



## **SIMPLIFIED PROSPECTUS**

*Offering Series A, Series S, Series F, Series SF, Series P, Series PF, Series Q, Series QF, Series I  
and Series D Units of*

# **NINEPOINT CAPITAL APPRECIATION FUND**

**February 2, 2024**

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

The Fund and the units of the Fund offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance upon exemptions from registration.

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## INTRODUCTION

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In this document, “we”, “us”, “our” or “the Manager” refers to Ninepoint Partners LP, the trustee, manager and promoter of Ninepoint Capital Appreciation Fund (the “Fund”).

All of our mutual funds, including our mutual funds offered under separate simplified prospectuses, with the Fund offered herein, are collectively referred to as the “Ninepoint mutual funds”. A reference in this document to “you” refers to an investor who invests in the Fund. When you invest in the Fund or another Ninepoint mutual fund established as a trust, you are buying mutual fund trust units. When you invest in a Ninepoint mutual fund that is a class of shares of a corporation, you are buying mutual fund shares in the corporation. We refer to units and shares of the Ninepoint mutual funds collectively as “securities” in this Simplified Prospectus.

This document contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor. This document contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund. This document is divided into two parts:

- pages 3 to 27 contain general information applicable to the Fund; and
- pages 28 to 41 contain specific information about the Fund described in this document.

Additional information about the Fund is available in the following documents: the most recently filed Fund Facts document, the most recently filed annual financial statements, any interim financial statements of the Fund filed after those annual financial statements, the most recently filed annual management report of fund performance (“MRFP”) and any interim MRFP filed after that annual MRFP. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You may obtain copies of these documents upon request, and at no charge, by calling toll-free at 1-866-299-9906, or from your investment advisor directly, or via email at [invest@ninepoint.com](mailto:invest@ninepoint.com), or from the Fund’s designated website at [www.ninepoint.com](http://www.ninepoint.com).

These documents and other information about the Fund are also available at [www.sedarplus.com](http://www.sedarplus.com).

## RESPONSIBILITY FOR MUTUAL FUND ADMINISTRATION

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### Manager

Ninepoint Partners LP is the manager of the Fund. The registered office of the Manager is located at the Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P. O. Box 27, Toronto, Ontario, M5J 2J1. Further contact information of the Manager is as follows:

Tel: (416) 943-6707  
Fax: (416) 628-2397  
Email: [invest@ninepoint.com](mailto:invest@ninepoint.com)  
Website: [www.ninepoint.com](http://www.ninepoint.com)  
Toll free number: 1-866-299-9906

The Manager is responsible for the day-to-day operations of the Fund including accounting and administration for securities of the Fund.

The following are the names, municipalities of residence, and the current positions and offices of the directors and executive officers of the Manager and/or of Ninepoint Partners GP Inc. (the “GP”), the general partner of the Manager.

<b>Name and Municipality of Residence</b>	<b>Position with the Manager and/or the GP</b>
John Wilson North York, Ontario	Chief Investment Officer, Senior Portfolio Manager, Managing Partner and Ultimate Designated Person of the Manager

Name and Municipality of Residence	Position with the Manager and/or the GP
	Co-Chief Executive Officer and director of the GP
James Robert Fox Etobicoke, Ontario	Managing Partner of the Manager Co-Chief Executive Officer and director of the GP
Kirstin McTaggart Mississauga, Ontario	Chief Compliance Officer and Chief Administrative Officer of the Manager Chief Compliance Officer, Chief Administrative Officer and Director of the GP
Shirin Kabani Toronto, Ontario	Chief Financial Officer of the Manager Chief Financial Officer of the GP

Under the management agreement dated April 16, 2018 between the Manager and the Fund together with amended and restated Schedules “A” and “B” dated July 30, 2018, April 8, 2020, May 1, 2020, October 28, 2020, March 23, 2021, April 30, 2021, November 29, 2021, February 4, 2022, February 28, 2022, October 5, 2022, November 1, 2022 and February 2, 2024, the Manager is responsible for providing all management and administrative services required by the Fund, which includes the management of the investment portfolio, investment analysis, recommendations and decisions, the implementation of the portfolio purchase and sale transactions and arranging for the distribution of securities of the Fund and is paid a management fee. Pursuant to this agreement, the Manager may delegate any or all of its duties and responsibilities to one or more agents to assist it in the performance of such duties and responsibilities. The Manager may resign as manager of any of the Fund on 90 days’ prior written notice to unitholders, other than a resignation in connection with a corporate reorganization which results in no material change to the day-to-day management, administration or operation of the Fund. The Manager will appoint a successor manager of the Fund, and unless the successor manager is an affiliate of the Manager, such appointment must be approved by a majority of the unitholders of the Fund. If prior to the effective date of the Manager’s resignation, a successor manager is not appointed or the unitholders of the Fund do not approve the appointment of the successor manager as required, the Fund will be terminated in accordance with the terms of the declaration of trust.

The Fund (the “Top Fund”) may invest in other mutual funds, including mutual funds managed by us (the “underlying funds”). Where we are the manager of both the Top Fund and an underlying fund, we will not vote the securities of the underlying fund held directly by the Top Fund. Instead, we may arrange for such securities to be voted by the beneficial unitholders of the Top Fund.

**Portfolio Manager**

The Manager is the portfolio manager of the Fund (in such capacity, the “Portfolio Manager”).

Investment decisions for the Fund are made completely and solely by the Portfolio Manager.

The Manager remains wholly responsible for the management of the Fund, including the management of its investment portfolio.

There is a portfolio management committee which meets on a quarterly basis to review the economic and market outlook as well as the focus of the Fund. Investment decisions made by the portfolio management team are not subject to oversight, approval or ratification of this committee.

The Portfolio Manager provides investment management services to other clients. Those client accounts may follow the same investment objective and strategy as used by the Fund. In placing an order to buy and sell securities, execution between the Fund and other accounts will be conducted in a manner which the Portfolio Manager believes is fair and equitable. The Portfolio Manager and its principals may also trade in securities for their personal accounts and may also invest in the same securities as the Fund. In doing so, the Portfolio Manager and its principals will comply with all applicable laws.

The following individuals make investment decisions for the Fund:

Fund	Name	Title	Role in Investment Decision-Making Process
Ninepoint Capital Appreciation Fund	John Wilson	Chief Investment Officer, Senior Portfolio Manager, Managing Partner and Ultimate Designated Person	John is Chief Investment Officer for the Portfolio Manager, leader of the portfolio management team, and is the Ultimate Designated Person, responsible for promoting compliance and supervising activities of the firm that are directed towards ensuring compliance with securities legislation
	Jeff Sayer	Vice President, Portfolio Manager	Member of the portfolio management team making investment decisions subject to the oversight of the Chief Investment Officer, Ultimate Designated Person and the compliance department to ensure compliance with securities legislation

**Brokerage Arrangements**

Decisions as to the purchase and sale of portfolio assets and portfolio securities, and the execution of portfolio transactions, including the selection of the market, the selection of the broker and the negotiation of commissions, are made by the Portfolio Manager. Where appropriate, the Portfolio Manager may execute trades with broker-dealers that provide goods or services in addition to order execution.

Factors considered when selecting a broker for a specific transaction may include brokerage services provided including execution capability, commission rate, willingness to commit capital, anonymity and responsiveness, the nature of the market for the security, the timing or size and type of the transaction, the reputation, experience and financial stability of the broker, the quality of the services rendered in other transactions, other goods and services provided (where appropriate), financial strength metrics, business continuity and trade settlement capabilities. Notwithstanding the factors listed above, in effecting portfolio transactions, overall service and prompt execution of orders on favourable terms will be of primary consideration. In all circumstances, the Portfolio Manager will seek to obtain the best order execution for the Fund and to minimize transaction costs.

Securities transactions (including derivatives transactions) may be executed with brokers who provide brokerage and/or research services to the Portfolio Manager, either directly or through a commission sharing arrangement. Such services may include: advice as to the value of securities and the advisability of effecting transactions in securities; analyses and reports concerning securities, portfolio strategies or performance, issuers, industries, or economic or political factors and trends; quotation services; post trade matching services; access services to issuer management; and databases or software to the extent they are designed mainly to support these services. The Portfolio Manager has established procedures to assist it in making a good faith determination that their clients, including the Fund, receive a reasonable benefit considering the value of research goods and services and the amount of brokerage commissions paid.

Provided that pricing, service and other terms are comparable or less costly than those offered by other dealers, it is anticipated that a portion of the portfolio transactions for the Fund may be arranged through Sightline Wealth Management LP, which is a registered investment dealer and an affiliate of Ninepoint Partners LP.

Where brokerage transactions involving client brokerage commissions of the Fund have been or might be directed to a broker in return for the provision of any good or service by the broker or a third party, other than order execution,

the names of such dealers or third parties will be provided upon request by contacting the Manager at 1-866-299-9906 or via email at invest@ninepoint.com.

### **Trustee, Directors and Executive Officers**

#### *Trustee*

Under the Declaration of Trust described under the heading “Name, Formation and History of the Fund”, Ninepoint Partners LP of Toronto, Ontario is the trustee of all securities held on behalf of the Fund. Under the Declaration of Trust, the Trustee may resign as the trustee of the Fund by giving the unitholders 60 days’ prior notice, and the Manager may remove the Trustee by giving the Trustee 60 days’ prior notice.

The Trustee holds title to the securities owned by the Fund on behalf of unitholders. The Manager and Trustee have exclusive authority over the assets and affairs of the Fund with a fiduciary responsibility to act in the best interests of the unitholders.

### **Custodian**

Under the custodian agreement dated April 16, 2018, as amended, CIBC Mellon Trust Company of Toronto, Ontario has been appointed the custodian for the Fund. This agreement may be terminated by either party upon providing 90 days’ written notice, or immediately if any party becomes insolvent, or makes an assignment for the benefit of creditors, or a petition in bankruptcy is filed by or against that party and is not discharged within 30 days, or proceedings for the appointment of a receiver for that party are commenced and not discontinued within 30 days. CIBC Mellon Trust Company holds cash and securities on behalf of the Fund and is responsible for ensuring that the cash and securities are safe and secure. All of such securities will be held by the CIBC Mellon Trust Company with the exception of foreign portfolio securities, gold and precious minerals, if any, or at the offices of sub-custodians under arrangements made to the satisfaction and order of CIBC Mellon Trust Company and in compliance with applicable regulatory requirements. CIBC Mellon Trust Company holds title to the securities owned by the Fund on behalf of the unitholders of the Fund.

### **Auditors**

The auditors of the Fund are Ernst & Young LLP of Toronto, Ontario. The Manager will not seek the approval of unitholders before changing the auditor of the Fund; however, the Manager will provide unitholders with at least 60 days’ written notice before the effective date of any such change.

### **Recordkeeper**

CIBC Mellon Global Securities Services Company of Toronto, Ontario is the recordkeeper for the Fund. In such capacity, the recordkeeper keeps a register of the owners of the applicable securities of the Fund, processes purchase and redemption orders of securities of the Fund, and issues investor account statements and issues annual tax reporting information.

### **Securities Lending Agent**

The Bank of New York Mellon of New York City, New York is the securities lending agent for the Fund (the “Securities Lending Agent”). The Securities Lending Agent is independent of the Manager. The Manager has appointed the Securities Lending Agent under the terms of a written agreement between the Manager, the Trustee, the Custodian, the Canadian Imperial Bank of Commerce and the Securities Lending Agent on behalf of the Fund (the “Securities Lending Agreement”).

The Securities Lending Agent, the Custodian, and CIBC Mellon Global Securities Services Company (“GSS”) jointly and severally indemnify the Fund in respect of losses, damages, liabilities, costs or expenses suffered by the Manager and the Fund arising from a failure of the Securities Lending Agent or GSS to perform their obligations under the Securities Lending Agreement, inaccuracy of any representations and warranties in the Securities Lending Agreement or fraud, bad faith, willful misconduct or reckless disregard of their duties by the Securities Lending Agent or

GSS. The Manager and the Fund have indemnified the Securities Lending Agent, the Custodian and GSS on the same terms.

The Securities Lending Agreement complies with the applicable provisions of National Instrument 81-102 *Investment Funds* (“NI 81-102”). Under the provisions of the agreements, the Securities Lending Agent will:

- assess the creditworthiness of potential counterparties to these transactions (typically, registered brokers and/or dealers);
- negotiate the actual securities lending, repurchase and reverse repurchase agreements with such counterparties;
- collect lending and repurchase fees and provide such fees to the Manager;
- monitor (daily) the market value of the securities sold, loaned or purchased and the collateral and ensure that the Fund holds collateral equal to at least 102% of the market value of the securities sold, loaned or purchased; and
- ensure that the Fund does not loan or sell more than 50% of the net asset value of its assets (not including the collateral held by the Fund, as applicable) through lending and repurchase transactions.

The Securities Lending Agreement may be terminated by a party on at least 30 days’ prior notice to the other parties.

## **Independent Review Committee and Fund Governance**

### *Generally*

Ninepoint Partners LP, as manager of the Fund, is ultimately responsible for fund governance, and is overseen by the directors and officers of the Manager and/or Ninepoint Partners GP Inc., the general partner. Details of the directors and officers of the Manager and/or of Ninepoint Partners GP Inc., the general partner of the Manager, are disclosed above under “Manager”.

### *Independent Review Committee*

In accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* (“NI 81-107”), an independent review committee (the “IRC”) has been established for all the Ninepoint investment funds, which includes the Fund. The IRC complies with applicable securities legislation, including NI 81-107. The IRC is composed of three individuals, each of whom is independent of the Ninepoint investment funds, the Manager and its affiliates. The current members of the IRC are W. William Woods (Chair), Eamonn McConnell and Audrey Robinson.

