



Ninepoint Energy Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2020

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

Management Discussion of Fund Performance

Investment Objective and Strategies

The objective of the Ninepoint Energy Fund (the “Fund”) is to achieve long-term capital growth. The Fund invests primarily in equity and equity-related securities of companies that are involved directly or indirectly in the exploration, development, production and distribution of oil, gas, coal, uranium and other related activities in the energy and resource sector.

To achieve the Fund’s investment objective, a fundamental analysis is employed to seek to identify superior investment opportunities with potential for capital appreciation over the long-term. This is accomplished by seeking out undervalued companies backed by strong management teams and solid business models that can benefit from both industry and macro-economic trends.

The Fund may follow a more concentrated investment approach and, from time to time, overweight certain sub-sectors within the energy and resource sector, when deemed appropriate by the Portfolio Manager. This may result in the Fund’s portfolio weighting being substantially different from the weightings of the S&P/TSX Capped Energy Total Return Index.

As part of its investment strategy, the Fund may:

- engage in short selling in a manner consistent with the investment objectives of the Fund and as permitted by securities regulations;
- engage in securities lending as permitted by securities regulations;
- invest in and overweight cash and fixed income securities based on the market outlook for the energy sector; and
- use derivatives, 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.

Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable only for investors seeking long-term capital growth potential of the energy and resource sectors. This Fund is suitable for investors with a high investment risk tolerance and have a long-term investment horizon. There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period.

Results of Operations and Recent Developments

The Fund, Series A returned -51.0% in the first half of 2020, while its benchmark, the S&P/TSX Capped Energy Total Return Index, returned -46.1%.

Oil suffered from the largest demand shock in history as the COVID-19 pandemic led to a temporary loss of up to 27 million barrels per day, easily the largest drop in history. Compounding this, the Organization of the Petroleum Exporting Countries was unable to coordinate production, and Saudi Arabia flooded the market in March near the trough of demand. As fears mounted that physical storage capacity would be overwhelmed, oil crashed to a low of around –US\$39/barrel, the first negative price ever.

Demand for oil subsequently began to improve faster than expected in June. At period-end, traffic congestion in major cities in China was at pre-pandemic levels, and cities in Europe and North America were nearly back to normal. Air traffic also began to recover and was down approximately 16% from the beginning of 2020. Oil prices recovered somewhat but declined over the period as a whole.

The oil price crash led to materially poor performance for energy equities, with some falling as much as 80%. As energy stocks fell, a lack of market participants compounded the declines. The market did not differentiate between stocks, and companies with strong balance sheets and hedge books fell as much lower-quality companies. As a result, the Manager was able to dynamically rebalance the Fund’s positions and reduce risk while maintaining the same exposure to potential appreciation in the commodity price.

The Fund’s overweight exposure to Canadian small- and mid-capitalization oil stocks detracted from short-term performance as they underperformed large-caps. However, as the oil price stabilized the small- and mid-cap stocks recovered.

The Fund remains focused on Canadian small- and mid-cap oil producers. Based on the Manager’s positive outlook for oil from 2021 on, the Manager believes they have material potential for appreciation.

Ninepoint Energy Fund

June 30, 2020

The Fund's net asset value decreased by 21.0% during the period, from \$114.8 million on December 31, 2019 to \$90.7 million as at June 30, 2020. This change was predominately due to net subscriptions of \$30.6 million, offset by net realized and unrealized losses on investments of \$52.1 million.

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 2.50% for Series A units, 1.50% for Series F and Series PTF units, 2.00% for Series D and as negotiated by the unitholders of Series I. The management fee is calculated and accrued daily based on daily net asset value of that series of the Fund, and is paid monthly. For the period ended June 30, 2020, the Fund incurred management fees of \$817,813 (including taxes). The breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Ninepoint Energy Fund – Series A	61%	39%
Ninepoint Energy Fund – Series D	75%	25%
Ninepoint Energy Fund – Series F	100%	–
Ninepoint Energy Fund – Series PTF	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$3,460 during the period ended June 30, 2020 to Sightline Wealth Management, an affiliate of the Manager.

