Ninepoint Global Real Estate Fund

January 2019 Commentary

Investment Team

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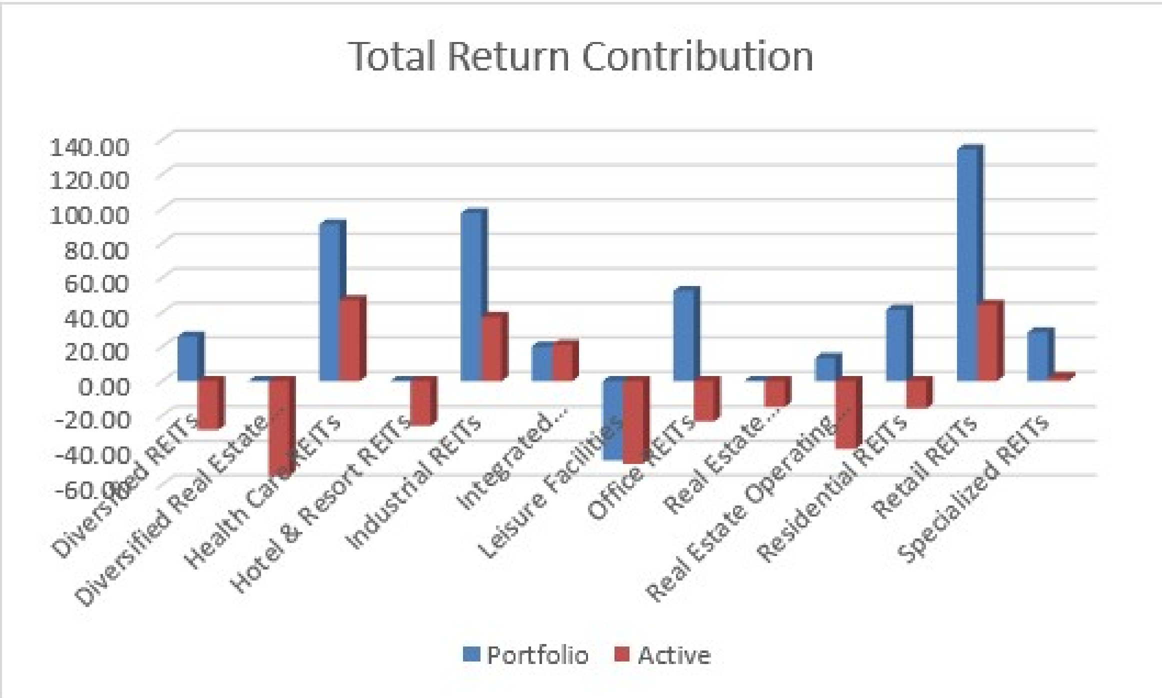
Year-to-date to January 31, the Ninepoint Global Real Estate Fund generated a total return of 6.20% compared to the MSCI World IMI Core Real Estate Index, which generated a total return of 6.47%. After the worst stock market performance in December since 1931, markets rebounded sharply in January with the S&P 500 posting its best performance since 1987.