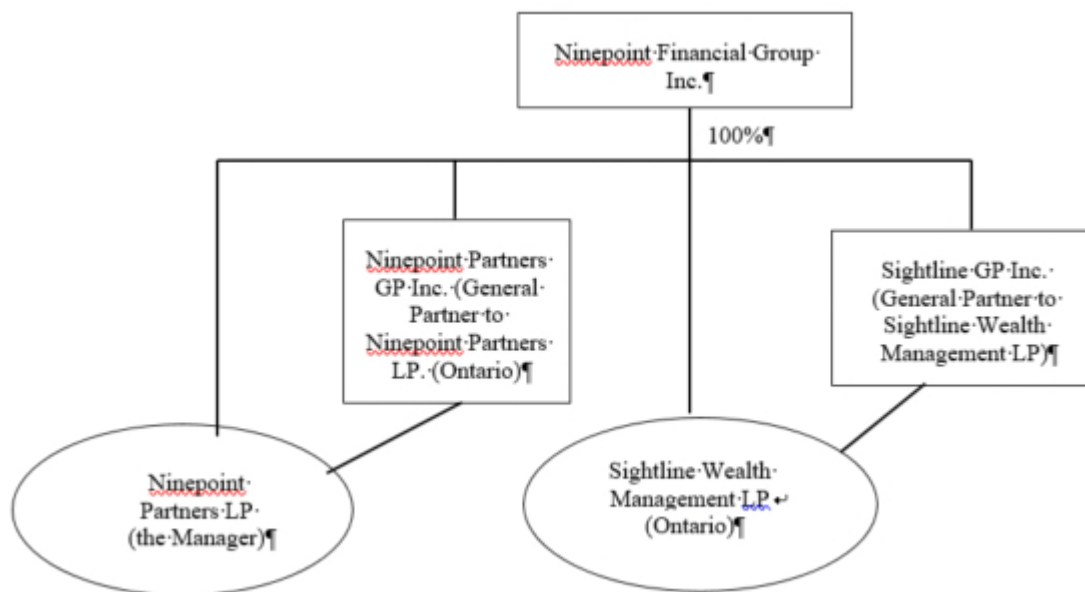
The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it follows when performing its functions.

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Ninepoint investment funds. The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Ninepoint investment funds, and to refer its proposed course of action in respect of any such conflict of interest matters to the IRC for its review. Certain matters require the IRC’s prior approval, but in most cases, the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager’s proposed action will provide a fair and reasonable result for the Ninepoint investment funds. For recurring conflict of interest matters, the IRC can provide the Manager with standing instructions.

The IRC prepares, at least annually, a report of its activities for the securityholders of the Ninepoint investment funds and makes such reports available on the Fund’s designated website at [www.ninepoint.com](http://www.ninepoint.com), or at the securityholder’s request and at no cost, by contacting the Manager at: [invest@ninepoint.com](mailto:invest@ninepoint.com). The annual report of the IRC in respect of the Fund will be available on or about March 31 in each year.

## Affiliated Entities

The diagram below sets out the relationships among the affiliated entities that provide services to the Fund or to the Manager in connection with the Fund. The disclosure of the amount of fees received from a fund by each affiliated entity that provides services to the Fund or to the Manager in relation to the Fund is provided in the audited financial statements of the Fund.



Ninepoint Partners GP Inc. is the general partner of Ninepoint Partners LP. Sightline GP Inc. is the general partner of Sightline Wealth Management LP. Each of Ninepoint Partners GP Inc. and Sightline GP Inc. are wholly owned subsidiaries of Ninepoint Financial Group Inc.

## Dealer Manager Disclosure

The Fund is considered to be a “dealer managed” investment fund for the purposes of NI 81-102. Applicable securities laws (including section 4.1 of NI 81-102) impose restrictions on investments by dealer managed investment funds. In accordance with such rules, subject to certain exemptions or prior authorizations to the contrary, the Fund may not make an investment in any class of securities of any issuer (other than those guaranteed by the Government of Canada, the government of a province of Canada or an agency of the foregoing) (i) for which the Manager or its associates or affiliates have acted as underwriter (except for a small selling group participation) during the preceding 60 days; or (ii) of which any director, officer or employee of the Manager or an affiliate or associate of the Manager, is a partner, director or officer, if such person participates in the formulation of, influences or has access prior to implementation of, investment decisions made on behalf of the Fund.

## Policies and Practices

The Manager has established appropriate policies, procedures and guidelines to ensure the proper management of the Fund. The systems implemented monitor and manage the business and sales practices, risks and internal conflicts of interest relating to the Fund while ensuring compliance with regulatory and corporate requirements.

### *Liquidity Risk Management*

The Ninepoint mutual funds have a liquidity risk management (“LRM”) committee that is responsible for the oversight of policies and procedures related to LRM. This committee is comprised of at least one member who is independent of portfolio management, in addition to representatives from the Manager, portfolio management, compliance, and product development, each of whom has relevant subject matter expertise. LRM is part of each fund’s broader risk



management process which includes documented internal policies pertaining to the measurement, monitoring, mitigation and reporting of liquidity risks within the Ninepoint mutual funds.

#### *Use of Derivatives*

The Fund may use derivatives as described under the heading “Investment Strategies”. The Fund must comply with the investment restrictions and practices in NI 81-102, subject to any exemptive relief obtained, in connection with its use of derivatives for hedging and non-hedging purposes. The Portfolio Manager has processes in place to ensure the Fund complies with such restrictions and practices when it uses derivatives. The Portfolio Manager reviews the use of derivatives by the Fund on a daily basis and monitors trading activities. Portfolio management software is also utilized to confirm that each security transaction complies with the investment guidelines and restrictions for the Fund.

The Portfolio Manager has written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to those transactions by the Fund. The Chief Compliance Officer of the Portfolio Manager is responsible for setting and reviewing these policies and procedures. These policies and procedures are reviewed at least annually by the Portfolio Manager and are approved by the board of directors of the Portfolio Manager. The Compliance Teams of the Portfolio Manager monitor the risks associated with the use of derivatives independent of the individual portfolio managers. Currently, no risk measurement procedures or simulations are used to test the Fund’s portfolio under stress conditions.

#### *Use of Short-Selling*

The Fund, may, from time to time, engage in short selling as permitted by applicable securities legislation and in accordance with any exemptive relief granted by the Canadian securities regulatory authorities. Where the Fund engages in short selling, it will sell securities short and provide a security interest over fund assets with dealers as security in connection with such transactions. The Fund’s use of short selling is subject to certain conditions including:

- (a) the securities are sold short only for cash;
- (b) the securities sold short will not be:
  - (i) a security that the Fund or underlying fund is otherwise not permitted by securities legislation to purchase at the time of the transaction;
  - (ii) “illiquid assets” as such term is defined in NI 81-102; or
  - (iii) a security of an investment fund (other than an index participation unit);
- (c) at the time the Fund sells the security short:
  - (i) the Fund has pre-arranged to borrow the securities from a lender for the purpose of such short sale;
  - (ii) the aggregate market value of all securities of the issuer of the securities sold short by the Fund does not exceed 5% of the total net asset value of the Fund, unless the securities are “government securities” (as defined in NI 81-102) sold short for hedging purposes; and
  - (iii) the aggregate market value of all securities sold short by the Fund does not exceed 20%, of the total net asset value of the Fund;
- (d) the Fund will hold cash cover (as defined in NI 81-102) in an amount, including the fund assets deposited with dealers as security in connection with the short sale, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis; and
- (e) no proceeds from any short sale by the Fund will be used by the Fund to purchase long positions in securities other than cash cover.

Written policies and procedures regarding objectives and risk management procedures (including trading limits and controls) have been adopted by the Portfolio Manager in connection with its short selling activities. The Portfolio Manager is responsible for setting and reviewing these policies and procedures. Such policies and procedures are monitored by the Portfolio Manager and are formally reviewed at least annually by the Portfolio Manager and its board of directors. The Fund will adhere to controls and limits that are intended to offset the risks of short selling by short selling only liquid securities and by limiting the amount of exposure for short sales. The authorization of short selling transactions and placing limits or other controls on short selling is the responsibility of portfolio managers of the Portfolio Manager, with post-trade review conducted by the Portfolio Manager's compliance department. No risk measurement procedures or simulations are used to test the Fund's portfolio under stress conditions.

#### *Securities Lending, Repurchase or Reverse Repurchase Transactions*

The Fund may engage in securities lending, repurchase and reverse repurchase transactions. Where the Fund engages in these types of investments, it will:

- hold collateral equal to a minimum of 102% of the market value of the securities loaned (for securities lending transactions), sold (for repurchase transactions) or purchased (for reverse repurchase transactions) as the case may be;
- adjust the amount of collateral each business day to ensure the collateral's value relative to the market value of the securities loaned, sold or purchased remains within the 102% limit; and
- limit the aggregate value of all securities loaned or sold through securities lending and repurchase transactions to under 50% of the net asset value (without including the collateral) of the Fund.

In addition, there are policies in place that set out the objectives for these particular types of investments. There are no limits or controls restricting these transactions and risk measurement or simulations are not used to test the portfolio under stress conditions. The Manager is responsible for reviewing these matters on an as-needed basis and will be independent to the agent.

#### *Restrictions on Short-Term Trading*

The Manager has adopted certain restrictions to deter short-term trading. See "Short-Term Trading" on page 18 for more information.

#### *Proxy Voting Guidelines and Procedures*

The Portfolio Manager is wholly responsible for establishing, monitoring and amending (if necessary) the policies and procedures relating to the voting of proxies received in connection with the Fund's portfolio securities, as applicable.

The Portfolio Manager has adopted and implemented policies and procedures relating to the voting of proxies received in connection with the portfolio securities of the Fund.

Generally speaking, the Portfolio Manager, will vote in favour of the following proxy proposals:

- electing and fixing number of directors
- appointing auditors
- ratifying director actions
- changing registered address
- authorizing directors to fix remuneration of auditors
- approving private placements exceeding 25% threshold

- approving private placements to insiders exceeding 10% threshold
- approving special resolutions to change the authorized capital of the company to an unlimited number of common shares without par value

The Portfolio Manager will generally vote against any proposal relating to stock option plans that: (i) exceed 5% of the common shares issued and outstanding at the time of grant over a three year period (on a non diluted basis); (ii) provide that the maximum number of common shares issuable pursuant to such plan be a “rolling” maximum exceeding 5% of the outstanding common shares at the date of the grant of applicable options; and (iii) reprice the stock option.

In certain cases, proxy votes may not be cast when the Portfolio Manager, determines that it is not in the best interests of unitholders of the Fund to vote such proxies. In the event a proxy raises a potential material conflict of interest between the interests of the Fund and the Manager, Portfolio Manager, affiliate or associate of the Fund or the manager or portfolio manager of such affiliate or associate, the conflict will be resolved in the best interests of the unitholders and the Fund.

The Portfolio Manager retains the discretion to depart from these policies on any particular proxy vote depending upon the facts and circumstances. These policies and procedures may be updated from time to time.

The proxy voting guidelines of the Fund are available on request, free of charge, by contacting the Manager at 1-866-299-9906 and are available on the Fund’s website at [www.ninepoint.com](http://www.ninepoint.com). The Manager will maintain and prepare an annual proxy voting record for the Fund. The proxy voting record for the annual period ending June 30 each year for the Fund will be available free of charge to any investor upon request at any time after August 31 of that year and will be posted on the Fund’s website at [www.ninepoint.com](http://www.ninepoint.com).

**Remuneration of trustee, directors and officers**

*Trustee compensation*

The Manager does not receive any additional fees for serving as trustee of the Fund.

*Employee compensation*

The management functions of the Fund are carried out by employees of the Manager. The Fund does not have any employees.

*Independent Review Committee Compensation*

Each member of the IRC, other than the Chairman, is paid, as compensation for his services, \$21,000 per annum and the Chairman is paid \$24,500 per annum by all the investment funds managed by the Manager. Each such fund will pay its pro rata share of the fees paid to the IRC of the Ninepoint investment funds. For the financial year ended December 31, 2023, the IRC members received in the aggregate, approximately \$75,145 in annual fees and approximately \$0 as reimbursement of expense from then-existing Ninepoint investment funds. The amounts were allocated among then-existing Ninepoint investment funds by the Manager in a manner the Manager considered as fair and reasonable.

For the financial year ended December 31, 2023, the individual IRC members received total compensation and reimbursement of expenses from the then-existing Ninepoint investment funds as follows:

IRC Member	Total individual compensation, including expense reimbursement
W. William Woods (Chair)	\$27,685
Eamonn McConnell	\$23,730

IRC Member	Total individual compensation, including expense reimbursement
Audrey Robinson	\$23,730

### Material Contracts

Copies of the material contracts, listed below, are available for inspection during normal business hours at the offices of the Manager at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario:

- Declaration of Trust, as described under “Name, Formation and History of the Fund”;
- Management agreement, as described under “Responsibility for Mutual Fund Administration – Manager”;
- Custodian agreement, as described under “Responsibility for Mutual Fund Administration – Custodian”

Copies of the foregoing may be inspected during ordinary business hours on any business day at the head office of the Fund.

### Legal Proceedings

The Manager is part of Ninepoint Financial Group Inc. From time to time, Ninepoint Financial Group Inc. and its affiliates, including the Manager, are party to legal proceedings and regulatory matters in the ordinary course of business. While there is inherent difficulty in predicting the outcome of these proceedings, management does not expect the outcome of any of these proceedings, individually or in the aggregate, to have a material adverse effect on the consolidated financial position or the results of operations of the Manager. The Manager is not aware of any material legal proceedings outstanding, threatened or pending by or against the Fund or the Manager.

