



# Ninepoint FX Strategy Fund

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*Annual Financial Statements*

December 31  
2019



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## INDEPENDENT AUDITORS' REPORT

To the Unitholder of Ninepoint FX Strategy Fund

### ***Opinion***

We have audited the financial statements of Ninepoint FX Strategy Fund (the Fund), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of changes in net assets attributable to holder of redeemable units for the period from November 8, 2019 to December 31, 2019
- the statement of cash flows for the period from November 8, 2019 to December 31, 2019
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019, and its changes in net assets and its cash flows for the period from November 8, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information or appears to be materially misstated.

We obtained the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.



## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants  
Toronto, Canada  
April 23, 2020

# Ninepoint FX Strategy Fund

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## Statement of Financial Position

(in Canadian Dollars)

As at December 31, 2019

2019

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<b>Assets</b>	
<b>Current assets</b>	
Cash (note 2)	150,000
<b>Net Assets attributable to holder of redeemable units</b>	<b>150,000</b>
<b>Net Assets attributable to holder of redeemable units per series</b>	
Series F	150,000
<b>Net Assets attributable to holder of redeemable units per series per unit (note 3)</b>	
Series F	10.00

See accompanying notes which are an integral part of these financial statements

On behalf of the Manager, Ninepoint Partners LP, acting through  
its General Partner, Ninepoint Partners GP Inc. as Manager of the Fund



James Fox  
DIRECTOR



Kirstin McTaggart  
DIRECTOR

# Ninepoint FX Strategy Fund

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## Statement of Changes in Net Assets Attributable to Holder of Redeemable Units

(in Canadian Dollars, except unit amounts)

For the period from November 8, 2019 to December 31, 2019

	<b>2019</b>
	<b>\$</b>
<b>Net Assets attributable to holder of redeemable units, beginning of period</b>	
Series F	-
	-
<b>Increase (Decrease) in Net Assets attributable to holder of redeemable units from operations</b>	
Series F	-
	-
<b>Redeemable unit transactions (note 3)</b>	
Proceeds from redeemable units issued	
Series F	150,000
Redemption of redeemable units	
Series F	-
	150,000
<b>Net increase (decrease) in Net Assets attributable to holder of redeemable units</b>	
Series F	150,000
	150,000
<b>Net Assets attributable to holder of redeemable units, end of period</b>	
Series F	150,000
	150,000

See accompanying notes which are an integral part of these financial statements

# Ninepoint FX Strategy Fund

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## Statement of Changes in Net Assets Attributable to Holder of Redeemable Units *continued*

*(in Canadian Dollars, except unit amounts)*

*For the period from November 8, 2019 to December 31, 2019*

**2019**

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**Units, beginning of period**

Series F	-
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**Redeemable unit transactions (note 3)**

Redeemable units issued

Series F	15,000
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Redemption of redeemable units

Series F	-
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**15,000**

**Units, end of period**

Series F	15,000
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**15,000**

*See accompanying notes which are an integral part of these financial statements*

# Ninepoint FX Strategy Fund

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## Statement of Cash Flows

*(in Canadian Dollars)*

*For the period from November 8, 2019 to December 31, 2019*

	<b>2019</b>
	\$
<b>Cash flows from financing activities</b>	
Proceeds from redeemable units issued	<b>150,000</b>
Redemption of redeemable units	-
<b>Net cash provided by (used in) financing activities</b>	<b>150,000</b>
Net increase (decrease) in cash	<b>150,000</b>
Cash (Bank indebtedness) at beginning of period	-
<b>Cash (Bank indebtedness) at end of period</b>	<b>150,000</b>

*See accompanying notes which are an integral part of these financial statements*

# Ninepoint FX Strategy Fund

## Notes to the Financial Statements

*For the period from November 8, 2019 to December 31, 2019*

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### **1. Establishment of the Fund**

Ninepoint FX Strategy Fund (the “Fund”) is an open-ended mutual fund trust that was established under the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated April 16, 2018, together with amended and restated Schedule “A” dated November 8, 2019. Ninepoint Partners LP, acting through its General Partner, Ninepoint Partners GP Inc., is the manager and trustee of the Fund (the “Manager”). The Manager has retained P/E Global LLC as the sub-advisor of the Fund. The address of the Fund’s registered office is 200 Bay Street, Toronto, Ontario.

