REFINITIV LIPPER FUND AWARDS
2022 WINNER
CANADA

Ninepoint Global Infrastructure Fund

July 2023 Commentary

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Summary

- 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 -1.34%.
- The AI-related investment theme has driven strong year-to-date results, primarily fueled by multiple-expansion.
- Q2 earnings season shows better-than-expected results (5.2% decline vs. projected 8-9% decline).
- Positive EPS surprises and better-than-expected earnings decline contribute to a potential catch-up scenario for stocks, even if headline indexes remain stable or decline.
- We continue to believe that the clean energy transition will be one of the biggest investment themes for many years ahead and infrastructure stands to be a clear beneficiary.
- The Fed's 525 basis point rate hikes likely mark the end of the tightening cycle; inflation peaked at 9.1% in June 2022 and was at 3.0% June 2023 in a year-over-year basis.
- The fund was concentrated in 30 positions. Over the prior fiscal year, 19 out of our 30 holdings have announced a dividend increase, with an average hike of 12.2% (median hike of 5.1%).

Monthly Update

Year-to-date to July 31, 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 -1.34%. For the month, the Fund generated a total return of 1.08% while the Index generated a total return of 0.88%.

Ninepoint Global Infrastructure Fund - Compounded Returns[1] As of July 31, 2023 (Series F NPP356) | Inception Date: September 1, 2011

	1M	YTD	3M	6M	1YR	3YR	5YR	10YR	Inception
Fund	1.1%	0.8%	-0.8%	-0.5%	-1.7%	6.1%	6.3%	6.9%	7.1%
MSCI World Core Infrastructure NR (CAD)	0.9%	-1.3%	-3.9%	-3.4%	-3.8%	4.7%	5.7%	9.7%	10.5%

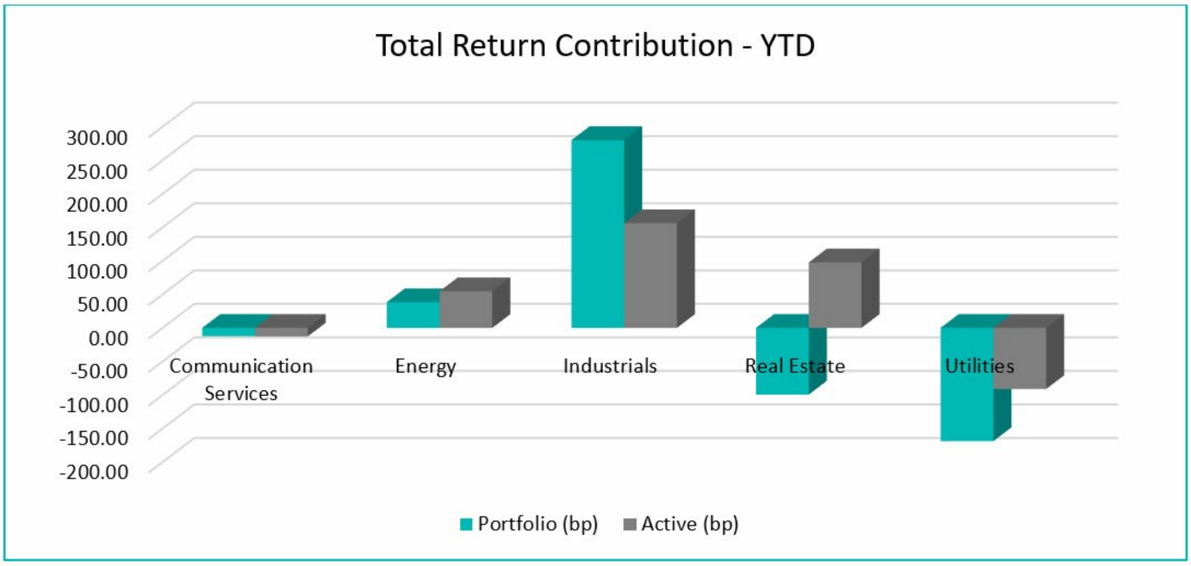
Stocks can move higher for many reasons, but, fundamentally, multiple-expansion or earnings growth (or a virtuous cycle of both occurring simultaneously), are required for capital appreciation. Investors in the AI-related investment theme have been rewarded with solid results year-to-date (powered by multiple-expansion) while most other investment opportunities have lagged. As the Q2 earnings season winds down, with 84% of the S&P 500 having reported actual results, 79% of companies have posted a positive EPS surprise. According to FactSet, the blended year-over-year earnings decline is 5.2%, admittedly down, but much better than initial expectations for a decline of somewhere between 8% to 9%. If the Q2 proves to be the earnings trough (consistent with current consensus estimates), we could see more stocks play “catch-up” even if the headline indexes move sideways or drift lower as earnings growth reaccelerates. In this environment, our job will be to find the companies that are posting solid earnings growth at acceptable valuations to generate long-term gains. Steady dividend payers and real asset strategies look poised to benefit from any rotation out of the high-multiple, technology winners of 2023.

Importantly, after 525 basis points of Fed interest rate hikes since March 2022, we believe that we are now at the very end of the tightening cycle. Inflation peaked in June 2022 at 9.1% and has steadily trended lower, to 3.0% in June (on a year-over-year basis). Although this most recent data point is above the Fed's official target of 2.0% inflation, Chairman Powell acknowledged that tightening until an actual 2.0% CPI reading would be inappropriate due to the lagged effect of higher rates. In the near term, while Fed FOMC members may continue to talk tough about inflation (and rightly so, to prevent rampant speculation fueled by incremental leverage), we think the pause becomes permanent. We still don't expect a pivot to easier monetary policy in 2023, however, we do believe that the end of the tightening cycle would allow some of the lagging sectors to lead over the balance of the year. We are particularly watching select names in the Consumer Staples, Energy, Financials, Health Care, Real Estate, and Utilities sectors, specifically those with solid dividend payouts, that have mostly underperformed year-to-date.

