



Ninepoint Gold Bullion Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2019

The annual management report of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. This report contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-888-362-7172, by visiting our website at www.ninepoint.com or SEDAR at www.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 investment objective of the Ninepoint Gold Bullion Fund (the “Fund”) is to seek to provide a secure, convenient alternative for investors seeking to hold gold.

As part of its investment strategy, the Fund:

- invests primarily in unencumbered, fully allocated gold bullion and/or permitted gold certificates, the underlying interest of which is gold;
- has obtained exemptive relief to permit the Fund to invest up to 100% of its net asset value, taken at the market value at the time of purchase, in gold and/or permitted gold certificates;
- may invest a portion of its assets in cash, money market instruments and/or treasury bills; and
- may use derivatives, such as currency forward contracts, for hedging purposes only.

Risk

The risks of investing in the Fund are described in the Fund’s simplified prospectus. Direct purchases of gold by the Fund may generate higher transaction and custody costs than other types of investments, which may impact the performance of the Fund. The Fund is suitable for those investors who want exposure to the capital appreciation potential of gold and who want to maintain a high level of liquidity in their investments with a medium to high tolerance for risk and volatility and have a medium to 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 11.0% in 2019, versus spot gold, which gained 12.6% in Canadian dollar terms. In U.S. dollar terms, the spot price increased 18.3%. The spot price of gold as at December 31, 2019 was \$1,517.27 an ounce in U.S. dollar terms compared to a price of \$1,282.45 an ounce as at December 31, 2018.

Gold bullion appreciated 18% in U.S. dollar terms to price levels last seen in 2013.

Macroeconomic factors affecting precious metals in the year included slowing global growth and rising global debt levels, including a U.S. budget deficit over US\$1 trillion for the first time since 2012. Central banks around the world cut interest rates in an effort to stimulate economic growth. The U.S. Federal Reserve Board cut the federal funds rate three times and began buying Treasury bills, while the European Central Bank cut its interest rate and resumed quantitative easing measures.

Trade tensions between the U.S. and China escalated before a partial “phase one” agreement was reached in December. Geopolitical tensions also continued to rise, particularly in the Middle East and China. These developments supported the price of “safe haven” assets such as gold.

The Fund’s total net asset value increased by 29.9% during the year, from \$122.0 million as at December 31, 2018 to \$158.5 million as at December 31, 2019. This change was predominantly due to net subscriptions of \$21.0 million and net realized and unrealized investment gains of \$17.0 million.

Ninepoint Gold Bullion Fund

December 31, 2019

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager an annual rate of 0.80% for Series A units and 0.50% for Series F units and as negotiated by the unitholders for Series I. The management fee is calculated and accrued daily based on the daily net asset value of the applicable series of the Fund, and is paid monthly. For the year ended December 31, 2019, the Fund incurred management fees of \$1,015,021 (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 Commission
Ninepoint Gold Bullion Fund – Series A	62%	38%
Ninepoint Gold Bullion Fund – Series F	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$13,376 during the year ended December 31, 2019 to Sightline Wealth Management (formerly, SP Wealth), an affiliate of the Manager.

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 year ended December 31, 2019.

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 Gold Bullion Fund

December 31, 2019

Financial Highlights

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

The Fund's Net Assets per Unit¹

	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Series A	\$	\$	\$	\$	\$
Net assets, beginning of period	13.60	12.90	12.35	11.84	11.24
Increase (decrease) from operations:					
Total revenue	—	—	—	—	—
Total expenses	(0.17)	(0.16)	(0.16)	(0.15)	(0.15)
Realized gains for the period	0.12	0.26	0.24	0.44	0.08
Unrealized gains (losses) for the period	1.52	0.56	0.53	0.17	0.73
Total increase (decrease) from operations²	1.47	0.66	0.61	0.46	0.66
Distributions:					
Total annual distributions³	—	—	—	—	—
Net assets, end of period	15.10	13.60	12.90	12.35	11.84

