# Ninepoint Global Dividend Class

## March 2018 Commentary

Year-to-date to March 31, the Ninepoint Focused Global Dividend Class generated a total return of 0.93% compared to the S&P Global 1200 Index, which generated a total return of 1.46%.


Investment Team

**Jeff Sayer, CFA**
Vice President, Portfolio Manager


Returns in the month of March were acceptable on a relative basis but disappointing on an absolute basis, with the Fund generating a total return of -1.46% while the benchmark generated a total return of -1.66%. After a fantastic start to the year and a correction in February, March was another difficult month for the global equity markets. However, a weakening Canadian dollar provided a tailwind to the Fund in the month.

Our modelling indicates that the Canadian dollar should continue to weaken in 2018. Although the Canadian dollar strengthened throughout January on accelerating global growth expectations, the currency began to decline in February and the trend persisted through the middle of March. With a resolution to the ongoing NAFTA negotiations expected shortly, we have hedged approximately half of our USD exposure in order to reduce currency-related volatility in the Fund.

Following months of investigation and threats, the Trump administration recently announced its intention to place tariffs on approximately $50 billion worth of Chinese goods, heightening the risk of a global trade war. Despite the concerning headlines, we believe that negotiations will prevail before any significant damage can be done to the outlook for global growth and corporate profits. From our perspective, the correction has provided an opportunity to high-grade our portfolios and add exposure to sectors and stocks that benefit most in a mid to late-cycle environment.

Top contributors to the year-to-date performance of the Ninepoint Focused Global Dividend Class included Mastercard (+71 bps), Raytheon (+60 bps) and Microsoft (+39 bps). Top detractors year-to-date included Brookfield Asset Management (-43 bps), Valeo (-20 bps) and Credit Suisse Group (-15 bps). Note that we have sold our position in Valeo, based on disappointing margin progression and weak free cash flow generation as we approach the top of the automotive sales cycle.

Consistent with our positive outlook on the sector, Interxion Holdings (INXN US), the US-listed but European-focused provider of cloud and carrier-neutral data centers, rallied just over 10% in March, driven by a solid financial report and upbeat guidance. Revenue for Q4 and 2017 increased by 18% and 16% to €130 million and €489 million respectively, as European data center deployment continues to catch up to the US. With the Company forecasting both revenue and adjusted EBITDA growth of 15% in 2018 and the stock at a discount to the major US peers, we expect continued gains in 2018.

The Ninepoint Focused Global Dividend Class was concentrated in 25 positions as at March 31, 2018 with the top 10 holdings accounting for approximately 44.2% of the fund. Over the past year, 19 out of our 25 holdings have announced a dividend increase, with an average hike of 20.0%. 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**

[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 March 30, 2018; e) 2015 annual returns are from 11/25/15 to 12/31/15.

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