



Ninepoint Target Income Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2023

The annual management report of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. This report contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-888-362-7172, by visiting our website at www.ninepoint.com or SEDAR+ at www.sedarplus.ca or by writing to us at: Ninepoint Partners LP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario M5J 2J1. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The objective of Ninepoint Target Income Fund (the “Fund”) is to seek to provide unitholders with stable, monthly distributions and lower volatility than a direct investment in the broad equity markets by investing primarily in a diversified portfolio of equity index based investments that generates income and using derivatives strategies to moderate the market volatility of those investments. To achieve the Fund’s investment objective, the Fund seeks to generate income by primarily selling put options on broad equity indices, including exchange traded funds (“ETFs”). Additionally, it may enter into, or obtain exposure to, systematic put selling strategies through the use of derivative instruments, such as swaps. As part of its investment strategy, the Fund may also:

- engage in short selling in a manner which is consistent with the investment objectives of the Fund and as permitted by the Canadian Securities Administrators;
- engage in securities lending as permitted by securities regulations; and
- hold cash, short-term money market instruments and fixed income securities, at any time, for cash management purposes based on the market outlook for the energy sector.

Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable for those investors seeking stable, monthly distributions, lower volatility than a direct investment in the broad equity markets, and exposure to a diversified portfolio of equity index based investments. This Fund is suitable for investors with a low-to-medium tolerance for risk and have a medium to long-term investment horizon.

Results of Operations

The Fund, Series SF returned 7.2% in 2023, while its benchmark, the CBOE S&P 500 PutWrite Index, returned 14.3%.

In 2023, equities initially rallied on improving inflation trends and then experienced a sharp sell-off in March on uncertainty over the solvency of several regional banks in the United States. This uncertainty drove higher demand for hedging given perceived downside risks to markets and subsequently higher expected volatility being priced into options markets. As concerns over banking risks abated equity markets rallied and implied volatility declined. The March rally saw equity market breadth narrow with technology driving a significant amount of equity market returns. Nascent signs that large cap technology company earnings trends might be improving and excitement over the potential for AI were key contributors to technology share performance. Uncertainty over global inflation trends continued to dominate markets driving sharp moves in both long term and short-term interest rates. Equity markets reacted negatively in the summer to the move in higher rates driving a price correction into the fall, only to see a rally into year-end as inflation trends improved and Federal Reserve officials signal the potential end to rates hikes.

We positioned the Fund for this environment by deploying put selling strategies with an S&P 500 underlying that rolled puts at strike prices moderately higher than in 2022, offering the potential to generate the Fund’s target return while providing a protective buffer against moderate prices decline in the underlying index.

The top factors contributing to performance were an increase in yields on short-term money securities driving higher returns on cash combined with positive returns on the S&P 500 underlying put option portfolio.

The money market securities portfolio and the S&P 500 85 strike laddered puts were the top contributors to performance. Bottom performers were the S&P 500 70 strike laddered puts. During the period, the portfolio lowered its proportional allocation of notional puts sold in the S&P 500 75 & 70 strike laddered puts into the S&P 500 85 & 80 strike laddered puts. The Fund also increased its proportional put selling exposure to European SX5E underlying index and Canadian SPTSX 60 underlying index. These actions were taken to increase the potential of the portfolio to generate the target 6% distribution.

The Fund’s net asset value increased by 16.1% during the year, from \$33.3 million as at December 31, 2022 to \$38.6 million as at December 31, 2023. This change was predominantly due to net subscriptions of \$5.2 million.

Recent Developments

There were no material changes to the investment strategy and features of the Fund during the year ended December 31, 2023. The Manager actively monitors the positioning of the Fund's portfolio for changes in current market conditions and the economic environment.

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 1.60% for Series A units, 0.60% for Series F and ETF Series units, 1.30% for Series S units, 0.30% for Series SF units and as negotiated by the unitholders for Series I. The management fee is calculated and accrued daily and is paid monthly based on the daily net asset value of that series of the Fund. For the year ended December 31, 2023, the Fund incurred management fees (including taxes) of \$195,924. The breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Ninepoint Target Income Fund – Series A	37%	63%
Ninepoint Target Income Fund – Series F	100%	–
Ninepoint Target Income Fund – Series S	100%	–
Ninepoint Target Income Fund – Series SF	100%	–
Ninepoint Target Income Fund – ETF Series	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$86 during the year ended December 31, 2023, to Sightline Wealth Management, an affiliate of the manager.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, filing and administrative expenses as well as unitholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of the Fund. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income (Loss). Waivers or absorptions can be terminated at any time without notice. During the year ended December 31, 2023, the Manager did not absorb expenses.