The Fund is a multi-series fund and has been authorized to issue five series of units: Series A, Series D, Series F, Series I and Series QF. The differences among the series of units are the different eligibility criteria, fee structures and administrative expenses associated with each series.

The Statement of Financial Position of the Fund is as at December 31, 2019. The Statement of Changes in Net Assets Attributable to Holder of Redeemable Units and Statement of Cash Flows for the Fund are for the period from November 8, 2019 to December 31, 2019. As at December 31, 2019, the Fund had not commenced operations.

These financial statements were approved for issuance by the Manager on April 23, 2020.

### **2. Significant Accounting Policies**

The principal accounting policies applied in the preparation of the financial statements are set out below.

#### *Basis of preparation*

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”) and include estimates and assumptions made by the Manager that may affect the reported amounts of assets, liabilities, income, expenses and the reported amounts of changes in Net Assets during the reporting year. Actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

Cash is comprised of cash on deposit with a Canadian financial institution and is stated at fair value.

#### *Financial instruments*

The Fund recognizes financial instruments at fair value upon initial recognition. Regular way purchases and sales of financial assets are recognized at their trade date.

#### *Functional and Presentation Currency*

The Canadian dollar is the functional and presentation currency for the Fund.

#### *Capital management*

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. Units of the Fund are issued and redeemed at the then current Net Asset Value per series per unit at the option of the unitholder. Unitholders are entitled to distributions when they hold units of a Fund on its distribution record date. The Manager manages the portfolio assets of the Fund in accordance with its investment objective, including managing their liquidity in order to fund anticipated redemptions.

# Ninepoint FX Strategy Fund

## Notes to the Financial Statements

*For the period from November 8, 2019 to December 31, 2019*

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### **3. Issued Units**

On November 8, 2019, 15,000 Series F units of the Fund were issued to the Manager of the Fund, for cash consideration of \$10 per unit. These units of the Fund cannot be redeemed until additional subscriptions of at least \$500,000 have been invested in the Fund by other investors.

### **4. Related Party Transactions**

#### *Manager's investment in the Fund*

As at the date hereof, in order to establish the Fund, the Manager contributed a total of \$150,000 in exchange for Series F units of the Fund.

#### *Management fees and operating expenses*

The Manager is responsible for the day-to-day operations of the Fund. The Fund pays the Manager an annual management fee to cover management expenses. The management fee is calculated and accrued daily and is paid on the last business day of each month based on the average daily net asset value of the Fund. This fee differs among the series of units of the Fund. The annual management fee payable by the Fund to the Manager on Series A units is 2.25%, on Series F units is 1.75%, on Series QF units is 1.55% and on Series D units is 2.00%. 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 for Series A units of the Fund.

The Fund pays the Manager quarterly a performance fee, subject to applicable taxes including HST, equal to a percentage of the daily net asset value of the applicable series of the Fund. The percentage will be equal to 20% of the difference by which the return in the net asset value per unit of the applicable series from the first business day of the calendar quarter (or from inception if any series commences on a date other than the beginning of the quarter) to the last business day of the calendar quarter exceeds the high water mark per unit of such series. The net asset value includes all expenses and is calculated before income and capital gains are distributed. The performance fee is calculated and accrued daily and paid quarterly on a calendar quarter basis.

For each series of the Fund, the "high water mark" means the greater of (i) the initial net asset value per unit, or (ii) the net asset value at the end of the most recent calendar quarter for which a performance fee was paid after giving effect to all distributions in, and payments of performance fees for, such calendar quarter.

If any units of the Fund are redeemed prior to the end of a calendar quarter, a performance fee will be payable on the redemption date in respect of each unit, as if the redemption date were the end of the calendar quarter, in the same manner as described above.

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, 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.

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## Corporate Information

### **Corporate Address**

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### **Auditors**

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