June), but unemployment rates are now beginning to tick up (to 3.6% in June, compared to the low of 3.4% in April). Therefore, we continue to believe that we are at the very end of the tightening cycle, but we still don't expect any rate cuts this year. Essentially, inflation readings would have to reaccelerate dramatically before any additional rate hikes or economic growth would have to decline significantly before any pivot to easier monetary policy.

Year-to-date to June 30th, the Ninepoint Focused Global Dividend Fund generated a total return of 6.55% compared to the S&P Global 1200 Index, which generated a total return of 12.39%. Top contributors to the year-to-date performance of the Ninepoint Focused Global Dividend Fund by sector included Information Technology, Consumer Discretionary and Financials while top detractors by sector included Health Care, Utilities and Consumer Staples on an absolute basis.

On a relative basis, positive return contributions from the Financials, Energy and Real Estate sectors were offset by negative contributions from the Information Technology, Communication and Health

Care sectors. In terms of stock specific performance, top contributors to the year-to-date performance included Microsoft, Broadcom and Apple while top detractors included Estee Lauder, UnitedHealth Group, and NextEra Energy.

We are currently overweight the Energy, Financials, and Industrial sectors, while underweight the Communication, Materials, and Information Technology sectors. The end of monetary policy tightening should allow some of the lagging sectors to participate in the equity rally including the Energy, Financials, Health Care, Industrial and Utilities sectors. Coincidently, those sectors are weighted toward solid dividend stocks that have mostly underperformed year-to-date. Therefore, we remain focused on high quality, dividend payers that have demonstrated the ability to consistently generate revenue and earnings growth through the cycle.

Given an investment environment characterized by falling inflation but slowing growth it is somewhat disappointing that our dividend focused strategy has underperformed relative to the broad indexes. Despite offering a nice combination of modest growth and income generation potential, investors have piled into the mega-cap technology trade at the expense of most other assets classes irrespective of valuations. However, the fundamentals of our underlying businesses have been steady, and the dividend yields remain attractive, so we expect better relative performance from our holdings over the balance of the year. In the meantime, we will continue to apply our disciplined investment process, balancing valuation, earnings or cash flow growth and yield, in an effort to generate solid risk-adjusted returns over the cycle.

Once again, thank you for your time and support.

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: ADR risk; Capital depletion risk; Capital gains risk; Class risk; Credit risk; Currency risk; Cybersecurity risk; Derivatives risk; Exchange traded funds risk; Foreign investment risk; Inflation risk; Interest rate risk; Liquidity risk; Market risk; Securities lending, Repurchase and reverse repurchase transactions 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