### Designated Website

A mutual fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the Fund can be found at [www.ninepoint.com](http://www.ninepoint.com).

### VALUATION OF PORTFOLIO SECURITIES

As at 4:00 p.m. (Eastern time) on each business day (a “Valuation Date”), the net asset value per series of the Fund is calculated by subtracting from the series’ proportionate share of the fair value of assets of the Fund its proportionate share of fair value of liabilities of the Fund and the fair value of net liabilities attributable to that series. The net asset value per series of the Fund is determined and reported in the currency of the applicable series. To arrive at the net asset value per security for a series, the net asset value of a series is divided by the number of outstanding securities of that series.

In determining the fair value of the assets of the Fund the following rules apply:

- (a) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received (or to be received and declared to unitholders of record on a date before the date as of which the net asset value of the Fund is being determined), and interest accrued and not yet received, shall be deemed to be the full amount thereof unless the Manager shall have determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or interest is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager shall determine to be the reasonable value thereof;
- (b) the value of any security which is listed or dealt in upon a stock exchange shall be determined by (1) in the case of a security which was traded on the day as of which the net asset value of the Fund is being determined, the closing sale price; (2) in the case of a security which was not traded on the day as of which the net asset value of the Fund is being determined, a price which is the average of the closing recorded bid and ask prices;

or (3) if no bid or ask quotation is available, the price last determined for such security for the purpose of calculating the net asset value of the Fund. The value of inter-listed securities shall be computed in accordance with directions laid down from time to time by the Trustee provided however that if, in the opinion of the Trustee, stock exchange or over-the-counter quotations do not properly reflect the prices which would be received by the Fund upon the disposal of securities necessary to effect any redemptions of securities, the Trustee may place such value upon such securities as appears to the Trustee to most closely reflect the fair value of such securities;

- (c) the value of any security, the resale of which is restricted or limited shall be the quoted market value less a percentage discount for illiquidity amortized over the length of the hold period;
- (d) a long position in an option or a debt-like security shall be valued at the current market value of the position;
- (e) for options written by the Fund (1) the premium received by the Fund for those options shall be reflected as a deferred credit and the option shall be valued at an amount equal to the current market value of the option that would have the effect of closing the position; (2) any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; (3) the deferred credit shall be deducted in calculating the net asset value per security of the Fund; and (4) any securities that are the subject of a written option shall be valued at their current market value;
- (f) the value of a forward contract or swap shall be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
- (g) the value of gold and any other precious metals will be based upon the active spot price;
- (h) the value of any security or other property for which no price quotations are available or in the opinion of the Trustee, to which the above valuation principles cannot or should not be applied, shall be the fair value thereof determined from time to time in such manner as the Trustee shall from time to time provide;
- (i) the value of all assets and liabilities of the Fund valued in terms of a currency other than the currency used to calculate the Fund's net asset value shall be converted to the currency used to calculate the Fund's net asset value by applying the rate of exchange obtained from the best available sources to the Trustee;
- (j) the value of standardized futures shall be (1) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on the date that valuation is made, the position in the standardized future were to be closed out; or (2) if daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future; and
- (k) margin paid or deposited on standardized futures or forward contracts shall be reflected as an account receivable, and if not in the form of cash, shall be noted as held for margin.

Pursuant to paragraph (h) above, the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a valuation date at such times as the Manager, in its discretion, deems appropriate. For money market investments, such investments are valued at cost plus accrued interest and plus or minus amortization, including foreign currency translation, if applicable, which approximates market value or by taking the average of the bid and ask prices on a Valuation Date at such times as the Manager, in its discretion, deems appropriate.

The liabilities of the Fund shall be deemed to include the following:

- (a) all bills and accounts payable;
- (b) all administrative expenses payable and/or accrued;
- (c) all obligations for the payment of money or property, including the amount of any declared but unpaid distributions or any unpaid dividends;

- (d) all allowances authorized or approved by the Trustee or the Manager (as applicable) for taxes or contingencies; and
- (e) all other liabilities of the Fund of whatever kind and nature, except liabilities represented by outstanding securities.

The Manager has not used its discretion to deviate from the valuation practices described above in the past three years.

Portfolio transactions (investment purchases and sales) will be reflected in the first computation of the net asset value per series security made after the date on which the transaction becomes binding.

The Manager may declare a suspension of the calculation of the net asset value per security for each series of the Fund in the circumstances described under the heading “Suspension of Redemptions.” There will be no calculation of net asset value per security for each series during any suspension period and the Fund will not be permitted to issue further securities or redeem any securities during this period.

### **CALCULATION OF NET ASSET VALUE PER SECURITY**

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As at 4:00 p.m. on each Valuation Date, the net asset value per security is calculated for each series of the Fund. The net asset value per security (or security price) of a series is the fair value of the series’ proportionate share of the assets of the Fund, less that series’ proportionate share of common liabilities and less any net liabilities attributable to that series of the Fund, divided by the total outstanding securities of that series. The net asset value per security of a series is the basis for all purchases, switches, reclassifications and redemptions and for reinvestment of distributions.

The Manager will make available the net asset value per security for each series of the Fund on the Fund’s website at [www.ninepoint.com](http://www.ninepoint.com). Such information will also be available on request, free of charge, by calling the Manager toll free at 1-866-299-9906, by sending an email to [invest@ninepoint.com](mailto:invest@ninepoint.com) or by mailing Ninepoint Partners LP at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario, M5J 2J1.

### **PURCHASES, SWITCHES, RECLASSIFICATIONS AND REDEMPTIONS**

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The Fund is permitted to issue an unlimited number of series of units and may issue an unlimited number of units of each series. The Fund has created Series A, Series S, Series F, Series SF, Series P, Series PF, Series Q, Series QF, Series I and Series D units.

Series A and Series S units: Available to all investors. Series S units are lower management fee versions of Series A units and are available to all investors until the earlier of the date that the Fund’s net asset value first exceeds \$35 million and April 30, 2024. The Manager reserves the right to extend the availability of Series S units beyond this date in its discretion.

Series F and Series SF units: Available to investors who participate in fee-based programs through their dealer and whose dealer has signed a Series F Agreement with us, investors for whom we do not incur distribution costs, or individual investors approved by us. You may only buy Series F or Series SF units if we and your broker, dealer or advisor approve the order first. Series SF units are lower management fee versions of Series F units and are available until the earlier of the date that the Fund’s net asset value first exceeds \$35 million and April 30, 2024. The Manager reserves the right to extend the availability of Series SF units beyond this date in its discretion.

Series P units: Available to an investor or discretionary accounts of an advisor, holding in aggregate at least a \$1 million investment in the Fund and whose dealer has signed a Series P Agreement with us.

Series PF units: Available to an investor or discretionary accounts of an advisor, holding in aggregate at least a \$1 million investment in the Fund and who participate in fee-based programs through their dealer and whose dealer has signed a Series F Agreement with us, investors for whom we do not incur distribution costs, or individual investors approved by us and whose dealer has signed a Series P Agreement with us. You may only buy Series PF securities if we and your broker, dealer or advisor approve the order first.

Series Q units: Available to an investor or discretionary accounts of an advisor, holding in aggregate at least a \$5 million investment in the Fund and whose dealer has signed a Series Q Agreement with us.

Series QF units: Available to an investor or discretionary accounts of an advisor, holding in aggregate at least a \$5 million investment in the Fund and who participate in fee-based programs through their dealer and whose dealer has signed a Series F Agreement with us, investors for whom we do not incur distribution costs, or individual investors approved by us and whose dealer has signed a Series Q Agreement with us. You may only buy Series QF securities if we and your broker, dealer or advisor approve the order first.

Series I units: Available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager.

Series D units: Available to investors who acquire units through a discount brokerage account or other account approved by us and whose dealer has signed a Series D agreement with us relating to the distribution of these units. For investors investing through a discount broker, Series D units may be the most suitable series for you to own. If you hold units of the Fund other than Series D units and they are in a discount brokerage account, you should consider instructing your dealer to reclassify/convert your units into Series D units.

Although the money which you and other investors pay to purchase units of any series of the Fund is tracked on a series by series basis in the Fund's administrative records, the assets of all the series of the Fund are combined in a single pool to create one portfolio for investment purposes.

Units of the Fund may be purchased in each of the provinces and territories of Canada. You may purchase, switch, reclassify or redeem units of the Fund by contacting your investment advisor.

Your registered dealer is responsible to recommend the series most suitable for you. Ninepoint does not monitor the appropriateness, eligibility or suitability of any series of the Fund for any investor and makes no determination as to the appropriateness, eligibility or suitability of any series of Fund for any investor, including investors who hold the Fund in a discount brokerage account. It is your responsibility to monitor your eligibility to hold Series F, Series SF, Series P, Series PF, Series Q, Series QF, Series I or Series D units of the Fund, and your eligibility for a lower management fee series of the Fund.

The minimum initial investment in Series A, Series S, Series F, Series SF and Series D units of the Fund is \$500. The minimum initial investment in Series P and Series PF units of the Fund is \$1 million by an investor or discretionary accounts of an advisor. The minimum initial investment in Series Q and Series QF units of the Fund is \$5 million by an investor or discretionary accounts of an advisor. The minimum subsequent investment amount in each series of units of the Fund is \$25. These minimum investment amounts may be adjusted or waived in the absolute discretion of the Manager.

Purchase orders which are deposited with a dealer will be forwarded by the dealer to the recordkeeper on the same day on which the purchase order is received, or if received after 4:00 p.m. (Eastern time), on the next business day. The dealer must send an investor's purchase order by courier, priority post or telecommunications facility *without charge to the investor*.

If your purchase order is made through a dealer, we must receive full payment within two business days of processing your purchase order. If we do not receive payment within that time or if the payment is returned, we will sell your units of the Fund on the next business day. If the proceeds are greater than the amount you owe us, the Fund will keep the difference. If the proceeds are less than the amount you owe us, your dealer will pay the difference to the Fund and you may have to reimburse your dealer.

We have the right to accept or reject any purchase order, but must make a decision to reject an order within one business day after receiving the order. The payment received with a rejected order will be refunded immediately.

No certificates are issued for units purchased, but an investor receives, following each purchase of units, a written statement indicating all relevant details of the purchase transaction, including the dollar amount of the purchase order, the net asset value per unit applied to the purchase order and the number of units purchased.

The purchase, switch, reclassification or redemption price of a unit of the Fund is the net asset value per unit of a series prevailing at the time of purchase, switch, reclassification or redemption. The net asset value per unit (or unit price) for each series of units of the Fund is based on the value of the series' proportionate share of the net assets of the Fund, less the proportionate share of the common expenses allocated to that series and less any expenses attributable to that series, divided by the total number of units of that series outstanding. The unit price of the Fund is calculated at the end of each business day.

All requests for any purchases, switches, reclassifications or redemptions of the applicable series of units of the Fund must be received by the recordkeeper prior to 4:00 p.m. (Eastern time) on a regular business day in Toronto in order to receive that business day's unit price for that series, which is calculated as of the close of business on that day. If your request is received after 4:00 p.m. (Eastern time) or on a day that is not a regular business day in Toronto, the unit price applied to your request will be determined at the close of business on the following regular business day in Toronto. You and your advisor are responsible for the completeness and accuracy of your order. Orders will only be processed if complete.

Your dealer may seek reimbursement from you for any of its losses caused by you in connection with a failed settlement of either a purchase or redemption of the applicable series of units of the Fund where such dealer has the contractual right to do so.

The Fund is valued in Canadian dollars and can be purchased in Canadian dollars.

Please note that for units that are purchased, redeemed, switched or reclassified through registered dealers approved by us, investors may be required to pay different fees and expenses. Please see "Fees and Expenses" on page 19 and "Dealer Compensation" on page 22.

#### **Purchases of Series A, Series S, Series P and Series Q Units**

Series A, Series S, Series P and Series Q units are available to investors under the "Initial Sales Charge Option". Under the Initial Sales Charge Option, investors may pay a fee between 0% and 5% of the value of the units purchased to the dealer at the time of purchase. Please see "Fees and Expenses" on page 19 and "Dealer Compensation" on page 22.

#### **Purchases of Series F, Series SF, Series PF and Series QF Units**

Series F, Series SF, Series PF and Series QF units are available to (i) investors who participate in fee-based programs with dealers who have signed a Series F Agreement with us, (ii) investors for whom we do not incur any distribution costs, or (iii) individual investors approved by us. In fee-based programs, instead of paying sales charges or other charges on the purchase or redemption of Series F, Series SF, Series PF and Series QF units, investors pay their dealer ongoing fees for investment or financial planning advice. We don't pay any sales commissions or trailer fees to dealers who sell Series F, Series SF, Series PF and Series QF units.

For Series PF units, your dealer must have signed a Series P Agreement with us respect of your account. For Series QF units, your dealer must have signed a Series Q Agreement with us in respect of your account.

#### **Purchases of Series I Units**

Series I units of the Fund are available to institutional investors or to other investors on a case-by-case basis, all at our discretion.

#### **Purchases of Series D Units**

Series D units of the Fund are available to investors who acquire units through a discount brokerage account or other account approved by us and whose dealer has signed a Series D Agreement with us relating to the distribution of these units.

#### **Switches between Ninepoint mutual funds**

You may, at any time, switch all or part of your investment in a series of units of the Fund to securities of another Ninepoint mutual fund of the same series, provided that the series of securities you wish to switch to is offered by that other Ninepoint mutual fund. You can only switch between securities purchased in the same currency. You may request a switch of your series of units by contacting your registered broker or dealer.



A switch is a redemption of units of the Fund and a purchase of securities of another Ninepoint mutual fund, resulting in a taxable disposition of the units switched. Accordingly, you will realize a capital gain or loss on the switch transaction. Please see “Income Tax Considerations” on page 23.

