



Ninepoint Global Infrastructure Fund

December 2020 Commentary

Year-to-date to December 31, the Ninepoint Global Infrastructure Fund generated a total return of 6.60% compared to the MSCI World Core Infrastructure Index, which generated a total return of -2.54%. For the month, the Fund generated a total return of 0.68% while the Index generated a total return of -1.17%.

Investment Team



Jeff Sayer, CFA
Vice President, Portfolio
Manager

The year 2020 will go down in history as one of the most challenging periods in recent memory for people around the world. What started as a localized outbreak, quickly turned into a global pandemic as the Covid-19 coronavirus spread across the planet. Governments, healthcare professionals and front-line workers were called upon to take a “whatever-it-takes” mentality to combat the crisis. Despite their extraordinary and heroic efforts, approximately 2 million lives have been lost and almost everyone has faced varying degrees of hardship tied to mandated mobility restrictions and forced economic shutdowns. But as we begin 2021, human ingenuity, tireless effort and scientific breakthroughs thankfully offer hope for the future.

Looking back at the economic impact of the lockdown, we have just experienced the sharpest, deepest recession since WWII, with the dynamics of the contraction more like a natural disaster-induced full-stop than a monetary policy-induced slowdown. This triggered the fastest bear market in history, with the S&P 500 falling 35% from February 19 to March 23. However, markets rebounded ferociously from the lows due to the relatively swift and coordinated policy response, which included emergency monetary support and aggressive fiscal stimulus. But it is important to note that investment returns varied widely across markets, sectors and asset classes with work-from-home and consume-at-home themes particularly supportive for the Information Technology sector as digital transformation accelerated.

Unsurprisingly, the tech-heavy NASDAQ composite led the charge in 2020 with a total return of 44.9% and the broader S&P 500 generated a total return of 18.4% (both in USD). Returns were slightly less impressive across our mandated benchmarks, as the S&P Global 1200 (CAD) generated a total return of 13.6%, the MSCI World Core Infrastructure (CAD) generated a total return of -2.5% and the MSCI World Core IMI Real Estate (CAD) generated a total return of -9.6%. Clearly, global markets faced tougher headwinds from a performance perspective and certain sectors and sub-industries dependent on unrestricted mobility suffered disproportionately (including toll roads and airports in infrastructure and retail REITs and office REITs in real estate). Finally, we should note that although USD exposure provided a buffer during the downturn in Q1 2020, USD weakness through the remainder of the year negatively impacted returns in CAD terms.

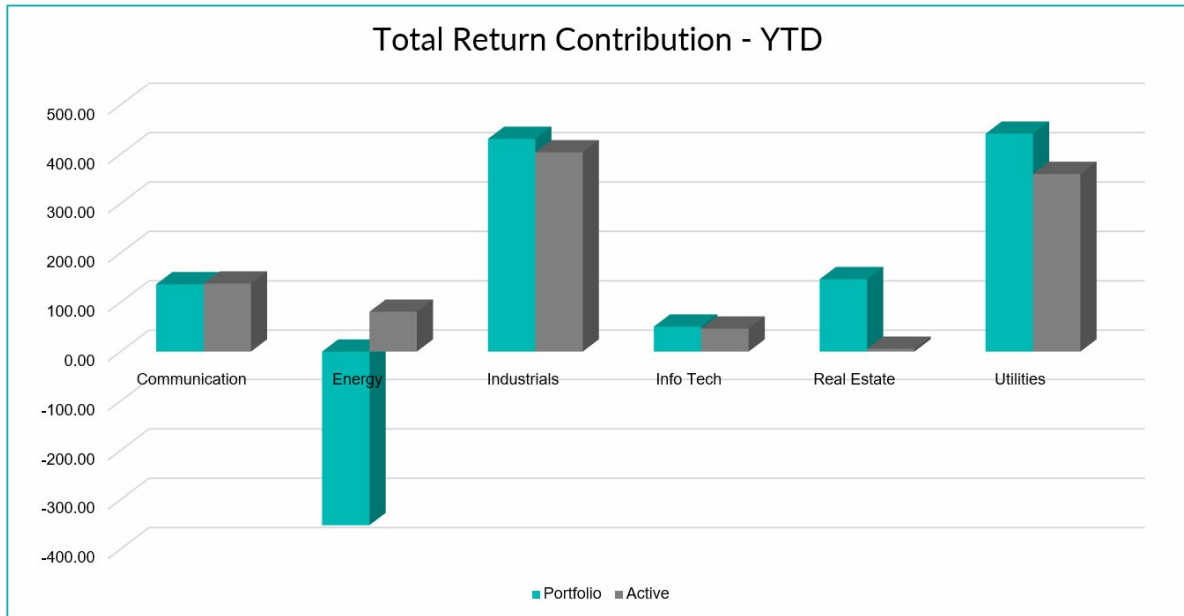
Looking forward into 2021, the outlook for the broad equity markets appears quite good, since three key positive catalysts have materialized. First, Congress has officially certified Joe Biden’s victory in the US Presidential election and the Democrats have held the House and flipped the Senate. The Democratic sweep creates a “Blue Wave” scenario and removes a tremendous amount