OTHER RELATED PARTY TRANSACTIONS

The Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee with respect to any related party transactions.

Ninepoint Target Income Fund

December 31, 2023

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the years ended December 31 shown, unless otherwise indicated.

The Fund's Net Assets per Unit¹

	Dec 31, 2023	Dec 31, 2022 ⁵
	\$	\$
Series A		
Net assets, beginning of period	9.89	10.00
Increase (decrease) from operations:		
Total revenue	0.38	0.14
Total expenses	(0.22)	(0.08)
Realized gains (losses) for the period	0.36	0.13
Unrealized gains (losses) for the period	0.02	0.04
Total increase (decrease) from operations²	0.54	0.23
Distributions:		
From income (excluding dividends)	(0.41)	(0.18)
From capital gain	(0.20)	–
From return of capital	–	(0.07)
Total annual distributions³	(0.61)	(0.25)
Net assets, end of period	9.83	9.89

	Dec 31, 2023	Dec 31, 2022 ⁵
	\$	\$
Series F		
Net assets, beginning of period	9.94	10.00
Increase (decrease) from operations:		
Total revenue	0.38	0.13
Total expenses	(0.11)	(0.04)
Realized gains (losses) for the period	0.35	0.25
Unrealized gains (losses) for the period	0.02	(0.05)
Total increase (decrease) from operations²	0.64	0.29
Distributions:		
From income (excluding dividends)	(0.51)	(0.23)
From capital gain	(0.10)	–
From return of capital	–	(0.02)
Total annual distributions³	(0.61)	(0.25)
Net assets, end of period	10.00	9.94

Ninepoint Target Income Fund

December 31, 2023

	Dec 31, 2023	Dec 31, 2022 ⁴
	\$	\$
Series S		
Net assets, beginning of period	9.97	10.00
Increase (decrease) from operations:		
Total revenue	0.38	0.15
Total expenses	(0.19)	(0.10)
Realized gains (losses) for the period	0.37	0.18
Unrealized gains (losses) for the period	0.02	0.04
Total increase (decrease) from operations²	0.58	0.27
Distributions:		
From income (excluding dividends)	(0.47)	(0.22)
From capital gain	(0.15)	–
From return of capital	–	(0.08)
Total annual distributions³	(0.62)	(0.30)
Net assets, end of period	9.93	9.97

	Dec 31, 2023	Dec 31, 2022 ⁴
	\$	\$
Series SF		
Net assets, beginning of period	10.03	10.00
Increase (decrease) from operations:		
Total revenue	0.39	0.15
Total expenses	(0.08)	(0.04)
Realized gains (losses) for the period	0.37	0.16
Unrealized gains (losses) for the period	0.02	0.02
Total increase (decrease) from operations²	0.70	0.29
Distributions:		
From income (excluding dividends)	(0.59)	(0.25)
From capital gain	(0.03)	–
From return of capital	–	(0.05)
Total annual distributions³	(0.62)	(0.30)
Net assets, end of period	10.10	10.03

Ninepoint Target Income Fund

December 31, 2023

ETF Series	Dec 31, 2023 \$	Dec 31, 2022 ⁴ \$
Net assets, beginning of period	20.01	20.00
Increase (decrease) from operations:		
Total revenue	0.77	0.30
Total expenses	(0.23)	(0.11)
Realized gains (losses) for the period	0.65	0.30
Unrealized gains (losses) for the period	0.28	0.19
Total increase (decrease) from operations²	1.47	0.68
Distributions:		
From income (excluding dividends)	(0.98)	(0.41)
From capital gain	(0.27)	(0.01)
From return of capital	–	(0.18)
Total annual distributions³	(1.25)	(0.60)
Net assets, end of period	20.14	20.01

1 This information is derived from the Fund's audited annual financial statements.

2 The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. Net asset and distributions are based on the actual number of units outstanding at the relevant time. This table is not intended to be a reconciliation of the beginning to ending net assets per unit.

3 Distributions were reinvested in additional units of the Fund or paid in cash.

4 Information provided is for the period from June 29, 2022 (launch date) to December 31, 2022 for Series S units, Series SF units and ETF Series units.