When you switch units of any series of the Fund, your registered dealer may charge you a switch fee of up to 2% of the net asset value of the units switched. This fee is negotiated with and paid to your dealer.

Upon a switch of your series of units, the number of securities you hold will change since each series of securities of a Ninepoint mutual fund has a different security price.

### **Reclassification between Series of the Fund**

You may, at any time, reclassify all or part of your investment in one series of the Fund to another series of the Fund, provided that such series is available for purchase and you are eligible to invest in the series of units into which you are reclassifying.

A reclassification between series of units of the Fund will not be considered a disposition for tax purposes and, accordingly, you will not realize a capital gain or loss. Please see “Income Tax Considerations” on page 23. You may request a reclassification of your series of units by contacting your registered broker or dealer.

When you reclassify units of any series of the Fund, your registered dealer may charge you a fee of up to 2% of the net asset value of the units reclassified. This fee is negotiated with and paid to your dealer.

Upon a reclassification of your series of units, the number of units you hold will change since each series of units of the Fund has a different unit price.

Though we are under no obligation to do so, we may, in our sole discretion and without duty or continuing duty:

- if you are no longer eligible to hold units of a series of the Fund, reclassify your securities into another series of units of the Fund which you are eligible to hold, after providing you with 5 days’ notice, unless you notify us during the notice period and we agree that you are once again eligible to hold your units; or
- reclassify your units into units of a lower management fee series of the same Fund, which you are eligible to hold.

### **Redemptions of Units**

You may redeem your units of the Fund by completing a redemption request and depositing it with your registered dealer approved by us. We may require that an investor’s signature on any redemption request be guaranteed by a bank, trust company, credit union or otherwise to our satisfaction. A redemption request received by the recordkeeper before 4:00 p.m. (Eastern time) on a regular business day will receive the net asset value per unit for the applicable series of units established as of the close of business on that day. A redemption request received by the recordkeeper after 4:00 p.m. (Eastern time) or on a day which is not a regular business day in Toronto will receive the net asset value per unit for the applicable series of units established as of the close of business on the next regular business day. A dealer which receives a redemption request is required to transmit the redemption request to the recordkeeper without charge to the investor and where practicable, by courier, priority post or telecommunications facility. The redemption payments will be made in Canadian dollars.

**The recordkeeper will pay redemption proceeds within two business days after the receipt of your order, provided the written request for redemption submitted to your registered dealer is complete and your registered dealer has provided correct settlement instructions to the recordkeeper.**

Your dealer may seek reimbursement from you for any of its losses caused by you in connection with a failed settlement of a redemption of securities of a Fund where such dealer has the contractual right to do so.

We have the right, upon 30 days’ written notice to the investor, to redeem units owned by an investor if the value of those units is less than \$500. An investor may prevent the automatic redemption by purchasing additional units of the

Fund to increase the value of the units to an amount equal to or greater than \$500 before the end of the 30-day notice period.

We will pay redemption proceeds within two business days of receiving all necessary redemption documents. If all necessary documents are not received by us within ten business days of receiving a redemption request, you will be deemed to repurchase the units on the tenth business day at the net asset value per unit calculated that day. The redemption proceeds will be applied to the payment of the issue price of the securities. If the cost to repurchase the units is less than the redemption proceeds, the difference will belong to the Fund. If the cost to repurchase the units is more than the redemption proceeds, we will pay any shortfall to the Fund, but we may collect such amount, together with the charges and expenses incurred, with interest, from the broker or dealer who placed the redemption request. Your broker or dealer has the right to collect these amounts from you.

If you are redeeming more than \$25,000 of the Fund, your signature must be guaranteed by your bank, trust company or registered broker or dealer. In some cases, we may require other documents or proof of signing authority. You can contact your registered broker or dealer or us to find out the documents that are required to complete the sale.

We reserve the right to require any unitholder of the Fund to redeem such unitholder's entire holding or a portion of its unit holdings of the Fund at our sole discretion including where a unitholder is or becomes a U.S. citizen or resident of the United States or a resident of another foreign country if the Manager concludes that their participation has the potential to cause adverse regulatory or tax consequences for the Fund or other unitholders of the Fund.

### **Suspension of Redemptions**

Under extraordinary circumstances, the rights of investors to redeem units of the Fund may be suspended. The Fund may suspend the right of unitholders to redeem units (a) for the whole or any part of a period during which normal trading is suspended on a stock exchange or options exchange within or outside Canada on which units are listed and posted for trading, or which specified derivatives are traded (if applicable), if those units or specified derivatives represent more than 50 percent by value, or underlying market exposure, of the total assets of the Fund (without allowance for liabilities) and if those units or specified derivatives (if applicable) are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or (b) with the consent of the Ontario Securities Commission. The Fund may postpone payment during a period in which the right of unitholders to request redemption of their units is suspended, despite the Fund's obligation to pay the redemption price for units that have been redeemed in accordance with the redemption requirements.

### **Short-Term Trading**

Short-term trading in units of the Fund can have an adverse effect on the Fund. Such trading can increase brokerage and other administrative costs of the Fund and interfere with our long-term investment decisions.

We have adopted certain restrictions to deter short-term trading. For example, we may restrict your purchases if you engage in such short-term trading. The recordkeeper, on behalf of the Manager, monitors and detects short-term trading.

The recordkeeper, on direction from the Manager, automatically charges a short-term trading fee of up to 1.5% of the net asset value of the units of the Fund that are redeemed or switched within 20 days of purchasing or switching them.

The Manager assesses the short-term trading fee charged to an investor on a case-by-case basis and may, at its absolute discretion, reverse a short-term trading fee that has been charged to an investor.

These fees are payable to the Fund. They will reduce the amount otherwise payable to you on the redemption. In addition, if we detect excessive trading of your units in the Fund within 90 days of purchasing or switching them, we reserve the right to charge an additional 3% of the net asset value of the units.

The short-term trading fee will not be charged:

- (i) for a redemption of units acquired through automatic reinvestment of all distributions of net income or capital gains by the Fund;
- (ii) for a redemption of units in connection with a failed settlement of a purchase of units;

- (iii) as a result of reclassifying units of the Fund from one series into another series of the Fund;
- (iv) for a redemption of units by another investment fund or investment product approved by us;
- (v) for a redemption of units as a result of regular payments made from registered retirement income funds (“RRIFs”) and locked-in retirement income funds (“LRIFs”); or
- (vi) in the absolute discretion of the Manager.

For purposes of the short-term trading fee, units will be considered to be redeemed on a first-in, first-out basis.

While these restrictions and our monitoring attempt to deter short-term trading, we cannot ensure that such trading will be completely eliminated.

Please see “Short Term Trading Fee” under “Fees and Expenses Payable Directly by You” on page 21.

## **OPTIONAL SERVICES**

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Making regular investments through our pre-authorized chequing plan or our dollar cost averaging plan can reduce the cost of investing, through a technique called dollar cost averaging. Investing equal amounts of money at regular intervals on an ongoing basis ensures that an investor buys fewer securities when prices are high and more securities when prices are low. Over time, this can mean a lower average cost per security than by making one lump sum purchase.

### **Pre-authorized Chequing Plan**

The Fund offers an automatic investment plan for its units to allow investors to make regular bi-weekly, monthly, quarterly, semi-annual or annual purchases of units.

The minimum initial investment in Series A, Series S, Series F, Series SF, or Series D units of the Fund is \$500. The minimum initial investment in Series P and Series PF units of the Fund is \$1 million by an investor or discretionary accounts of an advisor. The minimum initial investment in Series Q and Series QF units of the Fund is \$5 million by an investor or discretionary accounts of an advisor.

The minimum amount of each subsequent bi-weekly, monthly, quarterly, semi-annual or annual purchase in the Fund is \$25. An investor may change the dollar amount of his or her investment, the frequency of payment or discontinue the plan by giving prior written notice to his or her registered dealer.

### **Registered Plans**

Units of the Fund are expected to be qualified investments under the *Income Tax Act* (the “Tax Act”) for trusts governed by a “registered retirement savings plan” (“RRSP”), RRIF, “registered disability savings plan” (“RDSP”), “registered education savings plan” (“RESP”), “tax-free savings account” (“TFSA”), first home savings account (“FHSAs”) or “deferred profit sharing plan” (each within the meaning of the Tax Act and, collectively, “Registered Plans”) at all material times. We offer RRSPs, RRIFs, life income funds, LRIFs, locked-in retirement accounts and TFSAs. Annuitants of RRSPs and RRIFs, holders of TFSAs, RDSPs, and FHSAs, and subscribers of RESPs, should consult with their tax advisors as to whether units of the Fund would be prohibited investments under the Tax Act in their particular circumstances. Investors should consult their tax advisors for full particulars of the tax implications of establishing, amending and terminating Registered Plans.

## **FEES AND EXPENSES**

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This table lists the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, and as a result will reduce the value of your investment in the Fund. Your approval will be obtained if: (i) any change is made in the basis of calculation of a fee or expense charged to the Fund or a series of the Fund, or directly to you by us or the Fund in connection with the holding of units of the Fund, in a way that could result in an increase in charges to the Fund or the series of the Fund or you; or (ii) a fee or expense is introduced which is charged to the Fund or a series of the

Fund, or directly to you by us or the Fund in connection with the holding of units of the Fund, that could result in an increase in charges to the Fund, a series or you. However, in each case, if the change is a result of a change made by a third party at arm's length to the Fund or if applicable securities laws do not require the approval of investors to be obtained, we will not obtain your approval before making the change. If required under applicable securities laws, we will send you a written notice at least 60 days before the effective date of the change.

### **Fees and Expenses Payable by the Fund**

**Management Fees** The Fund pays the Manager an annual management fee as set out on page 29. Management fees are unique to each series of the Fund and are subject to applicable taxes including HST. The management fee is calculated and accrued daily and is paid on the last day of each month based on the daily net asset value of the series of the Fund. The management fee for Series I units of the Fund is negotiated by the investor and paid directly by the investor, and would not exceed the management fee payable on Series A units of the Fund.

The Manager provides certain services to the Fund, including, but not limited to:

- the day-to-day management of the Fund's business and affairs
- directing, or arranging for, the investment of the Fund's property
- developing applicable investment policies, practices, fundamental investment objectives and investment strategies including any investment restrictions
- receiving, accepting and rejecting subscriptions of units of the Fund and setting minimum initial and subsequent subscription amounts
- offering units of the Fund for sale and determining the fees in connection with the distribution of units including sales commissions, redemption fees, distribution fees and transfer fees
- authorizing all contractual arrangements relating to the Fund, including appointing the Fund's auditor, banker, recordkeeper, registrar, transfer agent and custodian
- establishing general matters of policy and establishing committees and advisory boards

**Incentive / Performance Fees** Although the Fund does not pay us an incentive or performance fee directly, certain of the underlying funds in which the Fund may invest are subject to an incentive or performance fee, subject to applicable taxes including HST, as disclosed in the simplified prospectus of such underlying fund.

**Operating Expenses** The Fund pays its own operating expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager.

Operating expenses include, but are not limited to, brokerage commissions and fees (if applicable), taxes, audit and legal fees, member fees of the independent review committee of the Fund (the "IRC"), costs and fees in connection with the operation of the IRC (including the costs of holding meetings, insurance premiums for the IRC, and fees and expenses of any advisers engaged by the IRC), safekeeping, trustee and custodial fees, registrar, distribution disbursement agency, transfer agency and related services fees, fees of recordkeepers, interest expenses, operating, administrative and systems costs (including overhead expenses of the Manager that are related to daily fund operating functions such as employee salaries, rent and utilities), investor servicing costs and costs of financial and other reports to investors, as well as prospectuses and fund facts. Operating expenses and other costs of the Fund are subject to applicable taxes including HST.

Each series of units of the Fund is responsible for its proportionate share of operating expenses of the Fund in addition to expenses that it alone incurs.

Each Ninepoint investment fund, including the Fund, pays a proportionate share of the total compensation paid to the IRC each year and reimburses members of the IRC for expenses incurred by them in connection with their services as members of the IRC. Each member of the IRC, other than the Chairman, is paid, as compensation for his services, \$21,000 per annum. The Chairman is paid \$24,500 per annum.

**Fund-of-funds Fees and Expenses** When the Fund invests in another mutual fund or alternative mutual fund (an “underlying fund”), the underlying fund may pay a management fee, incentive fee, performance fee and other expenses in addition to the fees and expenses payable by the Fund. However, the Fund will not pay a management, incentive or performance fee that, to a reasonable person, would duplicate a fee payable by the underlying fund(s) for the same service. In addition, the Fund will not pay any sales charges or redemption fees for its purchase or redemption of securities of any underlying fund that is a Ninepoint mutual fund, or that, to a reasonable person, would duplicate a fee payable by an investor in any underlying fund. In addition, in calculating the management expense ratio (“MER”) of each series of the Fund, the proportional MER for the underlying funds in which the Fund invests, is included in the MER calculation.

### **Fees and Expenses Payable Directly by You**

**Sales Charges** Under the Initial Sales Charge Option, a sales charge of 0-5.0% of the amount you invest may be charged if you purchase Series A or Series S units of the Fund. You can negotiate this amount with the dealer.

**Switch Fees/Reclassification Fees** A fee of 0-2.0% of the value of the units of the Fund you wish to switch or reclassify may be charged as negotiated with your dealer.

**Redemption Fees** There are no redemption fees payable upon the redemption of units of the Fund (subject to a short-term trading fee, where applicable).