INCENTIVE FEES

The Fund also pays the Manager an annual incentive fee, equal to a percentage of the average net asset value of the applicable Series of the Fund. Such percentage will be equal to 10% of the difference by which the return in net asset value per unit of the applicable Series from January 1 to December 31 exceeds the percentage return of the S&P/TSX Capped Energy Total Return Index for the same period. If the performance of a Series of the Fund in any year is less than the performance of the Index (the "Deficiency"), then no incentive fee will be payable until the performance of the applicable Series, on a cumulative basis, has exceeded the amount of the Deficiency. For the period ended June 30, 2020, the Fund did not accrue any incentive fees.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, trustee, filing and administrative expenses as well as unitholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of certain Funds. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions are at the Manager's discretion and can be terminated at any time without notice. The Manager did not absorb any expenses during the period ended June 30, 2020.

OTHER RELATED PARTY TRANSACTIONS

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

Ninepoint Energy Fund

June 30, 2020

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period ended June 30, 2020 and each of the previous years ended December 31 shown, unless otherwise indicated.

The Fund's Net Assets per Unit¹

	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Series A	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	9.08	7.72	12.93	20.09	11.91	16.20
Increase (decrease) from operations:						
Total revenue	0.03	0.12	0.05	0.05	0.16	0.42
Total expenses	(0.22)	(0.50)	(0.77)	(0.79)	(1.45)	(1.37)
Realized gains (losses) for the period	(2.40)	(1.34)	(0.80)	(5.66)	6.57	(2.86)
Unrealized gains (losses) for the period	(0.66)	2.94	(3.84)	(0.40)	3.20	(0.52)
Total increase (decrease) from operations²	(3.25)	1.22	(5.36)	(6.80)	8.48	(4.33)
Distributions:						
Total annual distributions³	–	–	–	–	–	–
Net assets, end of period	4.45	9.08	7.72	12.93	20.09	11.91

	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018 ⁵
Series D	\$	\$	\$
Net assets, beginning of period	6.56	5.54	10.00
Increase (decrease) from operations:			
Total revenue	0.02	0.10	0.27
Total expenses	(0.14)	(0.32)	(0.47)
Realized gains (losses) for the period	(1.60)	(0.37)	(0.70)
Unrealized gains (losses) for the period	0.43	1.85	(4.19)
Total increase (decrease) from operations²	(1.29)	1.26	(5.09)
Distributions:			
Total annual distributions³	–	–	–
Net assets, end of period	3.23	6.56	5.54

	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Series F	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	10.30	8.65	14.34	22.04	13.12	17.62
Increase (decrease) from operations:						
Total revenue	0.04	0.13	0.09	0.06	0.17	0.47
Total expenses	(0.21)	(0.46)	(0.78)	(0.56)	(1.79)	(1.02)
Realized gains (losses) for the period	(2.90)	(1.56)	(0.96)	(6.24)	7.23	(3.44)
Unrealized gains (losses) for the period	(1.08)	3.34	(4.62)	0.44	3.06	(1.21)
Total increase (decrease) from operations²	(4.15)	1.45	(6.27)	(6.30)	8.67	(5.20)
Distributions:						
Total annual distributions³	–	–	–	–	–	–
Net assets, end of period	5.07	10.30	8.65	14.34	22.04	13.12