5 Information provided is for the period from August 2, 2022 (first issuance) to December 31, 2022 for Series A units and Series F units.

Ninepoint Target Income Fund

December 31, 2023

Ratios and Supplemental Data

Series A	Dec 31, 2023	Dec 31, 2022
Total net asset value (000's) ¹	\$1,745	\$705
Number of units outstanding ¹	177,513	71,200
Management expense ratio ²	2.22%	1.88%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	263.66%	118.75%
Net asset value per unit ¹	\$9.83	\$9.89

Series F	Dec 31, 2023	Dec 31, 2022
Total net asset value (000's) ¹	\$20,062	\$11,383
Number of units outstanding ¹	2,005,481	1,144,849
Management expense ratio ²	1.12%	0.93%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	263.66%	118.75%
Net asset value per unit ¹	\$10.00	\$9.94

Series S	Dec 31, 2023	Dec 31, 2022
Total net asset value (000's) ¹	\$1,264	\$1,313
Number of units outstanding ¹	127,227	131,725
Management expense ratio ²	1.89%	1.98%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	263.66%	118.75%
Net asset value per unit ¹	\$9.93	\$9.97

Series SF	Dec 31, 2023	Dec 31, 2022
Total net asset value (000's) ¹	14,340	\$16,667
Number of units outstanding ¹	1,419,186	1,662,530
Management expense ratio ²	0.78%	0.83%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	263.66%	118.75%
Net asset value per unit ¹	\$10.10	\$10.03

ETF Series	Dec 31, 2023	Dec 31, 2022
Total net asset value (000's) ¹	\$1,208	\$3,202
Number of units outstanding ¹	60,000	160,000
Management expense ratio ²	1.12%	1.14%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	263.66%	118.75%
Net asset value per unit ¹	\$20.14	\$20.01
Closing market price ⁵	\$20.19	\$20.07

1 This information is provided as at December 31 for the years shown.

2 Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

3 The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER includes dividend expense and securities borrowing expense paid by the Fund in connection with securities sold short.

4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

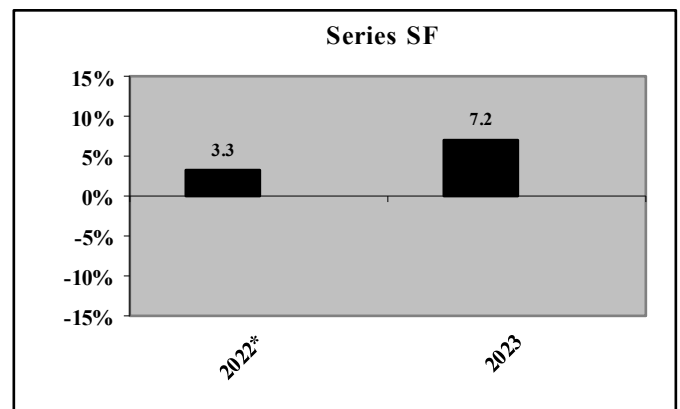
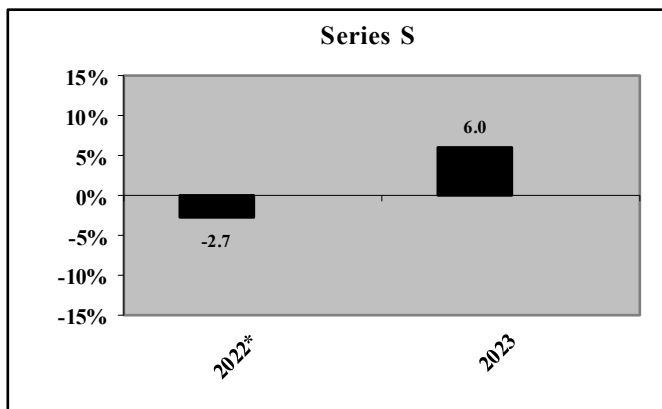
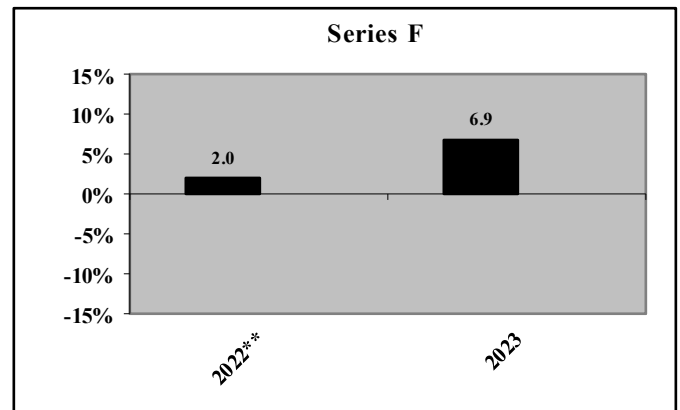
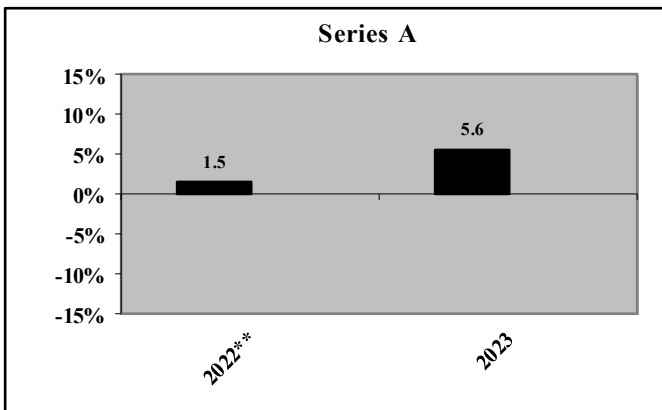
5 Last closing price as at December 31 for the years shown.