	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Series F	\$	\$	\$	\$	\$
Net assets, beginning of period	14.04	13.27	12.66	12.10	11.44
Increase (decrease) from operations:					
Total revenue	—	—	—	—	—
Total expenses	(0.12)	(0.12)	(0.12)	(0.11)	(0.12)
Realized gains for the period	0.12	0.26	0.24	0.48	0.08
Unrealized gains (losses) for the period	1.66	0.45	0.48	(0.03)	0.72
Total increase (decrease) from operations²	1.66	0.59	0.60	0.34	0.68
Distributions:					
Total annual distributions³	—	—	—	—	—
Net assets, end of period	15.64	14.04	13.27	12.66	12.10

	Dec 31, 2017 ⁴	Dec 31, 2016	Dec 31, 2015
Series I	\$	\$	\$
Net assets, beginning of period	10.11	9.61	9.03
Increase (decrease) from operations:			
Total revenue	—	—	—
Total expenses	(0.03)	(0.03)	(0.04)
Realized gains for the period	0.16	0.23	0.06
Unrealized gains (losses) for the period	0.31	0.54	0.41
Total increase (decrease) from operations²	0.44	0.74	0.43
Distributions:			
Total annual distributions³	—	—	—
Net assets, end of period	—	10.11	9.61

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

2 The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. Net 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 were reinvested in additional units of the Fund.

4 All outstanding Series I units were fully redeemed during 2017.

Ninepoint Gold Bullion Fund

December 31, 2019

Ratios and Supplemental Data

	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Series A					
Total net asset value (000s) ¹	\$74,075	\$64,092	\$70,699	\$77,863	\$67,682
Number of units outstanding ¹	4,904,598	4,711,243	5,481,741	6,307,093	5,714,655
Management expense ratio ²	1.20%	1.23%	1.21%	1.13%	1.27%
Trading expense ratio ³	–	–	–	–	–
Portfolio turnover rate ⁴	4.12%	2.13%	6.11%	9.14%	5.67%
Net asset value per unit ¹	\$15.10	\$13.60	\$12.90	\$12.35	\$11.84
Series F					
Total net asset value (000s) ¹	\$84,410	\$57,882	\$60,703	\$54,314	\$42,216
Number of units outstanding ¹	5,396,896	4,122,474	4,575,841	4,291,464	3,488,345
Management expense ratio ²	0.87%	0.89%	0.87%	0.79%	0.94%
Trading expense ratio ³	–	–	–	–	–
Portfolio turnover rate ⁴	4.12%	2.13%	6.11%	9.14%	5.67%
Net asset value per unit ¹	\$15.64	\$14.04	\$13.27	\$12.66	\$12.10
Series I					
Total net asset value (000s) ¹	–	–	–	\$550	\$35,014
Number of units outstanding ¹	–	–	–	54,355	3,645,319
Management expense ratio ²	–	–	–	0.31%	0.39%
Trading expense ratio ³	–	–	–	–	–
Portfolio turnover rate ⁴	–	–	–	9.14%	5.67%
Net asset value per unit ¹	–	–	–	\$10.11	\$9.61

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

2 Management expense ratio ("MER") is based on total expenses (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 represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. Since there are no direct trading costs associated with physical bullion trades, the trading expense ratio is nil.