Ninepoint Energy Fund

June 30, 2020

Series I	Jun 30, 2020	Dec 31, 2019 ⁴	Dec 31, 2018	Dec 31, 2017 ⁴	Dec 31, 2016	Dec 31, 2015
	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	–	4.07	6.63	10.00	–	–
Increase (decrease) from operations:						
Total revenue	–	–	(0.02)	0.02	–	–
Total expenses	–	(0.14)	(0.20)	(0.04)	–	–
Realized gains (losses) for the period	–	(0.28)	(0.34)	(2.90)	–	–
Unrealized gains (losses) for the period	–	0.83	(1.90)	(0.76)	–	–
Total increase (decrease) from operations²	–	0.41	(2.46)	(3.68)	–	–
Distributions:						
Total annual distributions³	–	–	–	–	–	–
Net assets, end of period	–	–	4.07	6.63	–	–

Series PTF	Jun 30, 2020 ⁶	Dec 31, 2019	Dec 31, 2018 ⁵
	\$	\$	\$
Net assets, beginning of period	10.00	10.00	10.00
Increase (decrease) from operations:			
Total revenue	0.00	0.00	0.00
Total expenses	(0.26)	(0.00)	(0.00)
Realized gains (losses) for the period	(0.23)	(0.00)	(0.00)
Unrealized gains (losses) for the period	(3.32)	(0.00)	(0.00)
Total increase (decrease) from operations²	(3.81)	(0.00)	(0.00)
Distributions:			
Total annual distributions³	–	–	–
Net assets, end of period	–	10.00	10.00

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

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

3 Distributions are reinvested in additional units of the fund or paid in cash.

4 All outstanding Series I units were fully redeemed during the year ended December 31, 2014. Subsequently, Series I units was subscribed for on January 3, 2017 and then were fully redeemed during the year ended December 31, 2019.

5 Information provided is for the period from May 10, 2018 (first issuance) for Series D, and December 3, 2018 (first issuance) for Series PTF, to December 31, 2018.

6 All outstanding Series PTF shares were fully redeemed during the period ended June 30, 2020.

Ninepoint Energy Fund

June 30, 2020

Ratios and Supplemental Data

Series A	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) ¹	\$37,770	\$49,625	\$44,898	\$79,796	\$107,496	\$35,152
Number of units outstanding ¹	8,484,433	5,463,140	5,817,238	6,170,667	5,350,523	2,951,643
Management expense ratio ²	3.26%	3.22%	3.06%	3.11%	3.08%	3.33%
Trading expense ratio ³	5.69%	3.05%	3.56%	2.32%	6.15%	5.08%
Portfolio turnover rate ⁴	258.78%	433.60%	636.98%	372.39%	1,293.60%	926.55%
Net asset value per unit ¹	\$4.45	\$9.08	\$7.72	\$12.93	\$20.09	\$11.91

Series D	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018
Total net asset value (000s) ¹	\$3,425	2,112	\$650
Number of units outstanding ¹	1,058,883	321,813	117,257
Management expense ratio ²	2.66%	2.62%	2.08%
Trading expense ratio ³	5.69%	3.05%	3.56%
Portfolio turnover rate ⁴	258.78%	433.60%	636.98%
Net asset value per unit ¹	\$3.23	\$6.56	\$5.54

Series F	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) ¹	\$49,457	63,038	\$61,848	\$76,170	\$73,943	\$12,332
Number of units outstanding ¹	9,745,530	6,120,534	7,146,324	5,312,933	3,355,521	940,123
Management expense ratio ²	2.17%	2.12%	2.23%	2.04%	3.37%	2.25%
Management expense ratio before incentive fee ²	2.17%	2.12%	2.23%	2.04%	1.96%	2.25%
Trading expense ratio ³	5.69%	3.05%	3.56%	2.32%	6.15%	5.08%
Portfolio turnover rate ⁴	258.78%	433.60%	636.98%	372.39%	1,293.60%	926.55%
Net asset value per unit ¹	\$5.07	10.30	\$8.65	\$14.34	\$22.04	\$13.12

Series I	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total net asset value (000s) ¹	–	–	\$1,064	\$2,736	–	–
Number of units outstanding ¹	–	–	261,543	412,902	–	–
Management expense ratio ²	–	–	0.43%	0.35%	–	–
Trading expense ratio ³	–	–	3.56%	2.32%	–	–
Portfolio turnover rate ⁴	–	–	636.98%	372.39%	–	–
Net asset value per unit ¹	–	–	\$4.07	\$6.63	–	–