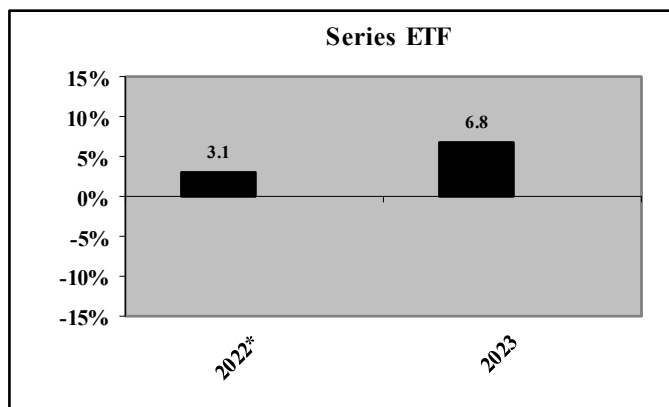
Past Performance

The indicated rates of return are the historical total returns including changes in unit values and assume reinvestment of all distributions in additional units of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of return are calculated based on the Net Asset Value of the particular Series of the Fund.

Year-by-Year Returns

The following charts indicate the performance of each Series of the Fund for the years ended December 31 shown, unless otherwise indicated. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period. Returns are not shown for a Series in any period in which there were zero outstanding units as at the end of the period.





* Return from June 29, 2022 (launch date) to December 31, 2022 (not annualized) for Series S units, Series SF units and ETF Series units.

** Return from August 2, 2022 (launch date) to December 31, 2022 (not annualized) for Series A units and Series F units.

Ninepoint Target Income Fund

December 31, 2023

Annual Compound Returns

The following table illustrates the annual compound total return for each Series of units of the Fund for the periods shown. As a basis of performance comparison, the annual compound return of the Fund is compared to that of CBOE S&P 500 PutWrite Index (the “Index”). The Index tracks the value of a hypothetical portfolio of securities that yields a buffered exposure to S&P 500 stock returns. Since the Fund does not necessarily invest in the same securities or in the same proportion as the index, the performance of the Fund is not expected to equal the performance of the Index.

	1-Year	Since Inception*
Ninepoint Target Income Fund – Series A	5.6%	5.1%
CBOE S&P 500 PutWrite Index (CAD)	14.3%	7.1%
Ninepoint Target Income Fund – Series F	6.9%	6.3%
CBOE S&P 500 PutWrite Index (CAD)	14.3%	7.1%
Ninepoint Target Income Fund – Series S	6.0%	5.8%
CBOE S&P 500 PutWrite Index (CAD)	14.3%	8.9%
Ninepoint Target Income Fund – Series SF	7.2%	7.0%
CBOE S&P 500 PutWrite Index (CAD)	14.3%	8.9%
Ninepoint Target Income Fund – ETF Series	6.8%	6.6%
CBOE S&P 500 PutWrite Index (CAD)	14.3%	8.9%

* Since launch date of June 29, 2022 for Series S, Series SF, and ETF Series, and August 2, 2022 for Series A and Series F.