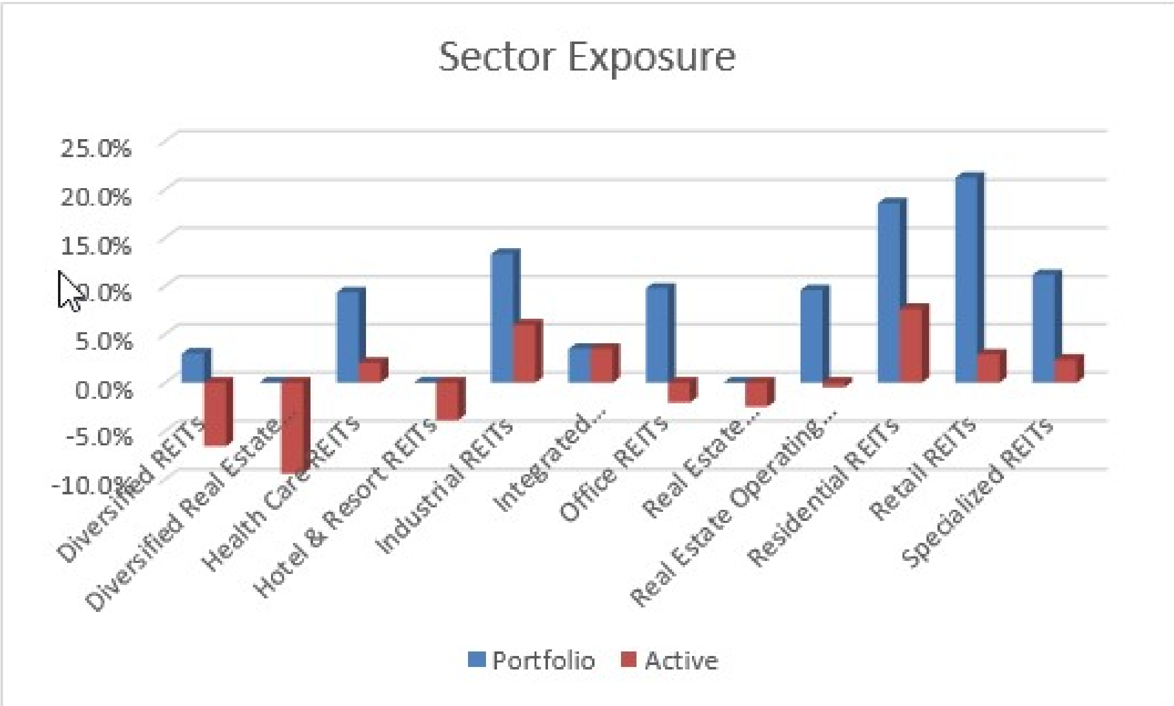
Essentially, the worst performing stocks and sectors in December reversed course to become the market leaders in January, which speaks to the sentiment/positioning-driven nature of the sell-off to end 2018. Two of the three key investor concerns are already showing signs of improvement in early 2019 with the FED pivoting to a very dovish, “patient” approach to future interest rate hikes and Trump appearing to soften his stance on China. Forward earnings estimates have continued to decline but commentary in the Q4 2018 earnings releases has not been pointing to any significant downward revisions from here. Hopefully, fundamentals will matter again in 2019 and we can get back to stock picking based on company specific analysis.

Top contributors to the year-to-date performance of the Ninepoint Global Real Estate Fund by sub-industry included Retail REITs (+134 bps), Industrial REITs (+97 bps) and Health Care REITs (+91 bps) while top detractors by sub-industry were limited to Leisure Facilities (-46 bps).



Source: Ninepoint Partners

We are overweight Residential REITs, Industrial REITs and Integrated Telecommunication Services while underweight Diversified Real Estate Activities, Diversified REITs and Hotel & Resort REITs. Our overweight sub-industries should demonstrate above average FFO growth over the coming year yet trade at below average valuations. Conversely, we are underweight Diversified Real Estate Activities and Diversified REITs, which happen to be skewed more toward the APAC region of the world, where valuations are more difficult to quantify. We are also underweight Hotel & Resort REITs since they are likely to generate below average FFO growth in 2019.



Source: Ninepoint Partners

At the stock specific level, top contributors to the year-to-date performance included Prologis (+102 bps), Alexandria (+37 bps) and Caretrust (+33 bps). Top detractors year-to-date included Vail Resorts (-46 bps), CyrusOne (-23 bps) and BSR (-10 bps).

In terms of our top performing holdings, there is nothing specific that drove the gains, other than technical rallies from deeply oversold conditions. Prologis did report operating and financial results in January and slightly beat expectations on both revenue ($2,804 million for the full year compared to $2,618 million for the same period in 2017, up 7.1%) and core FFO ($3.03 compared to $2.81 in 2017, up 7.8%). Management also provided conservative guidance for core FFO growth of 7.5% in 2019, which was well received by the market.

Unfortunately, it is difficult to explain the underperformance of CyrusOne and BSR in January. However, Vail disclosed clearly disappointing early ski season metrics and reduced expectations for full year reported EBITDA. As the Company reported, “despite the good conditions, our destination guest visitation was much lower than anticipated in the pre-holiday period” and “this was driven by destination guests’ concerns from two prior years of poor pre-holiday conditions at our US resorts and we did not see the pickup in short-term bookings we had expected”. Given the unpredictability of this season's results, we liquidated our position in Vail Resorts.

The Ninepoint Global Real Estate Fund was concentrated in 31 positions as at January 31, 2019 with the top 10 holdings accounting for approximately 35.8% of the fund. Over the prior fiscal year, 24 out of our 31 holdings have announced a dividend increase, with an average hike of 5.5%. 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 GLOBAL REAL ESTATE FUND - COMPOUNDED RETURNS[1]

AS OF FEBRUARY 29, 2020 (SERIES F NPP132)

	1M	YTD	3M	6M	1YR	3YR	INCEPTION
Fund	-3.7%	1.1%	-2.0%	1.6%	12.4%	9.0%	9.9%
Index	-6.7%	-4.2%	-5.8%	-2.6%	4.5%	5.0%	5.2%

[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 January 31, 2019; e) 2015 annual returns are from 08/04/15 to 12/31/15.

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.

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