Series PTF	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018
Total net asset value (000s) ¹	–	\$ -	\$ -
Number of units outstanding ¹	–	1	1
Management expense ratio ²	–	0.00%	0.00%
Trading expense ratio ³	–	3.05%	3.56%
Portfolio turnover rate ⁴	–	433.60%	636.98%
Net asset value per unit ¹	–	10.00	\$10.00

1 The information is provided as at June 30, 2020 and December 31 for the years shown prior to 2020.

2 Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.

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

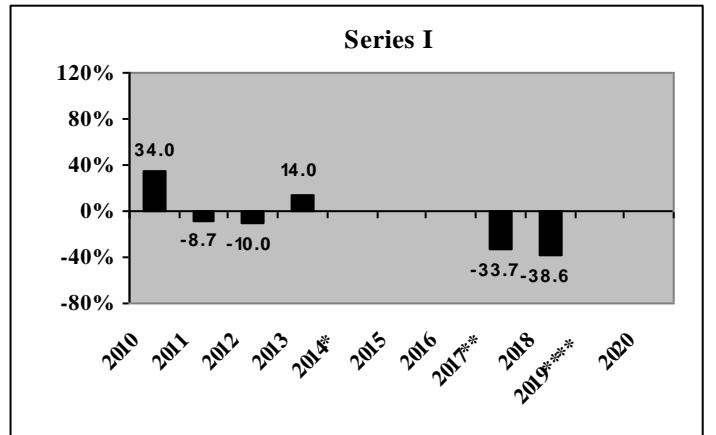
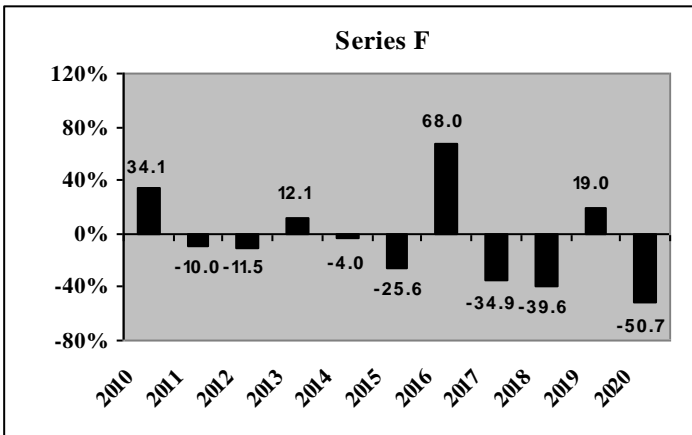
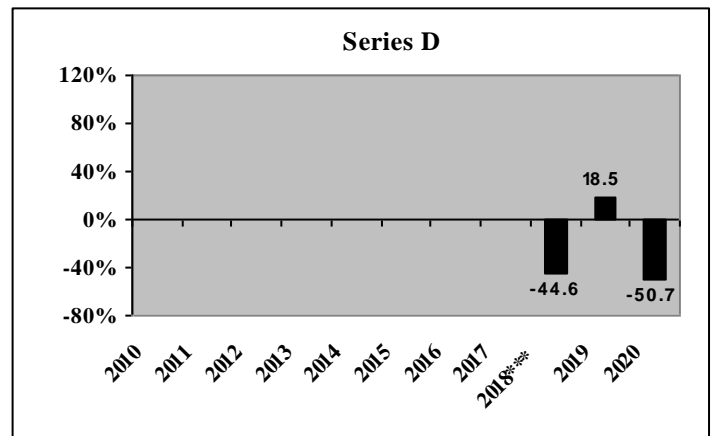
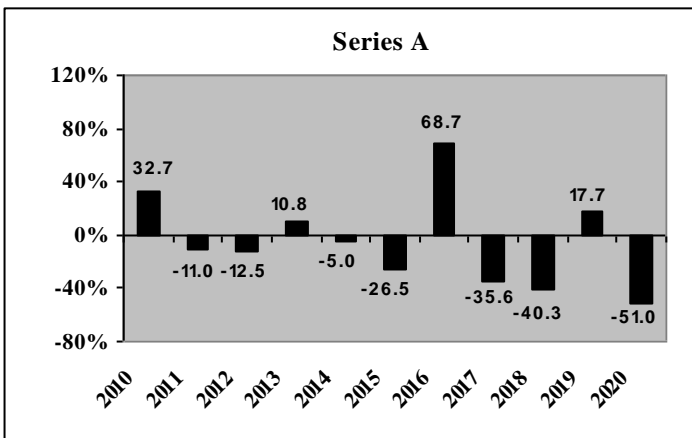
4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio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