of political uncertainty. Second, the next phase of the fiscal stimulus package has been signed into law, in the amount of approximately \$900 billion. Given the unified government, there is also a high probability that additional stimulus legislation will top up support payments from \$600 to \$2,000 per person per month for those under a certain income level. With almost 10 million people still unemployed relative to pre-pandemic levels, these cheques are critically important to bridging the income gap until we can get everyone back to work. The third catalyst, the discovery and distribution of a safe, effective vaccine against Covid-19 (with the recent approval of both Pfizer-BioNTech and Moderna vaccines and the likely approval of both AstraZeneca and Johnson & Johnson vaccine candidates), will eventually achieve the herd immunity required to allow our lives to return to normal. With these catalysts incorporated into current consensus estimates, earnings are expected to grow approximately 25% on a year-over-year basis and, if interest rates remain low therefore allowing multiples to remain elevated, we could see another solid year of investment gains.

The Ninepoint Global Infrastructure Fund should be ideally positioned for 2021, as the asset class stands to benefit from two key drivers. First, the Biden "Blue Wave" will likely be extremely supportive of renewable energy and clean energy technology. We have already had several "green" investments generate a meaningful positive contribution to the performance of the fund, which we expect to continue through the coming year. Further, the odds of a significant infrastructure spending package have now risen dramatically and we are finding ways to participate in the potential upside (either through the rerating or mark-to-market of existing assets or through direct investment opportunities). Second, the successful reopening of the global economy should benefit several beaten down sectors including traditional oil & gas storage & transportation, airport services and toll roads. As transportation recovers to pre-pandemic levels, the cash flows of these businesses should rebound strongly from the lows of 2020. Essentially, there should be plenty of opportunity to find high quality dividend growers at attractive valuations across a wide range of businesses in the infrastructure space, which bodes well for our mandate.

Top contributors to the year-to-date performance of the Ninepoint Global Infrastructure Fund by sector included Utilities (+441 bps), Industrials (+431 bps) and Real Estate (+147 bps) while only the Energy sector (-352 bps) detracted from performance on an absolute basis.