**Short-Term Trading Fee** We may impose a short-term trading fee payable by you to the Fund of up to 1.5% of the aggregate net asset value of the units redeemed if such units are redeemed within 20 days of their date of purchase or switch. In addition, if we detect excessive trading of your units in the Fund within 90 days of purchasing or switching them, we reserve the right to charge an additional 3% of the net asset value of the units. A short term trading fee will not be charged (i) for a redemption of units acquired through automatic reinvestment of all distributions of net income or capital gains by the Fund; (ii) for a redemption of units in connection with a failed settlement of a purchase of units; (iii) as a result of reclassifying units of the Fund from one series into another series of the Fund; (iv) for a redemption of units by another investment fund or investment product approved by us; (v) for a redemption of units as a result of regular payments made from RRIFs and LRIFs; or (vi) in the absolute discretion of the Manager. For purposes of this short-term trading fee, units will be considered to be redeemed on a first-in, first-out basis.

**Pre-Authorized Chequing Plan** No fee is charged to open, close or administer an account.

**Registered Plan Fees** No fee is charged to open, close or administer a Ninepoint Registered Plan. However, for other Registered Plans holding other investments in addition to units of the Fund, an annual trustee fee may apply. Please consult your advisor regarding this fee.

**Other Expenses** No other charges apply. If applicable, you may be subject to fees and expenses by your dealer.

### **Management Fee Distribution Program**

To encourage large purchases in the Fund and to achieve effective management and/or incentive fees that are competitive for these investments, the Manager may reduce the management fee payable by the Fund (a “management fee reduction”) with respect to the securities held by a particular investor. These fees may be reduced based on a number of factors including the number and value of securities held by an investor (eg. generally \$15,000,000) purchased during a specified period negotiated with the investor. The amount of the reduction is negotiated with the investor.

Investors in the Fund who receive the benefit of a management fee reduction with the Manager will receive a proportionately larger distribution from the Fund (a “fee distribution”), so that those investors will receive the benefit of the lower fee. Fee distributions are paid first out of net income and net realized capital gains, and thereafter out of capital. All fee distributions are reinvested in additional securities unless otherwise requested.

The tax consequences of fee distributions will generally be borne by the investors receiving these fee distributions.

### **DEALER COMPENSATION**

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Your dealer may receive two types of compensation – sales commissions and trailing commissions.

#### **Sales Commissions**

For Series A, Series S, Series P and Series Q units of the Fund, the dealer which distributes such units may charge you a sales commission of up to 5.0% (\$50 for each \$1,000 of investment) of the value of Series A, Series S, Series P or Series Q units of the Fund you purchased.

There are no sales commissions payable to your dealer for Series F, Series SF, Series PF, Series QF, Series I or Series D units of the Fund.

#### **Trailing Commissions**

Trailing commissions are paid by the Manager to dealers from management fees and are not paid by the Fund directly. We may, at our discretion, negotiate, change the terms and conditions of, or discontinue the trailing commissions with dealers.

#### *Series A, Series S, Series P and Series Q Units*

For Series A, Series S, Series P and Series Q units of the Fund distributed under the Initial Sales Charge Option, a dealer that distributes units of the Fund may receive an annual trailing commission of up to 1.00% (up to \$10.00 for each \$1,000 of investment) of the value of Series A, Series S, Series P and Series Q units of the Fund held by the dealer’s clients. Payments are calculated and paid monthly at the rate of up to 1/12 of 1.00% of the value of Series A, Series S, Series P and Series Q units held in the Fund by the dealer’s clients.

#### *Series F, Series SF, Series PF, Series QF and Series D Units*

There is no trailing commission payable to your dealer by us in respect of Series F, Series SF, Series PF, Series QF and Series D units of the Fund. For these series, you pay a fee to your dealer for investment advice and other services.

#### *Series I Units*

For Series I units of the Fund, a dealer that distributes such units may receive an annual trailing commission based on a rate that is negotiated by the Manager and the dealer, which is up to 1.00% (up to \$10.00 for each \$1,000 investment) of the value of Series I units of the Fund held by the dealer’s clients.

#### **Marketing Support Payments**

We may from time to time pay permitted marketing and educational expenses of dealers. These include paying up to 50% of the costs of sales communications and investor seminars, up to 100% of the registration costs for financial advisors to attend third party educational conferences or seminars and up to 10% of the costs for dealers to hold educational seminars and conferences for their financial advisors.

We also pay for materials we give to dealers to help support their sales efforts. These materials include reports and commentaries on securities, the markets and the Fund. All of these payments are in compliance with applicable securities laws and regulations and will be paid by us and not the Fund.

### **Equity Interests**

The general partner of Ninepoint Partners LP, the trustee, manager and portfolio manager of the Fund is Ninepoint Partners GP Inc.

Ninepoint Partners GP Inc. is a wholly-owned subsidiary of Ninepoint Financial Group Inc. Ninepoint Financial Group Inc. is the sole limited partner and owns 100% of the issued and outstanding voting securities of Ninepoint Partners LP. Ninepoint Financial Group Inc. is the sole limited partner and owns 100% of the issued and outstanding voting securities of Sightline Wealth Management LP.

Each of John Wilson and James Fox indirectly own 50% of all the issued and outstanding voting securities of Ninepoint Financial Group Inc.

### **INCOME TAX CONSIDERATIONS**

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The following is a general summary of the principal income tax considerations under the Tax Act applicable to the Fund and to individual unitholders (other than trusts) who, for the purposes of the Tax Act, are resident in Canada, hold securities of the Fund directly as capital property or in a Registered Plan, and deal at arm's length and are not affiliated with the Fund.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder, any specific proposals for amendments thereto that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof ("Proposed Amendments") and the current administrative practices and policies of the Canada Revenue Agency. This summary does not take into account or anticipate any other changes in law whether by legislative, regulatory, administrative or judicial action. This summary is not exhaustive of all possible Canadian federal income tax considerations and does not deal with foreign or provincial income tax considerations, which may differ from those under the Tax Act.

**This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Investors should seek independent advice regarding the tax consequences of investing in securities, based upon the investors' own particular circumstances.**

### **The Fund**

The Fund is expected to qualify as a mutual fund trust under the Tax Act at all material times. This summary assumes that the Fund will qualify as a mutual fund trust under the Tax Act effective at all times. This summary also assumes that the Fund will not, at any time, be a "SIFT trust" under the Tax Act. One of the conditions for a trust to be a SIFT trust is that investments in the trust must be listed or traded on a stock exchange or other public market, which includes a trading system or other organized facility on which securities that are qualified for public distribution are listed or traded, but does not include a facility that is operated solely to carry out the issuance of a security or its redemption, acquisition, or cancellation by the issuer. Units of the Fund will not be listed or traded on a stock exchange and it is not expected that such units will trade on any other trading system or organized facility. On this basis, the Fund should not be a SIFT trust.

### **Taxation of the Fund**

The Fund is subject to tax on its net income and net realized capital gains in each taxation year, except to the extent such amounts are distributed to investors. The Fund intends to distribute sufficient net income and net realized capital gains to investors in each taxation year so that the Fund will not be liable for income tax under Part I of the Tax Act, after taking into account any capital gains refunds under the Tax Act. Reasonable administrative and other expenses incurred for the purpose of earning income can be deducted by the Fund.

The Fund may elect to have a taxation year end of December 15 and, if it so elects, net income and net realized capital gains in respect of that taxation year will be distributed between December 15 and December 31, but will be deemed to have been paid or payable to investors on December 15.

In certain circumstances, losses realized by the Fund will be suspended or restricted and therefore will not be available to shelter capital gains or income. Gains and losses from derivatives (including carbon emissions allowance futures), short sales, and bullion trading will be treated on income account or capital account depending on the particular circumstances, including whether they are used for hedging or non-hedging purposes. However, the Fund will make an election under section 39(4) of the Tax Act, such that gains and losses on short sales of “Canadian securities” under the Tax Act will be treated as capital gains and losses. The Fund will generally treat gains and losses from trading in derivatives for hedging purposes in the same manner as the investments that such derivatives are used to hedge. For example, if derivatives are used to hedge investments treated on capital account, gains and losses from trading in such derivatives, generally, will also be treated as capital gains and losses. However, if derivatives are used to hedge investments treated on income account, gains and losses from trading in such derivatives will be treated as income. The Canada Revenue Agency may not agree with the Fund’s position in this regard. If any transactions of the Fund are reported by it on capital account but are subsequently determined by the Canada Revenue Agency to be on income account, there may be an increase in the net income of the Fund for tax purposes, and in the taxable distributions made by the Fund to unitholders, with the result that unitholders could be reassessed by the Canada Revenue Agency to increase their taxable income.

Income of the Fund derived from foreign sources may be subject to foreign income, profit or withholding taxes which, to the extent permitted by the Tax Act, may be claimed as a deduction by the Fund or designated as foreign tax paid by investors.

If the Fund invests in securities which are not denominated in Canadian dollars, the cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction. Accordingly, the Fund may realize income, gains or losses by virtue of the fluctuation in the value of foreign currencies relative to the Canadian dollar.

### **Taxation of Unitholders in the Fund**

The tax you pay on your investment in the Fund depends on whether you hold your securities in a Registered Plan, or a non-registered account.

#### **Securities you hold in a Registered Plan**

If you hold securities of the Fund in a Registered Plan, you generally don’t have to pay any taxes on distributions your plan received from the Fund or on capital gains your plan realizes from disposing of securities of the Fund. Withdrawals made from a Registered Plan (other than withdrawals from a TFSA or certain withdrawals from a FHSAs) are generally subject to tax under the Tax Act. RESPs and RDSPs are subject to special rules. Annuitants of RRSPs and RRIFs, holders of TFSAs, RDSPs and FHSAs, and subscribers of RESPs should consult their own tax advisors as to whether units of the Fund would be prohibited investments in their particular circumstances.

You should be careful not to contribute more to your Registered Plan than allowed under the Tax Act or you may have to pay a tax penalty.

#### **Securities you hold in a non-registered account**

If you hold securities of the Fund outside of a Registered Plan, you must include in computing your income for tax purposes the amount of the net income and the taxable portion of the net realized capital gains paid or payable to you by the Fund in the year (including by way of a fee distribution), computed in Canadian dollars, whether you receive these distributions in cash or the amounts are reinvested in additional securities. If any transactions of the Fund are reported by it on capital account but are subsequently determined by CRA to be on income account, there may be an increase in the net income of the Fund for tax purposes, and in the taxable distributions made by the Fund to unitholders, with the result that unitholders could be reassessed by CRA to increase their taxable income.

To the extent that the Fund so designates under the Tax Act, distributions of net taxable capital gains, taxable dividends on securities of taxable Canadian corporations and foreign source income of the Fund paid or payable to you by the Fund will effectively retain their character in your hands and be subject to the special tax treatment applicable to



income of that character. An enhanced dividend tax credit is available for certain eligible dividends from Canadian corporations. Income of the Fund derived from foreign sources may be subject to foreign withholding tax which may, to the extent designated by the Fund and within certain limits, be credited against your Canadian income taxes payable. You will be provided with information slips each year reporting your share of the Fund's income, including capital gains and allowable tax credits. To the extent that the distributions (including fee distributions) paid or payable to you by the Fund in a year exceeds your share of the net income and net capital gains of the Fund allocated to you for the year, those distributions (except to the extent that they are proceeds of disposition) will be a return of capital and will not generally be taxable to you in the year of receipt but will reduce the adjusted cost base of your securities in the Fund. If the adjusted cost base of your securities is reduced to less than zero you will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base of your securities will be increased to nil.

#### **Buying securities before a distribution date**

You will be taxed on distributions of income and capital gains by the Fund, even if the income and capital gains accrued to the Fund or were realized by the Fund before you acquired the securities and were reflected in the purchase price of the securities. This may be of particular relevance to you if you purchase securities late in a calendar year or before a distribution date.

#### **Capital gains and losses when you redeem your securities**

If you dispose of your securities, whether by switching to securities of another mutual fund managed by us, redemption or otherwise, you will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, less any reasonable costs of disposition, are greater (or less) than the adjusted cost base of the securities. Generally, one-half of a capital gain must be included in income as a taxable capital gain and one-half of a capital loss is an allowable capital loss, which may be applied against taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains may be carried back three years or forward indefinitely and applied against taxable capital gains realized in those earlier or later years, subject to the rules in the Tax Act.

The adjusted cost base of your securities of a series is generally calculated by adding all your investments in that series (along with sales charges) including the value of any securities received on a taxable switch from another Ninepoint mutual fund and any reinvested distributions, and then subtracting any returns of capital and the adjusted cost base attributed to any securities of the series you previously redeemed or switched for securities of another Ninepoint mutual fund. A reclassification of one series of securities of the Fund into another series of securities of the Fund will not, by itself, result in a disposition of the securities being reclassified/converted. The adjusted cost base of the securities that were reclassified will be transferred to the securities of the other series acquired on the reclassification.

Amounts paid or payable to you by the Fund that are designated as taxable dividends from taxable Canadian corporations or net taxable capital gains, or taxable capital gains you realize on a disposition of securities of the Fund may increase your liability for alternative minimum tax ("AMT") under the Tax Act. Proposed Amendments released by the Department of Finance Canada on August 4, 2023, would modify the AMT rules for years that begin after 2023 to increase the rate of AMT, raise the exemption amount available to individuals, and broaden the tax base on which an individual's AMT liability is computed.

#### **Portfolio turnover**

The higher the Fund's or underlying fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund and the greater the chance that you will receive a distribution from the Fund that must be included in computing your income for tax purposes for the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

#### **Eligibility for Investment**

Provided that the Fund qualifies as a mutual fund trust under the Tax Act effective at all material times, securities of the Fund will be qualified investments under the Tax Act for Registered Plans. If securities of the Fund are held in a Registered Plan, distributions from the Fund, and capital gains from a disposition of the securities, are generally not subject to tax under the Tax Act until withdrawals are made from the Registered Plan. Withdrawals made from a Registered Plan (other than withdrawals from a TFSA or certain withdrawals from a FHSA) are generally subject to tax under the Tax Act. RESPs and RDSPs are subject to special rules.