Past Performance

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

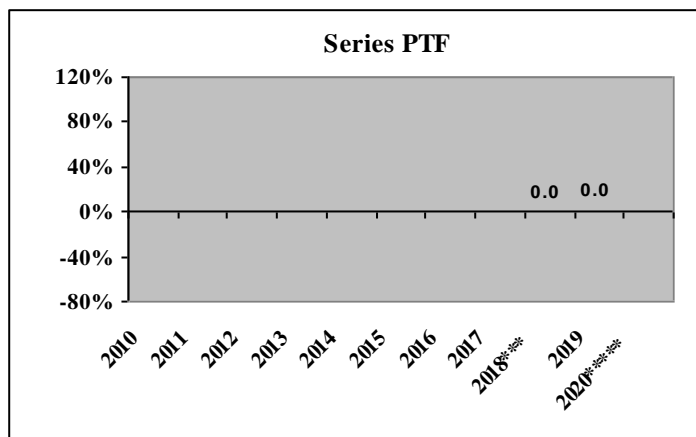
Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for the period ended June 30, 2020 and each of the previous years ended December 31 shown, unless otherwise indicated. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period. Returns are not shown for a Series in any period in which there were zero outstanding shares as at the end of the period.



Ninepoint Energy Fund

June 30, 2020



* All outstanding Series I units were fully redeemed during the year ended December 31, 2014.

** Return from January 3, 2017 (re-subscription) to December 31, 2017 for Series I (not annualized).

*** Return from May 10, 2018 (first issuance) for Series D, and December 3, 2018 (first issuance) for Series PTF, to December 31, 2018 (not annualized).