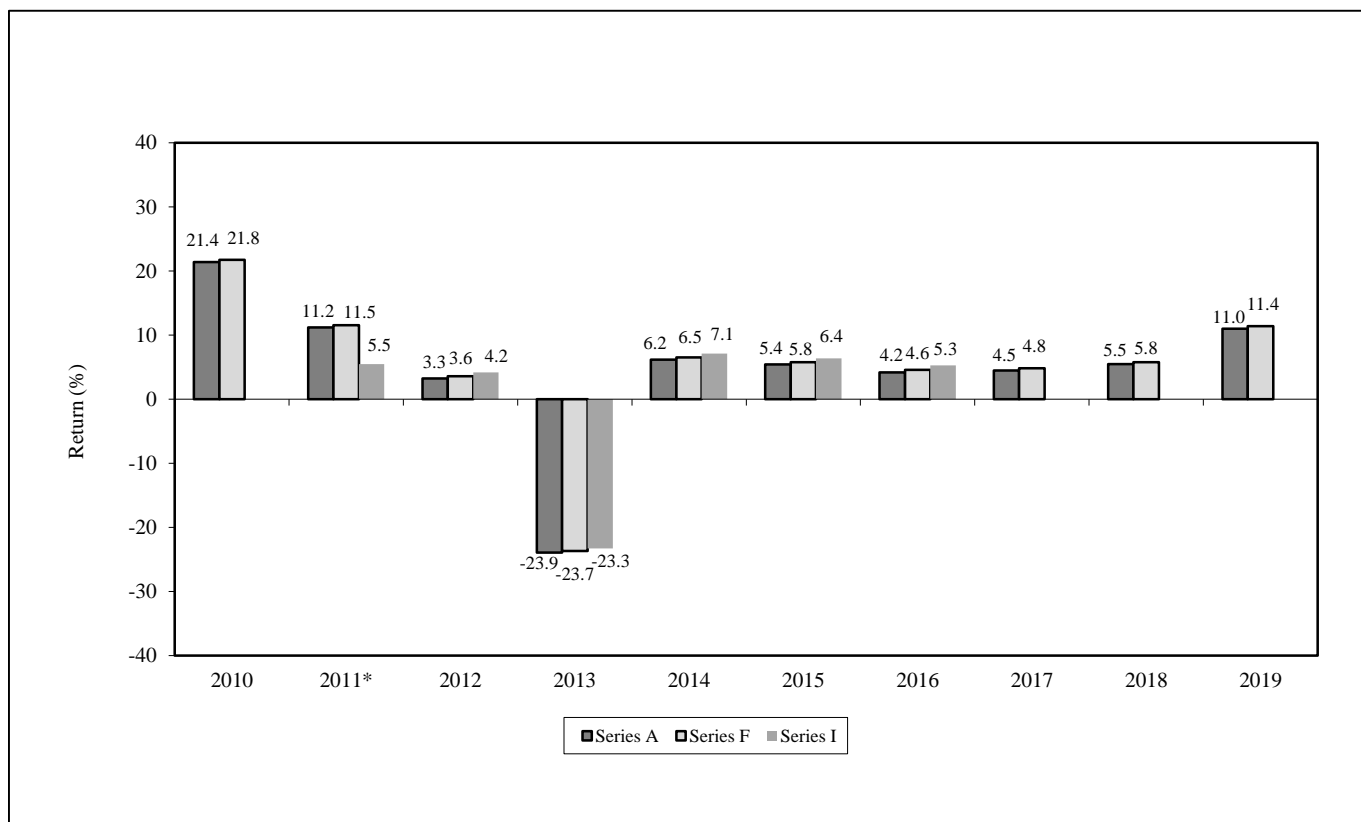
4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio 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 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.



* Return from June 6, 2011 to December 31, 2011 for Series I (not annualized).

Ninepoint Gold Bullion Fund

December 31, 2019

Annual Compound Returns

The following table illustrates the annual compound total return for each Series of units of the Fund for the periods shown. As a basis of performance comparison, the annual compound return of the Fund is compared to that of the return on spot gold. Since the Fund has expenses related to its gold holdings, the performance of the Fund is not expected to equal the performance of spot gold.

	1-Year	3-Year	5-Year	10-Year	Since Inception*
Ninepoint Gold Bullion Fund – Series A	11.0%	7.0%	6.1%	4.2%	3.9%
Spot Gold Return (CAD)	12.6%	8.4%	7.4%	5.5%	5.0%
Ninepoint Gold Bullion Fund – Series F	11.4%	7.3%	6.5%	4.6%	4.3%
Spot Gold Return (CAD)	12.6%	8.4%	7.4%	5.5%	5.0%

* Since launch date of March 17, 2009 for Series A and Series F. Returns for Series I are not shown as there were no units outstanding as at December 31, 2019.

Ninepoint Gold Bullion Fund

December 31, 2019

Summary of Investment Portfolio

As at December 31, 2019

All Holdings

	% of Net Asset Value
Gold Bullion	99.4
Cash	0.4
Other Net Assets	0.2
<u>Total Net Asset Value</u>	<u>100.0</u>

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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