Provided that the annuitant of an RRSP or RRIF, the holder of a RDSP, FHSA or TFSA, or the subscriber of an RESP deals at arm's length with the Fund and does not have a "significant interest" (within the meaning of the Tax Act) in the Fund, securities of the Fund will not be a prohibited investment under the Tax Act for the RRSP, RRIF, RDSP, FHSA, TFSA or RESP. Annuitants of RRSPs and RRIFs, holders of TFSAs, RDSPs, and FHSAs, and subscribers of RESPs, should consult with their own tax advisors as to whether securities of the Fund would be prohibited investments under the Tax Act in their particular circumstances.

## **WHAT ARE YOUR LEGAL RIGHTS?**

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Under securities law in some provinces and territories, you have the right to withdraw from an agreement to buy mutual funds within two business days after you receive a simplified prospectus or Fund Facts document, or cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, Fund Facts document or financial statements contain a misrepresentation. You must act within the time limits set by law in the applicable province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

## **ADDITIONAL INFORMATION**

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### ***Unitholder Tax Information***

The Fund has due diligence and reporting obligations under the Foreign Account Tax Compliance Act (as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act, collectively "FATCA") and the OECD's Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act, "CRS"). Generally, unitholders (or in the case of certain unitholders that are entities, the "controlling persons" thereof) will be required by law to provide the Fund or their advisor or dealer with information related to their citizenship and tax residence, including their foreign taxpayer identification number (if applicable). If a unitholder (or, if applicable, any of its controlling persons) does not provide the information or, for FATCA purposes, is identified as a "Specified U.S. Person" (including a U.S. citizen living in Canada) or, for CRS purposes, is identified as a tax resident of a country other than Canada or the U.S., information about the unitholder (or, if applicable, its controlling persons) and his, her or its investment in the Fund will generally be reported to the CRA unless the securities are held within a Registered Plan other than, subject to the current administrative position of the CRA and certain Proposed Amendments, an FHSA. The CRA will provide that information to, in the case of FATCA, the U.S. Internal Revenue Service and, in the case of CRS, the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under CRS. Based on the current administrative position of the CRA and certain Proposed Amendments, FHSAs are currently not required to be reported to the CRA under FATCA and CRS.

## **EXEMPTIONS AND APPROVALS**

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Please see "Investment Restrictions and Practices" on page 30 for a description of all exemptions from, or approvals in relation to, NI 81-102, obtained by the funds of the Manager that may be relied on by the Fund or the Manager.

**CERTIFICATE OF THE FUND, THE MANAGER, THE TRUSTEE AND THE PROMOTER**

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**NINEPOINT CAPITAL APPRECIATION FUND  
(the “Fund”)**

This simplified prospectus, together with the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each province and territory of Canada and do not contain any misrepresentations.

DATED: February 2, 2024

**NINEPOINT PARTNERS LP, ACTING THROUGH ITS GENERAL PARTNER, NINEPOINT PARTNERS GP INC., AS TRUSTEE, MANAGER AND PROMOTER OF THE FUND**

(signed) “*John Wilson*”

\_\_\_\_\_  
John Wilson  
Co-Chief Executive Officer

(signed) “*Shirin Kabani*”

\_\_\_\_\_  
Shirin Kabani  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF NINEPOINT PARTNERS GP INC., THE GENERAL PARTNER OF NINEPOINT PARTNERS LP**

(signed) “*James Fox*”

\_\_\_\_\_  
James Fox  
Director

(signed) “*Kirstin McTaggart*”

\_\_\_\_\_  
Kirstin McTaggart  
Director

**SPECIFIC INFORMATION ABOUT NINEPOINT CAPITAL APPRECIATION FUND**

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**WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?**

**What is a Mutual Fund?**

A mutual fund is an investment vehicle that pools money of many individuals who have similar investment goals and invests it in a variety of securities in an effort to achieve a specific investment objective over time. Individuals who contribute money become unitholders of the mutual fund. Where a mutual fund issues more than one series, unitholders share in the mutual fund’s income, expenses and the gains and losses allocated to the unitholders’ series generally in proportion to the units of that series they own. The value of an investment in a mutual fund is realized upon redeeming units held. Mutual funds are managed by professional money managers who invest on behalf of the whole group.

Mutual funds are available in many varieties that are designed to meet the differing needs of investors. A fund may own different types of investments such as stocks, bonds, cash, derivatives or any combination of these investments, depending upon its investment objectives.

Mutual funds can also invest in the securities of other mutual funds, which are then referred to as *underlying funds*. How much a mutual fund invests in underlying funds, and the types of underlying funds it invests in, may vary. Investing in underlying funds allows the Manager to pool assets in a manner that is often more efficient for investors. Some of the underlying funds, in turn, invest in debt securities, equity securities, cash, money market instruments or any combination of these.

**What are the Risks of Investing in a Mutual Fund?**

Every individual has a different tolerance for risk. Some investors are more conservative than others. It is important to evaluate your personal tolerance for risk, as well as the amount of risk suitable for your financial goals and time horizon when making investment decisions. The risks associated with investing in a mutual fund depend on the assets and securities in which the mutual fund invests, based upon the mutual fund’s particular objectives.

Investors should take into account that the value of these investments will change from day to day, reflecting changes in interest rates, exchange rates, economic conditions, market, and company news. As a result, the value of a mutual fund’s units may go up or down, and the value of your investment in a mutual fund may be worth more or less upon redemption than when the units were first purchased.

The full amount of your original investment in the Fund is not guaranteed. Unlike bank accounts or GICs, mutual funds are not insured under the Canada Deposit Insurance Corporation or any other government deposit insurer.

**FUND DETAILS**

Type of Fund:	Tactical Balanced
Date Fund Started:	Series A: February 2, 2024 Series S February 2, 2024 Series F: February 2, 2024 Series SF: February 2, 2024 Series P: February 2, 2024 Series PF: February 2, 2024 Series Q: February 2, 2024 Series QF: February 2, 2024 Series I: February 2, 2024 Series D: February 2, 2024
Nature of Securities Offered:	Series of units of a mutual fund trust
Registered Plan Status:	Expected to be a qualified investment for Registered Plans

Management Fees:	Series A: 1.95% Series S: 1.65% Series F: 0.95% Series SF: 0.65% Series P: 1.85% Series PF: 0.85% Series Q: 1.75% Series QF: 0.75% Series I: Negotiated by the unitholder (up to a maximum of 1.95%) Series D: 0.95%
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## WHAT DOES THE FUND INVEST IN?

### *Investment Objective*

The investment objective of the Ninepoint Capital Appreciation Fund is to seek to provide unitholders with long-term growth and capital preservation using a balanced investment approach. The Fund will primarily invest, both directly and indirectly, in a mix of equity and fixed income securities and mutual funds.

**Unitholder approval is required prior to a change in the fundamental investment objectives of the Fund.**

### *Investment Strategies*

The Fund seeks to achieve its investment objective by investing primarily, directly and indirectly, in a mix of Canadian equity securities, Canadian mutual funds, Canadian alternative mutual funds and fixed income securities. The Fund may also invest in money market funds and securities or exchange-traded funds (ETFs).

Depending on market conditions, the Portfolio Manager may vary the Fund's asset mix to a high (100%) fixed income or high (100%) equity weight, directly or indirectly, if it believes this will produce a better overall balance of risk and returns.

From time to time, the Fund may invest in money market instruments, high interest savings accounts/funds, cash or cash equivalent as a defensive strategy based on the market outlook.

The Fund may invest up to 100% of its net assets in other mutual funds, including ETFs that are index participation units, and mutual funds which are alternative mutual funds (up to 10% at the time of investment), which may be managed by the Manager or an affiliate of the Manager.

The Fund may also choose to:

- hold cash, short-term money market instruments and fixed income securities, at any time, for cash management purposes;
- use derivatives instruments, such as options, futures, forward contracts and swaps, for both hedging and non-hedging strategies, in a manner which is consistent with the investment objectives of the Fund and as permitted by securities regulations, including to:
  - (i) hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies; or
  - (ii) gain exposure to individual securities and markets instead of buying the securities directly
 (please see "Derivatives risk" on page 34 for more information on the risks associated with the use of such derivatives);

- engage in securities lending and repurchase and reverse repurchase transactions as permitted by securities regulations to seek to generate additional income (please see "Securities lending, repurchase and reverse

repurchase transactions risk” on page 37 for a description and the limits of the Fund’s investment in these transactions and the strategies used by the Fund to minimize the risks associated with these transactions);

- 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 (please see “Short selling risk” on page 38 for a description of the short selling process and the strategies used by the Fund to minimize the risks associated with the short sales of securities);
- invest up to 49% of its assets in foreign securities; and
- invest in Ninepoint Gold Bullion Fund, being an underlying fund which:
  - (i) invests primarily in unencumbered, fully allocated gold bullion and permitted gold certificates, the underlying interest of which is gold;
  - (ii) will not invest in securities of issuers that produce gold;
  - (iii) may invest a portion of its assets in cash, money market instruments and/or treasury bills;
  - (iv) may use derivatives for hedging purposes only and, in particular, may enter into currency forward contracts to hedge against losses from exposure to foreign currencies; and
  - (v) does not have any geographical restrictions on its investments.

## **INVESTMENT RESTRICTIONS AND PRACTICES**

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### **Regular Practices and Restrictions**

The Fund is managed in accordance with the standard investment restrictions and practices contained in securities legislation, including NI 81-102 of the Canadian Securities Administrators, other than as noted below. These restrictions and practices have been designed by the Canadian Securities Administrators to ensure that the investments of investment funds are diversified and relatively liquid and to ensure the proper administration of investment funds. NI 81-102 prescribes that unitholder approval must be obtained before any change can be made to the fundamental investment objectives of the Fund.

### **Exemptions and Approvals**

- (i) Standing Instructions by the Independent Review Committee

Subject to obtaining the approval of securities regulatory authorities and/or the IRC (please see “Independent Review Committee and Fund Governance” on page 7 for more information) and compliance with the conditions set out in NI 81-102 and NI 81-107, securities laws allow the standard practices and investment restrictions to be modified. In accordance with the requirements of NI 81-102 and NI 81-107, the Manager has obtained IRC approval in respect of certain transactions.

- (ii) Commodity ETF Relief

The Ninepoint mutual funds have obtained relief from the Canadian securities regulatory authorities to permit each fund, subject to the limits described in each such specific fund’s investment strategy section, to: (i) invest indirectly in physical commodities through investments in Commodity ETFs (as defined below) and (ii) invest in the following categories of ETFs (the “Underlying ETFs”) traded on a stock exchange in Canada or the United States that do not qualify as “index participation units” (as defined in NI 81-102): (a) ETFs that seek to provide daily results that replicate the daily performance of a specified widely-quoted market index (the “Underlying Index”) by a multiple of up to 200% or an inverse multiple of up to 200%, (b) ETFs that seek to provide daily results that replicate the daily performance of their Underlying Index by an inverse multiple of up to 100%, (c) ETFs that seek to replicate the performance of gold or silver or the value of a specified derivative the underlying interest of which is gold or silver

on an unlevered basis (collectively, “Unlevered Gold/Silver Interest”), by a multiple of up to 200% (“Leveraged Gold ETFs” and “Leveraged Silver ETFs”, respectively) and (d) ETFs that have exposure to one or more physical commodities other than gold or silver, on an unlevered basis (together with Leveraged Gold ETFs and Leveraged Silver ETFs, “Commodity ETFs”).

(iii) Inter-fund Trade Relief

The Ninepoint mutual funds have obtained relief from the Canadian securities regulatory authorities from the prohibition on purchasing a security from or selling a security to certain entities deemed to be related to a Ninepoint mutual fund or the Manager, acting as principal, so that such fund is permitted to purchase securities, including debt securities, from or sell securities, including debt securities, to a pooled fund or a closed end fund managed and/or advised by the Manager (an “Inter-fund Trade”). The Ninepoint mutual funds have also obtained relief to permit certain Inter-fund Trades of exchange-traded securities to be executed at the last sale price. The conditions to the relief are: (i) the IRC of the Ninepoint investment funds involved in the Inter fund Trade has approved the transaction in accordance with NI 81-107; and (ii) at the time of the Inter-fund Trade, the transaction complies with certain conditions set out in NI 81-107.

(iv) Awards and Ratings Relief

The Ninepoint mutual funds have received exemptive relief from Canadian securities regulatory authorities to permit the FundGrade A+ Awards, FundGrade Ratings, Lipper Awards, and Lipper Leader Ratings to be referenced in sales communications relating to a Ninepoint mutual fund, subject to certain conditions.

## **DESCRIPTION OF UNITS OFFERED BY THE FUND**

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### **General**

The Fund is permitted to issue an unlimited number of series of units and may issue an unlimited number of units of each series. Please see “Purchases, Switches, Reclassifications and Redemptions” on page 14 for a description of the types of units the Fund offers through this simplified prospectus and the eligibility requirements of each series of units.

### **The Fund**

Units of a series of the Fund represent your ownership in the Fund. Generally, you receive distributions of the Fund’s net income and net capital gains attributable to your units based on their relative net asset value per unit for each series in the Fund at the time the distribution is paid. Upon the wind-up or termination of the Fund, unitholders of the Fund will be entitled to participate pro rata in the Fund’s net assets allocated to the applicable series. If you hold units in the Fund, you will be entitled to vote at the unitholder meetings of the Fund as a whole, as well as any unitholder meetings for the particular series of units that you own. Units are issued as fully paid and non-assessable and are redeemable at their net asset value per unit. There are no pre-emptive rights attached to the units. The Fund may issue an unlimited number of units. Each unit, regardless of the series, will entitle the holder to one vote at all meetings of unitholders. The Fund may issue fractional units, which shall entitle the holder to similar proportionate participation in the Fund but will not entitle the holder to receive notice of, or vote at, meetings of unitholders of the Fund.