In an environment of moderating inflation but slowing growth through 2023, the most important drivers of investment performance will likely be valuation, balance sheet strength and the ability to consistently generate cash flow and earnings. Should the year-to-date rally broaden beyond everything related to the AI trade, a rotation into high quality, dividend payers would result in better relative performance from our strategies going forward. In keeping with our mandates, we are concentrating our efforts on free cash flow positive, high quality, dividend growth companies and real asset investments given our positive assessment of the risk/reward outlook over the next two to three years.

Top contributors to the year-to-date performance of the Ninepoint Global Infrastructure Fund by sector included Industrials (+332 bps) and Energy (+107 bps) while top detractors by sector included Utilities (-129 bps), Real Estate (-97 bps) and Communication (-55 bps) on an absolute basis.

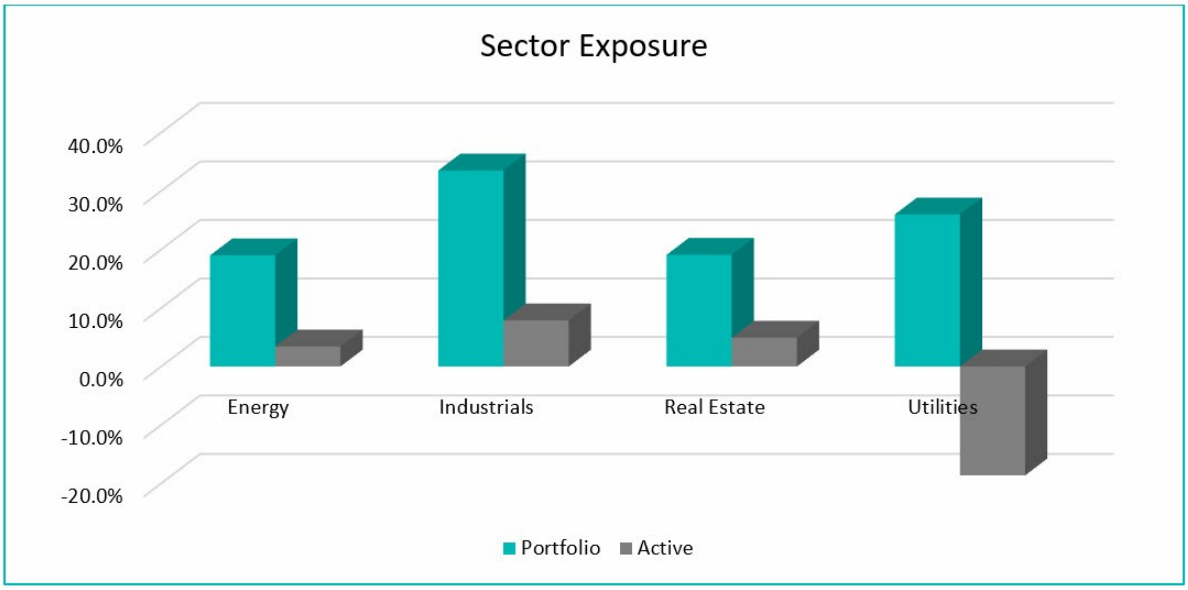
On a relative basis, positive return contributions from the Real Estate (+165 bps), Industrials (+153 bps) and Energy (+103 bps) sectors were offset by a negative contribution from the Utilities (-130 bps) and Communication (-56 bps) sectors.



Source: Ninepoint Partners

We are currently overweight the Industrials, Energy, Communication and Real Estate sectors, while underweight the Utilities sector. We continue to believe that we are at the end of the tightening cycle as inflation continues to trend lower and the unemployment rate begins to move higher. So, while we work through the late stages of one of the most highly anticipated downturns ever, we remain focused on high quality, dividend payers that have demonstrated the ability to consistently generate revenue and earnings growth through the cycle.

We continue to believe that the clean energy transition will be one of the biggest investment themes for many years ahead and infrastructure stands to be a clear beneficiary. Therefore, we are comfortable having exposure to both traditional energy investments and renewable energy investments given the importance of energy sustainability and security of supply around the world.



Source: Ninepoint Partners

The Ninepoint Global Infrastructure Fund was concentrated in 30 positions as at July 31, 2023 with the top 10 holdings accounting for approximately 37.0% of the fund. Over the prior fiscal year, 19 out of our 30 holdings have announced a dividend increase, with an average hike of 12.2% (median hike of 5.1%). 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

The fund has been named Refinitiv Lipper Fund Awards Canada 2022 Winner, Best Global Infrastructure Equity Fund, over a three-year period out of a total of 13 funds ending July 31, 2022.

Lipper Award Methodology

The Refinitiv Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers.

The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see lipperfundawards.com Although Refinitiv Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Refinitiv Lipper.

The merit of the winners is based on objective, quantitative criteria. The influential and prestigious Refinitiv Lipper Fund Awards are based on our Lipper Leaders Rating for Consistent Return. Lipper Leaders Ratings are subject to change on a monthly basis. Individual classifications of three, five, and 10-year periods, as well as fund families with high average scored for the three-year period, are also recognized. The awards are based on Refinitiv Lipper's proven proprietary methodology, which can be viewed here.

[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 July 31, 2023; 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.

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: capital depletion risk; concentration risk; credit risk; currency risk; cybersecurity risk; derivatives risk; exchange traded

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