



Ninepoint Focused Global Dividend Class

April 2021 Commentary

Year-to-date to April 30, the Ninepoint Focused Global Dividend Class generated a total return of 5.75% compared to the S&P Global 1200 Index, which generated a total return of 6.28%. For the month, the Fund generated a total return of 2.89% while the Index generated a total return of 2.32%.

Investment Team



Jeff Sayer, CFA
Vice President, Portfolio
Manager

After a slow start, which was especially disappointing to see in both Canada and Europe, the Covid-19 vaccine rollout is beginning to accelerate globally. In the United States, with approximately 46% of the population having received at least one dose and approximately 32% of the population having been fully vaccinated, we are unfortunately seeing a deceleration in the rate of vaccination. Hopefully, this trend improves through public education and provider outreach, better availability and ease of access and incentives or even pressure from the private sector. It is critically important to continue to make progress with the vaccine uptake since health experts believe that a vaccination rate of about 50% to 60% is needed to dramatically lower the number of new cases and bring transmission of the virus under control.

Practically speaking, the stock market is a forward discounting mechanism and investors are clearly anticipating revenue and earnings growth in 2021 and 2022. First quarter earnings results have been exceptionally strong and, with 88% of the companies in the S&P 500 having reported, 76% have reported a positive revenue surprise and 86% have reported a positive earnings surprise. If these figures hold, it should be the highest percentage of earnings beats since FactSet began tracking this metric in 2008. Currently, the Q1 2021 blended earnings growth rate for the S&P 500 is coming in at 49.4%, which would represent the highest year-over-year growth rate since Q1 2010. Based on the Q1 financial results and analysts' forecasts, S&P 500 revenue growth is expected to come in at 11.5% and earnings growth is expected to come in at 32.9% for calendar 2021. With long-term interest rates still well below 2.0% (the US 10-year Treasury bond yield is currently around 1.60%), equity multiples can remain elevated so it should be no surprise that markets have pushed to all-time highs.

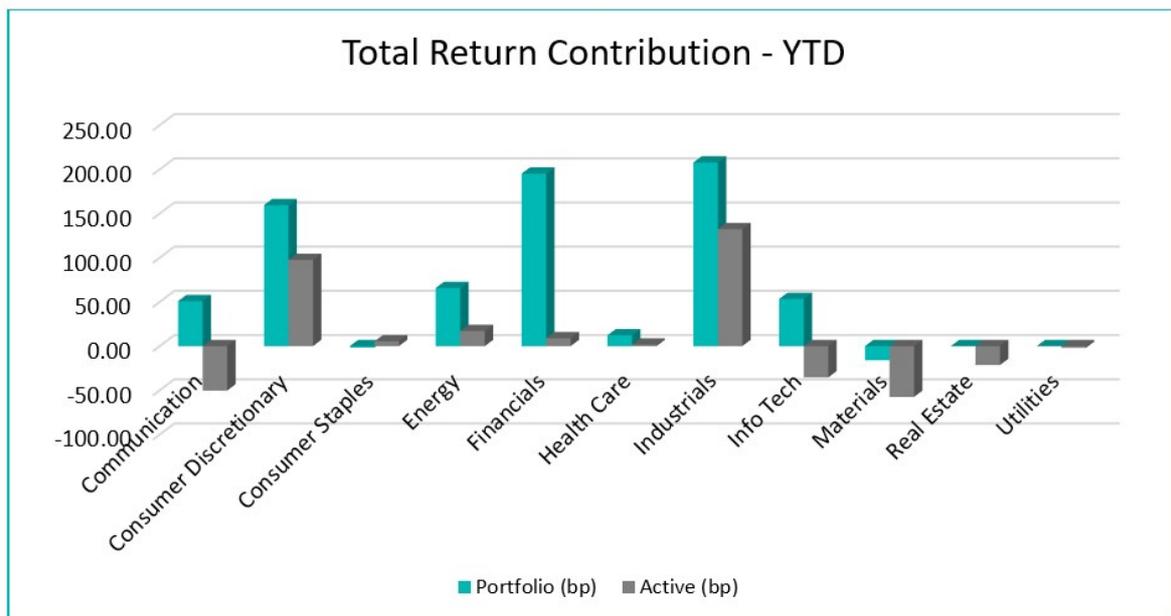
Underneath the surface of the indices, the rotation from growth/momentum toward value/cyclical is becoming more pronounced. Speculative areas of the market (for example high growth but unprofitable information technology stocks, SPACs and the latest "hot" IPOs) have come under serious selling pressure. Even the mega cap tech stocks are underperforming, although most have still generated a positive total return year-to-date, with the fortress balance sheets allowing billions of dollars' worth of share buybacks. We think this rotation bodes well for the relative performance of our dividend and real asset strategies over the medium term.

The key question over the near term remains the interpretation of incoming macroeconomic data as monetary and fiscal policies remain accommodative, and the pace of the economic reopening picks up. Anecdotal measures of inflation are everywhere, including the prices of commodities such

as oil and gas, lumber and steel. Some businesses are even struggling to recall workers and it has not been unusual to see hiring bonuses and wage bumps, particularly in the hospitality and leisure segment of the jobs market. Equity and bond investors are closing watching the data and debating whether the effects are transitory or more permanent, which will likely determine the path of tapering and, eventually, interest rate hikes. For now, we trust that the US Federal Reserve will continue to provide easy monetary conditions thus prolonging the equity cycle through at least 2023.