For Series A, Series S, Series F, Series SF, Series P, Series PF, Series Q, Series QF, Series I and Series D units, the Fund will target making monthly distributions of 5% of the net asset value per unit of the series as determined on December 31 of the prior year. The amount of the monthly distribution may be adjusted by the Manager without notice throughout the year as market conditions change. Monthly distributions will be comprised of net income, net realized capital gains and/or return of capital. Any net income and/or net realized capital gains earned by the Fund in excess of the monthly distribution will be distributed to unitholders annually in December.

All distributions will be automatically reinvested in additional units of the same series of units of the Fund at the net asset value per unit of that series unless you ask us to be paid in cash rather than receive units of the Fund at least 5 business days in advance of the date on which distributions are payable.

In each taxation year, the Fund will distribute to its investors a sufficient amount of the Fund’s net income and net realized capital gains so that the Fund will not pay any income tax. To the extent that the Fund has not otherwise

distributed a sufficient amount of its net income or net realized capital gains during the year, a distribution will be paid to unitholders at the end of the year. Any such distribution of net income and/or net realized capital gains will be automatically reinvested in additional units. If the net income and net realized capital gains of the Fund in a year is insufficient to fund the fixed monthly cash distributions, the balance of the regular distribution will constitute a return of capital to unitholders.

**A return of capital means the cash flow given back to you is generally money that you originally invested in the Fund, as opposed to the returns generated by the investment.** Returns of capital do not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income." You should not draw any conclusions about the Fund's investment performance from the amount of this distribution.

Returns of capital will result in an encroachment upon your original capital and may result in the return to you of the entire amount of your original investment. A return of capital made to you is not immediately taxable but will reduce the ACB of your securities. Where net reductions to the ACB of your securities would result in the ACB becoming a negative amount, such amount would be treated as a capital gain realized by you and the ACB of your securities will then be nil.

### Meetings of unitholders

Unitholders of the Fund will be entitled to vote to approve all matters that require unitholder approval under NI 81-102. As at the date of this document, these matters include the following:

- a change in the manager of the Fund, unless the new manager is an affiliate of the Manager;
- any change in the fundamental investment objectives of the Fund;
- any decrease in the frequency of calculating the net asset value of the Fund;
- certain material reorganizations of the Fund;
- if the basis of the calculation of a fee or expense that is charged to the Fund or a series of the Fund or directly to the unitholders of the Fund by the Fund or the Manager in connection with the holding of units of the Fund is changed in a way that could result in an increase in charges to the Fund or the series of the Fund or to the unitholders, unless the Fund is at arm's-length to the person or company charging the fee or expense to the Fund or if applicable securities laws do not require the approval of unitholders to be obtained and, if required by securities laws, written notice is sent to all unitholders of the Fund or the series at least 60 days before the effective date of the change;
- if a fee or expense to be charged to the Fund, a series of the Fund or directly to the Fund's unitholders by the Fund or the Manager in connection with the holding of units of the Fund that could result in an increase in charges to the Fund or to its unitholders is introduced, unless the Fund is at arm's length to the person or company charging the fee or expense to the Fund or if applicable securities laws do not require the approval of unitholders to be obtained and, if required by securities laws, written notice is sent to all unitholders of the Fund at least 60 days before the effective date of the change; and
- any other matter which requires the approval of unitholders pursuant to applicable laws.

### **NAME, FORMATION AND HISTORY OF THE FUND**

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The Fund was created on February 2, 2024. It was formed as an individual open-ended unit trust created under the laws of Ontario pursuant to the terms of a master declaration of trust by Redwood Asset Management Inc. ("Redwood") dated as of September 16, 2016, and as amended on March 13, 2017 and June 28, 2017 and assumed by the Manager under an amended and restated master declaration of trust dated April 16, 2018, as amended (the "Declaration of Trust").

The head office and principal place of business of the Fund and the Manager are located at:



Royal Bank Plaza, South Tower  
 200 Bay Street, Suite 2700, P. O. Box 27  
 Toronto, Ontario, M5J 2J1

## **WHAT ARE THE RISKS OF INVESTMENT IN THE FUND?**

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In addition to the general risks of mutual investing, each mutual fund carries specific risks depending on its particular investment objectives and investment strategies. In the description of the Fund, you will see what those risks are. As the Fund invests in underlying funds, the Fund takes on the risks of the underlying funds in proportion to its investment in each such underlying fund. Accordingly, any reference to the Fund in this section is intended to include investments by the Fund in the underlying funds and the underlying funds themselves.

Listed below are some risks that can affect the value of an investment in the Fund.

### *Borrowing risk*

An alternative mutual fund may borrow cash or securities which could magnify the impact of any movements in the prices of underlying investments and could impact the value of your investment. As a result, the gains or losses on investments realized by an alternative mutual fund may be more volatile as compared to investing in the same asset classes and securities without making use of borrowings.

In addition, from time to time a fund that offers ETF Series securities may borrow cash as a temporary measure to fund the portion of a distribution payable to you that represents amounts that are owing to, but have not yet been received by, the fund. Each such fund is limited to borrowing up to the amount of the portion of the distribution that represents, in the aggregate, amounts that are payable to the fund, but have not been received by the fund and, in any event, not more than 5% of the net assets of that fund. There is a risk that a fund will not be able to repay the borrowed amount because it is unable to collect the distribution from the applicable issuer. Under these circumstances, the fund would repay the borrowed amount by disposing of portfolio assets.

### *Capital depletion risk*

Certain mutual funds are designed to provide a cash flow to investors based on a target annual distribution rate. Where this cash flow exceeds the net income and net realized capital gains attributable to that series, it will include a return of capital. **A return of capital means the cash flow given back to you is generally money that you originally invested in the Fund, as opposed to the returns generated by the investment.** This distribution to you should not be confused with “yield” or “income”. Returns of capital that are not reinvested will reduce the total net asset value of the particular series of the Fund. As well, returns of capital that are not reinvested reduce the total assets of the Fund available for investment, which may reduce the ability of the Fund to generate future income. You should not draw any conclusions about the Fund’s performance from the amount of this distribution.

### *Collateral risk*

An alternative mutual fund may enter into derivative transactions that requires it to deliver collateral to the counterparty to the transaction or to a clearing corporation. Where an alternative mutual fund is required to deliver collateral, it may be exposed to certain risks, including:

- (i) the risk that the fund will be required to post initial margin/collateral to the derivative counterparty or clearing corporation in the form of cash, requiring the fund to have sufficient liquid assets to meet this obligation;
- (ii) the risk that the fund may from time to time, if the value of the derivative arrangement moves against the fund, be required to post variation margin/collateral with the derivative counterparty or clearing corporation on an ongoing basis. The fund must have sufficient liquid assets to satisfy margin calls made by the derivative counterparty or clearing corporation, and, if it fails to post the required margin/collateral, the counterparty may terminate the derivative arrangement; and,
- (iii) the risk that the fund may be subject to the credit risk of the derivatives counterparty. If a counterparty were to become insolvent, any margin/collateral of the fund held by the counterparty could be considered

assets of the counterparty and the fund would be considered an unsecured creditor ranking behind preferred creditors in respect of such assets.

*Commodity risk*

Mutual funds that invest in commodities such as gold, silver and other precious minerals will be affected by changes in commodity prices. Commodity prices tend to be cyclical and can move significantly in short periods of time, including as a result of supply and demand, speculation, international monetary and political factors, government and central bank activity and changes in interest rates and currency values. In addition, new discoveries or changes in government regulations can affect the price of commodities.

Direct purchases of bullion may generate higher transaction and custody costs than other types of investments, which may impact the performance of a mutual fund. Bullion does not generate an income stream if held in an allocated, segregated account and not leased. Since the Fund will not lease its bullion, if any, the Fund will not receive any income. The Fund will only earn money on its investment in bullion to the extent that they sell the bullion at a gain.

*Concentration risk*

Some mutual funds concentrate their investment holdings in specialized industries, market sectors, geographical regions, asset classes or in a limited number of issuers. Investments in these mutual funds involve greater risk and volatility than broadly based investment portfolios since the performance of one particular industry, market, geographical region, asset class or issuer could significantly and adversely affect the overall performance of the entire mutual fund.

*Credit risk*

Mutual funds that invest in convertible and other fixed-income securities are subject to credit risk. Issuers of debt securities promise to pay interest and repay a specified amount on the maturity date. Credit risk is the risk that such issuers will not pay that obligation. Credit risk is lowest among issuers that have good credit ratings from recognized credit rating agencies. The riskiest fixed-income securities are those with a low credit rating or no credit rating at all. These securities usually offer higher interest rates to compensate for the increased risk.

*Currency risk*

The net asset value of the Fund is calculated in Canadian dollars. Most foreign investments are purchased in currencies other than the Canadian dollar. As a result, the Canadian dollar value of those investments will be affected by the value of the Canadian dollar relative to the value of the foreign currency such that the value of foreign denominated investments within the Fund may be worth more or less, depending on changes in foreign exchange rates.

*Cybersecurity risk*

With the increased use of technologies, the Manager and the Fund are susceptible to operational and information security risks through breaches in cybersecurity. A breach in cybersecurity can result from either a deliberate attack or an unintentional event. In addition, cybersecurity failures by or breaches of the Manager's or the Fund's third party service providers may disrupt the business operations of the service providers and of the Manager or the Fund. Any such cybersecurity breaches or losses of service may cause the Manager or the Fund to lose proprietary information, suffer data corruption or lose operational capacity, which, in turn, could cause the Manager or the Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. While the Fund, the Manager and the third party service providers have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, there are inherent limitations in such plans and systems due in part to the ever changing nature of technology and cybersecurity attack tactics, and there is a possibility that certain risks have not been adequately identified or prepared for. Cybersecurity risks may also impact issuers of securities in which the Fund invests, which may cause the Fund's investments in such issuers to lose value.

*Derivatives Risk*

A derivative is a contract between two parties whose value is "derived" from the value of an underlying asset, such as a stock, or a market index. Mutual funds may use derivatives to limit potential losses associated with currencies, stock markets and interest rates. This process is called hedging. Mutual funds may also use derivatives for non-hedging purposes – to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial

markets or increase speed and flexibility in making portfolio changes. Some common examples of a derivative are an option contract, a futures contract, a forward contract and a swap.

Although derivatives may be used by mutual funds to seek to minimize risk, derivatives still have risks associated with their use and do not guarantee a gain or loss. In addition, the Fund may use derivatives for hedging and non-hedging purposes as described in its investment objectives and strategies. Some examples of risks associated with the use of derivatives are as follows:

- hedging strategies may not be effective;
- a market may not exist when the fund wants to close out its position in a derivative;
- the fund may experience a loss if the other party to a derivative is unable to fulfil its obligations;
- the derivative may not perform the way the manager expects it to perform, causing the fund to lose value;
- costs of the derivative contracts with counterparties could rise; and
- the Tax Act, or its interpretation, may change in respect of the tax treatment of derivatives.

*Emerging markets risk*

In emerging market countries, securities markets may be smaller than in more developed countries, making it more difficult to sell securities in order to take profits or avoid losses. Companies in these markets may have limited product lines, markets or resources, making it difficult to measure the value of the company. Political instability and possible corruption, as well as lower standards of regulation for business practices, increase the possibility of fraud and other legal problems. Emerging markets investments may increase a fund's volatility.

*Energy risk*

The Fund may be subject to a number of risks specific to the energy sector, such as: (i) changes in industrial, government and consumer demand, which will be affected by levels of industrial and commercial activities that are associated with high levels of energy demand; (ii) price changes in alternative sources of energy; (iii) disruptions in the supply chain or in the production or supply of energy sources; (iv) adjustments to inventories; (v) variations in production and shipping costs; and (vi) costs associated with regulatory compliance, including environmental regulations. These factors interrelate in complex ways, and the effect of one factor on the Fund and the value of its units may increase or reduce the effect of another factor.

*Equity real estate investment trust (REIT) securities risk*

REITs are investment trusts that focus their investments in the real estate sector. Funds that invest in REITs will be subject to the risks associated with investing in the real estate industry as described below under "real estate risk" as well as the risks associated with an investment in an income trust as described below under "income trust risk". As well, a fund investing in a REIT will be subject to risks specific to investing through a pooled vehicle, such as poor management of a REIT or REIT-like entity, concentration risk, or other risks typically associated with investing in small or medium market capitalization companies. In addition, underlying real estate investments may be hard to buy and sell. The lack of liquidity can cause price volatility in the price of REIT securities. The income of a REIT or real estate corporation that is available for payment to its unitholders or shareholders, as the case may be, would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT or real estate corporation, or if the REIT or real estate corporation was unable to lease a significant amount of available space in its properties on economically favourable lease terms.

*Exchange traded funds risk*

The Fund may invest in exchange traded funds ("ETFs") that seek to provide returns similar to an underlying benchmark, such as particular market indices or industry sector indices. These ETFs may not achieve the same returns as their benchmark indices due to differences in the actual weightings of securities held in the ETF versus the weightings in the relevant index, and due to the operating and administrative expenses of the ETF. As well, the Fund has obtained relief from the Canadian securities regulators so that it may invest in certain ETFs that utilize leverage

in an attempt to magnify returns by either a multiple or an inverse multiple of that benchmark. Units of such ETFs are highly speculative, involve a high degree of risk and are subject to increased volatility as they seek to achieve a multiple or inverse multiple of a benchmark. The Fund has also obtained relief from the Canadian securities regulators so that it may invest in certain ETFs that seek to replicate the price of gold, silver and other physical commodities (including by either a multiple or inverse multiple as described above). These ETFs will be subject to the risk described above under “Commodity risk”.