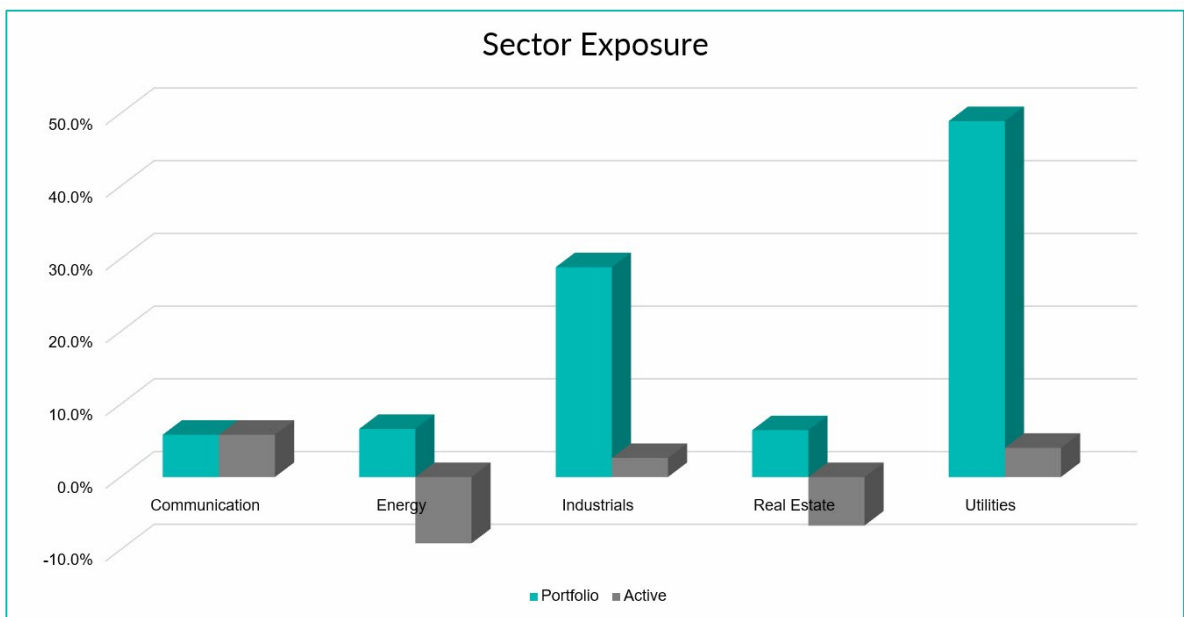
On a relative basis, positive return contributions were led by the Industrials, Utilities and Communication sectors while no sector generated a negative contribution over the course of the year.



Source: Ninepoint Partners

We are currently overweight in the Communication, Utilities and Industrials sectors, while underweight in the Energy and Real Estate sectors. Given our expectations for the rally to broaden through 2021 as the world reopens, we have reduced some of our outsized (either overweight or underweight) sector allocations.

If the world can reopen smoothly, we may finally see both growth/momentum stocks and value/cyclical stocks rallying together. Therefore, we have positioned our holdings using a barbell-strategy in anticipation of global economic normalization. Further, as we've said before, the Biden "Blue Wave" should be tremendously positive for renewable energy and clean energy technology and we are already seeing stocks tied to these themes outperforming on an absolute and relative basis. We expect to be able to continue to identify these types of opportunities using our disciplined investment process in 2021.



Source: Ninepoint Partners

At the stock specific level, top contributors to the year-to-date performance included Boralex (+264 bps), Orsted (+222 bps) and Quanta Services (+192 bps). Top detractors year-to-date included Enbridge (-115 bps), Eiffage (-107 bps) and TC Energy (-101 bps).

In December, our top performing investments included Boralex (+61 bps), AES (+43 bps) and Orsted (+40 bps) while Sunrun (-39 bps), Crown Castle (-31 bps) and Enbridge (-23 bps) underperformed.

The Ninepoint Global Infrastructure Fund was concentrated in 30 positions as at December 31, 2020 with the top 10 holdings accounting for approximately 37.2% of the fund. Over the prior fiscal year, 21 out of our 30 holdings have announced a dividend increase, with an average hike of 4.6% (median hike of 6.0%). 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

NINEPOINT GLOBAL INFRASTRUCTURE FUND - COMPOUNDED RETURNS¹
AS OF DECEMBER 31, 2020 (SERIES F NPP356)

	1M	YTD	3M	6M	1YR	3YR	5YR	INCEPTION
Fund	0.7%	6.6%	5.2%	9.5%	6.6%	7.1%	9.3%	7.6%
Index	-1.2%	-2.5%	1.7%	2.6%	-2.5%	7.5%	8.2%	12.1%

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 December 31, 2020; 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 funds risk; foreign investment risk; income trust risk; inflation risk; interest rate risk; liquidity risk; market risk; regulatory risk; series risk; short selling risk; small company 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), other charges and expenses all may be associated with mutual fund investments. Please read the prospectus carefully before investing. The indicated rate of return for series F units of the Fund for the period ended December 31, 2020 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 LP 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 LP 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 LP 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