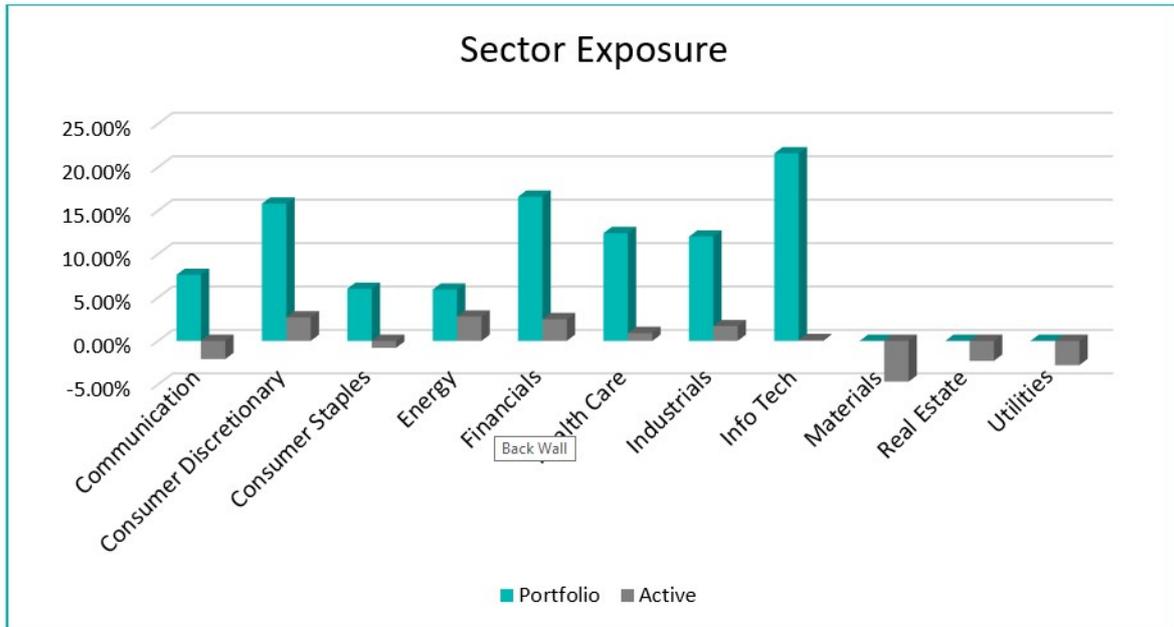
Top contributors to the year-to-date performance of the Ninepoint Focused Global Dividend Class by sector included Industrials (+208 bps), Financials (+186 bps) and Consumer Discretionary (+150 bps) while top detractors by sector included Materials (-16 bps) and Consumer Staples (-4 bps) on an absolute basis.

On a relative basis, positive return contributions from the Industrials, Consumer Discretionary and Energy sectors were offset by negative contributions from the Materials, Communication and Information Technology sectors.



Source: Ninepoint Partners

We are currently slightly overweight the Energy, Consumer Discretionary and Financials sectors, while slightly underweight the Materials, Utilities and Real Estate sectors. As the vaccine rollout continues and we look forward to reopening the global economy, we are maintaining a relatively neutral sector positioning. Both growth/momentum and value/cyclical stocks are working, and we believe it is futile to attempt to time the rotations with any degree of certainty or accuracy. We are still very comfortable relying on our investment process, which continues to suggest a diversified strategy of dividend-paying securities to optimize the tradeoff between risk and return over the next twelve months.



Source: Ninepoint Partners

At the stock specific level, top contributors to the year-to-date performance included Ally Financial (+136 bps), Alphabet (+114 bps) and Magna International (+100 bps). Top detractors year-to-date included Nike (-27 bps), Facebook (-24 bps) and Johnson and Johnson (-25 bps).

In April, our top performing investments included Alphabet (+57 bps), Ally Financial (+47 bps) and Danaher (+31 bps) while Activision Blizzard (-16 bps), Chevron (-12 bps) and Broadcom (-12 bps) underperformed.

The Ninepoint Focused Global Dividend Class was concentrated in 30 positions as at April 30, 2021 with the top 10 holdings accounting for approximately 38.0% of the fund. Over the prior fiscal year, 22 out of our 30 holdings have announced a dividend increase, with an average hike of 1.8% (median hike of 6.3%). We will continue to apply a disciplined investment process, balancing various quality and valuation metrics, in an effort to generate solid risk-adjusted returns.

Jeffrey Sayer, CFA
 Ninepoint Partners

NINEPOINT FOCUSED GLOBAL DIVIDEND CLASS - COMPOUNDED RETURNS¹ AS OF JULY 31, 2021 (SERIES F NPP137) | INCEPTION DATE: NOVEMBER 26, 2015

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	2.0%	8.3%	2.5%	10.0%	15.1%	8.4%	10.5%	8.5%
S&P Global 1200 TR (CAD)	2.0%	12.3%	5.6%	12.8%	25.3%	13.0%	13.7%	12.3%

¹ All returns and fund details are a) based on Series F shares; b) net of fees; c) annualized if period is greater than one year; d) as at April 30, 2021; e) 2015 annual returns are from 11/25/15 to 12/31/15. The index is S&P GLOBAL 1200 TR (CAD) and is computed by Ninepoint Partners LP based on publicly available index information.

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Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: CIBC Mellon GSSC Record Keeping Services:
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