*Foreign investment risk*

Mutual funds that invest in securities of foreign issuers will be affected by world economic factors. Obtaining complete information about potential investments from foreign markets may also be of greater difficulty. Foreign issuers may not follow certain standards that are applicable in North America, such as accounting, auditing, financial reporting and other disclosure requirements. Political climates may differ, affecting stability and volatility in foreign markets. As a result, mutual fund prices may fluctuate to a greater degree by investing in foreign equities than if the funds limited their investments to Canadian securities.

*Income trust risk*

Income trusts generally hold debt and/or equity securities of an underlying active business or are entitled to receive a royalty on revenues generated by such business. Mutual funds that invest in income trusts will have varying degrees of risk depending on the sector and the underlying asset or business of the income trusts. Returns on income trusts are neither fixed nor guaranteed. Typically, trust securities are more volatile than bonds (corporate and government) and preferred securities. Many of the income trusts that the Fund may invest in are governed by laws of a province of Canada or of a state of the United States which limit the liability of securityholders of the income trust from a particular date. The Fund may, however, also invest in income trusts in Canada, the U.S. and other countries that do not limit the liability of securityholders. In such cases, there is therefore a risk that securityholders of an income trust, such as the Fund, could be held liable for any claims against the income trust’s contractual obligations. Income trusts generally try to minimize this risk by including provisions in their agreements that their obligations won’t be personally binding on securityholders. However, the income trust may still have exposure to damage claims not arising from contractual obligations.

*Inflation risk*

Mutual funds are investment vehicles which generally have a long-term horizon. Many investors use them for retirement purposes. As a result of the long-term outlook for a mutual fund investment, the effects of inflation could significantly erode the value of an investor’s money over time. Managing inflation risks involves a diversified mix of investments with emphasis on equity securities, which have historically out-performed all other types of investments over the long-term.

*Interest rate risk*

Interest rates affect the value of convertible and other fixed-income securities, including bonds, mortgages, treasury bills and commercial paper. This value will generally rise if interest rates fall and fall if interest rates rise. Therefore, values of mutual funds which invest in fixed-income securities will change with fluctuating interest rates. Changes in interest rates may also affect the value of equity securities as investors shift between investment vehicles.

*Leverage risk*

When a mutual fund makes investments in derivatives, borrows cash for investment purposes or uses physical short sales on equities, fixed-income securities or other portfolio assets, leverage may be introduced into the fund. Leverage occurs when the fund’s notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair the fund’s liquidity and may cause the fund to liquidate positions at unfavourable times. An alternative mutual fund is subject to an aggregate exposure limit of 300% of its net asset value which is measured on a daily basis as described in further detail in the investment objectives section of this Simplified Prospectus for the applicable Funds. This will operate to limit the extent to which the fund is leveraged.

*Liquidity risk*

Liquidity is how quickly a security can be sold at a fair price and converted to cash. Some of the securities which a mutual fund holds may be illiquid, as they may be difficult to sell. For example, securities of small companies may be less known and may not be traded regularly. In addition, in volatile markets, securities that are generally liquid (including high yield bonds, floating rate debt instruments and other fixed income securities) may suddenly become illiquid. Difficulty in selling securities may result in a loss or a costly delay.

*Market risk*

The value of securities will change based on specific company developments and market conditions. Market value also varies with changes in the general economic and financial conditions in countries where investments are made, including global or regional political, economic, health and banking crises.

*Performance fee risk*

The Manager receives a performance or incentive fee in respect of certain underlying funds. The performance or incentive fee theoretically may create an incentive for the Manager to make investments that are riskier than would be the case if such fee did not exist.

*Real estate risk*

Real property investments are affected by various factors including changes in general economic conditions (such as levels of interest rates, the availability of long term mortgage financing and consumer confidence) and in local conditions (such as overbuilding or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space, policies of various levels of government, including property tax levels and zoning laws, losses due to costs resulting from environmental contamination and its related clean-up and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants.

*Regulatory risk*

Regulatory risk is the potential revenue impact on a company due to laws, regulation and policies of regulatory agencies. Governmental or regulatory permits and approvals may be required to proceed with planned projects. Any delay or failure in achieving the required permits or approvals would reduce the company's growth prospects.

*Securities lending, repurchase and reverse repurchase transactions risk*

Mutual funds may enter into securities lending, repurchase or reverse repurchase transactions as permitted by securities legislation. Securities lending is an agreement whereby a mutual fund lends securities through an authorized agent for a fee in exchange for collateral, and can demand the return of the securities at any time. Under a repurchase transaction, a mutual fund agrees to sell securities for cash while, at the same time, assuming an obligation to repurchase the same securities for a set amount of cash at a later date. A reverse repurchase transaction is a transaction pursuant to which a mutual fund buys securities for cash while, at the same time, agreeing to resell the same securities for cash (usually at a higher price) at a later date.

The risks associated with securities lending, repurchase or reverse repurchase transactions arise when a counterparty defaults under the agreement evidencing the transaction and the mutual fund is forced to make a claim in order to recover its investment. In a securities lending or a repurchase transaction, a mutual fund could incur a loss if the value of the securities loaned or sold has increased in value relative to the value of the collateral held by the mutual fund. In the case of a reverse repurchase transaction, a mutual fund could incur a loss if the value of the securities purchased by the mutual fund decreases in value relative to the value of the collateral held by the mutual fund.

To limit these risks:

- a mutual fund must hold collateral equal to no less than 102% of the market value of the securities sold, loaned or cash paid (where the amount of collateral is adjusted each trading day to make sure that the market value of the collateral does not go below the 102% minimum level);
- the collateral to be held must consist of cash, qualified securities or securities that can be immediately converted into securities sold or loaned; and

- repurchase transactions and securities lending agreements are limited to 50% of the net asset value of the fund. Collateral held for loaned securities and cash paid for received securities are not included when making this calculation.

*Series risk*

The Fund is available in more than one series of units. Each series has its own fees and expenses which the Fund tracks separately. If the Fund cannot pay the expenses of one series using that series' proportionate share of the assets of the Fund, the Fund will have to pay those expenses out of the other series' proportionate share of the assets, which would lower the investment return of those other series.

The Fund may issue additional series without notice to or approval of unitholders. The creation of additional series could indirectly result in a mitigation of this risk by creating a larger pool of assets for the Fund to draw from. The termination of a series of the Fund may have the opposite effect.

*Short selling risk*

A short sale by the Fund involves borrowing securities from a lender which are then sold in the open market. At a future date, the securities are repurchased by the Fund and returned to the lender. While the securities are borrowed, collateral is deposited with the lender and the Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities to the lender, the Fund makes a profit on the difference (less any interest the Fund is required to pay the lender). Short selling involves risk. There is no assurance that securities will decline in value during the period of the short sale and make a profit for the Fund. Securities sold short may instead appreciate in value creating a loss for the Fund. The Fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall borrowed securities at any time. The lender from whom the Fund has borrowed securities may go bankrupt and the Fund may lose the collateral it has deposited with the lender. The Fund will adhere to controls and limits that intended to offset these risks by short selling only liquid securities and by following the short selling limits set out in NI 81-102. The Fund will also deposit collateral only with Canadian lenders that are regulated financial institutions or regulated dealers and only up to certain limits.

*Small company risk*

Investing in securities of smaller companies may be riskier than investing in larger, more established companies. Smaller companies may have limited financial resources, a less established market for their shares and fewer shares issued. This can cause the share prices of smaller companies to fluctuate more than those of larger companies. The market for the shares of small companies may be less liquid.

*Specific issuer risk*

The value of all securities will vary positively or negatively with developments within the specific companies or governments which issue the securities.

*Sub-adviser risk*

Sub-advisers actively manage the investments of certain funds. Consequently, those funds are subject to the risk that the methods and analyses employed by the sub-advisers in this process may not produce the desired results. This could cause the Fund to lose value or its investment results to lag relevant benchmarks or other funds with similar objectives.

*Substantial unitholder risk*

The Fund may have one or more investors (including a Ninepoint mutual fund) who hold a significant number of securities. For example, two financial institutions may have a significant principal investment. If a financial institution makes a large redemption request, the Fund may be required to sell underlying portfolio assets so that it can meet the redemption obligations. This sale may impact the market value of those portfolio investments and it may potentially impact remaining investors of the Fund. Large redemption requests for institutional investors could force the Fund to terminate. The Fund may agree with the large institutional investor to make part of the redemptions in-kind, by transferring assets of an equal value to the large redeeming investor, if assets of the Fund cannot be sold at advantageous prices without a significant impact to the value of the asset.

*Tax risk*

There can be no assurance that the tax laws applicable to the Fund, including the treatment of certain gains and losses as capital gains and losses, will not be changed in a manner which could adversely affect the Fund or the Fund's unitholders. Furthermore, there can be no assurance that CRA will agree with the Manager's characterization of the gains and losses of the Fund as capital gains or losses or ordinary income and losses in specific circumstances. If any transactions of the Fund are reported by it on capital account but are subsequently determined by CRA to be on income account, there may be an increase in the net income of the Fund for tax purposes, and in the taxable distributions made by the Fund to unitholders, with the result that unitholders could be reassessed by CRA to increase their taxable income.

The Fund intends to qualify as a mutual fund trust under the Tax Act at all material times. If the Fund does not qualify or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading *Income Tax Considerations* could be materially and adversely different in some respects. For example, if the Fund does not qualify as a mutual fund trust for the purposes of the Tax Act throughout a taxation year, the Fund (i) would not be eligible for the capital gains refund under the Tax Act, (ii) may become liable for alternative minimum tax under the Tax Act in such year, (iii) may be subject to a special tax under Part XII.2 of the Tax Act in such year and (iv) may be subject to the mark-to-market rules applicable to financial institutions under the Tax Act. In addition, if the Fund ceases to qualify as a mutual fund trust, units of the Fund may not be qualified investments for Registered Plans under the Tax Act. The Tax Act imposes penalties on the annuitant of an RRSP or RRIF, the holder of a TFSA, RDSP or FHSA, or the subscriber of a RESP for the acquisition or holding of non-qualified investments.

The Fund may be limited in its ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming unitholders. As a result, the taxable component of distributions to non-redeeming unitholders in the Fund may be higher than it otherwise would be if the Fund were permitted to claim the deduction in such circumstances.

If the Fund experiences a "loss restriction event," the Fund (i) will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund's taxable income at such time to unitholders so that the Fund is not liable for income tax on such amounts), and (ii) will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. The Tax Act provides relief in the application of the "loss restriction event" rules for trusts that are "investment funds" as defined therein. The Fund will be considered an "investment fund" for this purpose if it meets certain conditions, including complying with certain asset diversification requirements. If the Fund fails to meet this definition, it will be subject to a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, holds interests in the Fund that have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Fund.

#### *Uninsured losses risk*

CIBC Mellon Trust Company, as custodian, the Royal Canadian Mint (the "Mint") and sub-custodians to the Mint, may hold physical custody of the bullion. Each of these sub-custodians is obliged to maintain satisfactory insurance against all risks except those beyond the control of the sub-custodians.

### **INVESTMENT RISK CLASSIFICATION METHODOLOGY**

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We identify the investment risk level of the Fund as an additional guide to help you decide whether the Fund is right for you. The investment risk level of the Fund is determined in accordance with the standardized risk classification methodology mandated by the Canadian Securities Administrators.

Using this methodology, we generally assign the risk rating based on the Fund's historical volatility risk as measured by the ten-year standard deviation. Since the Fund does not have any performance history, we have imputed and blended the return history of the S&P/TSX Composite Index (65%) and the Bloomberg Canada Aggregate Index (35%), which are expected to reasonably approximate the standard deviation of the Fund, for the 10-year history. The

S&P/TSX Composite Index is a capitalization-weighted equity index that tracks the performance of the largest companies listed on Canada's primary stock exchange, the Toronto Stock Exchange (TSX). The Bloomberg Canada Aggregate Index measures the investment grade, Canadian dollar-denominated, fixed rate, taxable bond market and includes treasuries, government-related, and corporate issuers.

This section will help you decide whether the Fund is right for you. This information is only a guide. When you are choosing investments, you should consider your whole portfolio, your investment objectives and your risk tolerance level. The Fund is assigned an investment risk rating in one of the following categories:

**Low** for funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed income funds;

**Low to Medium** for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed income funds;

**Medium** for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large capitalization Canadian and/or international equity securities;

**Medium to High** for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and

**High** for funds with a level of risk that is typically associated with investments in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (e.g., emerging markets).

The Manager has rated the risk rating of the Fund as **Low-to-Medium**.

Although monitored on a monthly basis, we review the investment risk level of the Fund on an annual basis.

The method that we use to identify the investment risk level of the Fund is available on request, at no cost, by calling us at 1-866-299-9906 or by sending an email to [invest@ninepoint.com](mailto:invest@ninepoint.com).



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**Additional information about the Fund is available in the Fund's Fund Facts, Management Reports of Fund Performance and Financial Statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.**

**You can get a copy of these documents, at your request, and at no cost, by calling toll free 1-866-299-9906, or from your dealer, or via email at [invest@ninepoint.com](mailto:invest@ninepoint.com).**

**These documents and other information about the Fund, such as information circulars and material contracts, are also available on the Fund's designated website at [www.ninepoint.com](http://www.ninepoint.com) or at [www.sedarplus.com](http://www.sedarplus.com).**

## **NINEPOINT CAPITAL APPRECIATION FUND**

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