Summary of Investment Portfolio

As at December 31, 2023

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Investment Grade Bonds	49.8
Short-term Investment	49.7
Total Long Positions	99.5
Other Net Assets	0.3
Cash	0.1
Swap Contracts*	0.1
Total Net Asset Value	100.0

* Positions in swap contracts are disclosed as the gain (loss) that would have been realized if the contracts were closed out on December 31, 2023.

All Long Positions excluding Swap Contracts

Issuer	% of Net Asset Value
The Bank of Nova Scotia, 5.442%, Jan 29, 2024	8.5
Canadian Imperial Bank of Commerce, Callable, 3.290%, Jan 15, 2024	7.8
Government of Canada, 5.287%, Jan 18, 2024	7.1
Morgan Stanley, 3.000%, Feb 7, 2024	7.1
Royal Bank of Canada, 5.504%, Jan 15, 2024	6.4
The Goldman Sachs Group Inc., 6.360%, Mar 21, 2024	5.7
The Toronto-Dominion Bank, 6.578%, Jan 3, 2024	5.2
Wells Fargo & Company, Callable, 3.184%, Feb 8, 2024	5.2
Brookfield Asset Management Inc., Callable, 5.040%, Mar 8, 2024	5.2
Brookfield Infrastructure Finance ULC, Callable, 3.315%, Feb 22, 2024	5.1
Bell Canada Inc., Callable, 2.700%, Feb 27, 2024	5.1
The Toronto-Dominion Bank, 5.657%, Jan 10, 2024	3.9
Bank of Montreal, 5.428%, Jan 18, 2024	3.9
Pembina Pipeline Corporation, Callable, 2.990%, Jan 22, 2024	3.4
National Bank of Canada, 5.611%, Jan 11, 2024	3.1
Royal Bank of Canada, 5.766%, Jan 8, 2024	2.6
Bank of Montreal, 5.383%, Jan 22, 2024	2.6
National Bank of Canada, 5.322%, Feb 20, 2024	2.6
Bank of Montreal, 2.850%, Mar 6, 2024	2.6
Ontario Teachers' Finance Trust, 5.354%, Feb 7, 2024	2.6
National Bank of Canada, 2.983%, Mar 4, 2024	2.6
Enbridge Pipelines Inc., 6.573%, Jan 8, 2024	0.6
Enbridge Inc., 6.507%, Jan 9, 2024	0.6
Cash	0.1
All long positions as a percentage of Net Asset Value	99.6

All Swap Contracts**

Issuer	% of Net Asset Value
RBC US Equity 85% Put Write Index, Jun 28, 2024	37.1
RBC US Equity 80% Put Write Index, Jun 28, 2024	35.9
RBC EU Equity 80% Put Write Index, Jun 28, 2024	4.6
RBC CA Equity 85% Put Write Index, Jun 28, 2024	2.2
RBC EU Equity 85% Put Write Index, Jun 28, 2024	1.6
RBC US Equity 90% Put Write Index, Jun 28, 2024	1.6
RBC EU Equity 75% Put Write Index, Jun 28, 2024	1.5
RBC CA Equity 90% Put Write Index, Jun 28, 2024	0.4
RBC US Equity 75% Put Write Index, Jun 28, 2024	0.2
RBC US Equity 70% Put Write Index, Jun 28, 2024	0.2

** Positions in swap contracts are disclosed in terms of their notional exposure. All swap contracts are speculative in nature.

The Fund held no short positions as at December 31, 2023.

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available on the Internet at www.ninepoint.com.

Corporate Information

Corporate Address

Ninepoint Partners LP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2700, P.O. Box 27
Toronto, Ontario M5J 2J1
T 416.362.7172
TOLL-FREE 1.888.362.7172
F 416.628.2397
E invest@ninepoint.com
For additional information visit our website:
www.ninepoint.com
Call our mutual fund information line for daily closing prices:
416.362.7172 or 1.888.362.7172

Auditors

Ernst & Young LLP
EY Tower
100 Adelaide Street West
Toronto, Ontario M5H 0B3

Legal Counsel

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Suite 3400
Toronto, Ontario M5H 4E3