



Ninepoint FX Strategy 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 objective of Ninepoint FX Strategy Fund (the “Fund”) is to generate long term total returns by investing globally in FX futures on a long/short basis. To achieve the Fund’s investment objective, the Fund will utilize several investment trading methodologies at the standard level of risk to invest in foreign currency futures utilizing a Bayesian statistical model to identify current drivers of currency returns. The Fund will use derivatives, which may introduce leverage into the Fund. The Fund may also borrow cash and sell securities short. The Fund’s maximum aggregate exposure to short selling, cash borrowing and derivatives used for leverage must not exceed 300% of the Fund’s net asset value, calculated on a daily basis.

As part of its investment strategy, the Fund may:

- invest a portion of its assets in cash, money market instruments and/or treasury bills; and
- invest in derivatives including options, futures or forward contracts, and permitted to use derivatives by securities regulations for hedging and non-hedging purposes.

Ninepoint Partners LP, acting through its General Partner, Ninepoint Partners GP Inc., is the manager and trustee of the Fund (the “Manager”). P/E Global LLC is the subadvisor for the Fund.

Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable for those investors seeking exposure to capital appreciation of investing in fluctuations in the prices of currencies and wanting to maintain a high level of liquidity in their investments. This Fund is suitable for investors with a medium to high tolerance for risk and have a long-term investment horizon.

Results of Operations and Recent Developments

The Fund was established as a trust on November 8, 2019 and issued 15,000 Series F units to the Manager for aggregate cash consideration of \$150,000 paid to the Fund. As at December 31, 2019, the Fund has not yet commenced operations.

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 2.25% for Series A units, 2.00% for Series D units, 1.75% for Series F units, 1.55% for Series QF units and as negotiated by the unitholders for Series I. The management fee is calculated and accrued daily and is paid monthly based on the daily net asset value of that series of the Fund. As the Fund has not yet commenced operations, during the period ended December 31, 2019, the Fund did not incur management fees.

PERFORMANCE FEES

The Fund also pays the Manager a performance fee equal to a percentage equal to 20% of the difference by which the return in the net asset value per unit of the applicable series 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. As the Fund has not yet commenced operations, during the period ended December 31, 2019, the Fund did not incur performance 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. As the Fund has not yet commenced operations, during the period ended December 31, 2019, the Fund did not incur operating expenses.

OTHER RELATED PARTY TRANSACTIONS

For related party transactions, the Fund relied on the approval, positive recommendation or standing instruction from the Fund’s Independent Review Committee. As the Fund has not yet commenced operations during the period ended December 31, 2019, the Fund did not engage in related party transactions, other than the issuance of units described above.

Financial Highlights

There were no Financial Highlights to present as the Fund has not yet commenced operations.

Ratio and Supplemental Data

There were no Ratio and Supplemental Data to present as the Fund has not yet commenced operations.

Past Performance

Year-by-Year Returns

Year-by-year return information is not available as the Fund has not yet commenced operations.

Long and Short Portfolio Returns

Long and short portfolio return information is not available as the Fund has not yet commenced operations.

Annual Compound Returns

Annual compound return information is not available as the Fund has not yet commenced operations.

Summary of Investment Portfolio

There was no Summary of Investment Portfolio to present as the Fund has not yet commenced operations as at December 31, 2019.

Corporate Information

Corporate Address

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

T 416.362.7172

TOLL-FREE 1.888.362.7172

F 416.628.2397

E invest@ninepoint.com

For additional information visit our website:

www.ninepoint.com

Call our mutual fund information line for daily closing prices:

416.362.7172 or 1.888.362.7172

Auditors

KPMG LLP

Bay Adelaide Centre

333 Bay Street

Suite 4600

Toronto, Ontario M5H 2S5

Legal Counsel

Borden Ladner Gervais LLP

Bay Adelaide Centre, East Tower

22 Adelaide Street West

Suite 3400

Toronto, Ontario M5H 4E3