**** All outstanding Series I units were fully redeemed during the year ended December 31, 2019

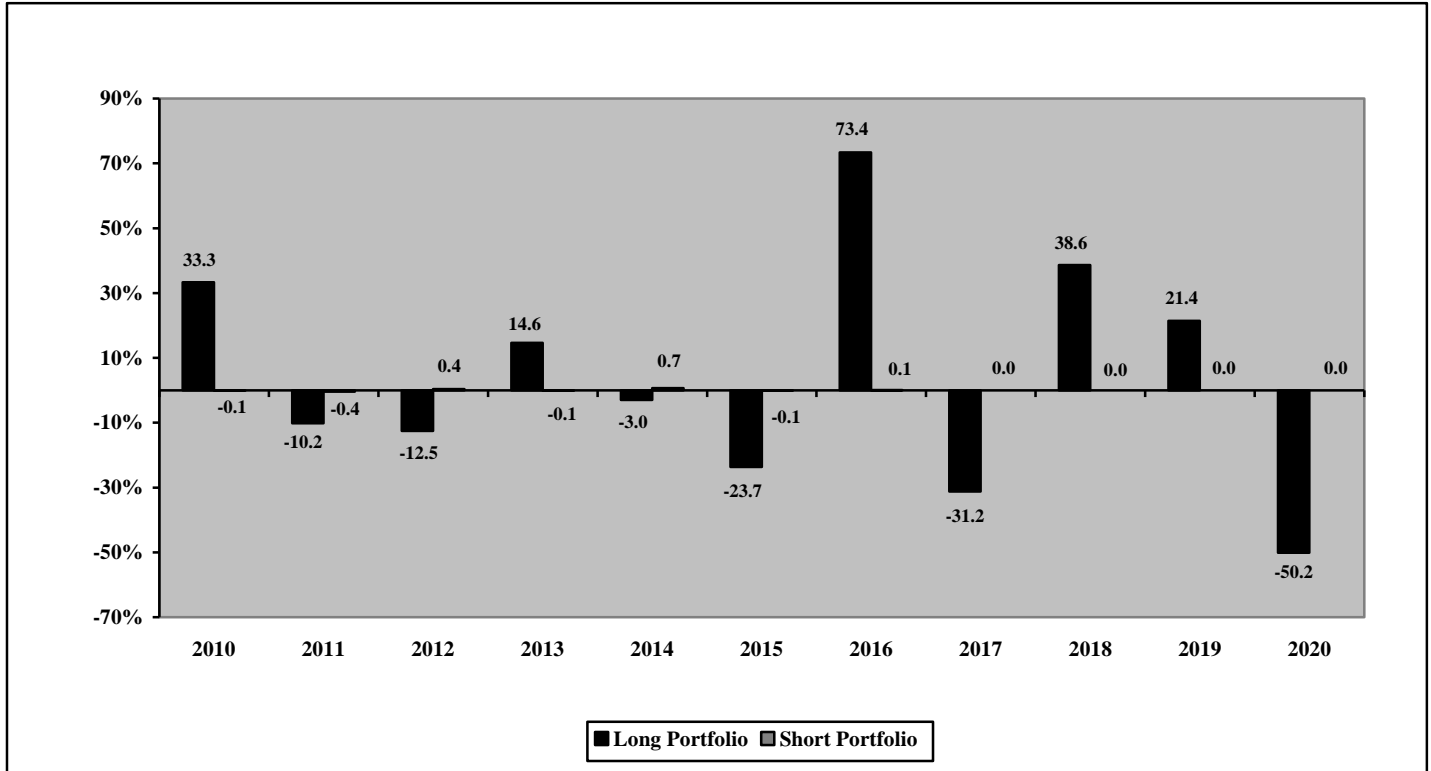
***** All outstanding Series PTF units were fully redeemed during the year ended June 30, 2020

Ninepoint Energy Fund

June 30, 2020

Long and Short Portfolio Returns

The following table illustrates the contribution to the return of the Fund by the long portfolio and the short portfolio of the Fund (before the impact of Fund expenses) for the period ended June 30, 2020 and each of the previous years ended December 31 shown, unless otherwise indicated. For the purposes of this disclosure, certain derivatives may be considered to be part of the short portfolio.



Summary of Investment Portfolio

As at June 30, 2020

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Oil and Gas Exploration and Production	85.2
Energy	7.0
Integrated Oil and Gas	5.3
Total Long Positions	97.5
Cash	3.1
Other Net Liabilities	(0.6)
Total Net Asset Value	100.0

All Positions

Issuer	% of Net Asset Value
Torc Oil & Gas Ltd.	11.7
Meg Energy Corp.	11.2
Tamarack Valley Energy Ltd	10.8
Whitecap Resources Inc.	9.8
Kelt Exploration Ltd.	9.3
Seven Generations Energy Ltd.	8.7
Crescent Point Energy Corp.	8.5
Baytex Energy Corp.	8.4
Freehold Royalties Ltd.	7.0
NuVista Energy Ltd.	6.8
Cenovus Energy Inc.	5.3
Cash	3.1
All long positions as a percentage of net asset value	100.6

The Fund held no short positions as at June 30, 2020.

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

Corporate Information

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