



Ninepoint FX Strategy Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2021

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.

P/E Global LLC is the sub-advisor 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, Series A returned 11.9% in 2021, while its benchmark, the Credit Suisse Managed Futures Hedge Fund Index, returned 7.5%.

Throughout 2021, the sub-advisor’s factors pointed to stronger growth in the U.S. versus other parts of the world, and ultimately a rebound in the U.S. Dollar. During the year, most currencies did weaken substantially versus the U.S. Dollar, resulting in positive performance for the Fund.

During the first half of 2021, we noted significant investor crowding in long Australian Dollar and Euro positions, typically a sign of short term risk. In June, the U.S. Federal Reserve signaled that they may raise rates earlier than previously expected, resulting in U.S. Dollar strengthening versus European and commodity currencies. Higher global inflation data increased pressure on central banks to curtail their quantitative easing programs. As the COVID-19 Delta variant gained traction globally, economic uncertainty grew in July and early August, and safe haven currencies, such as the U.S. Dollar, Japanese Yen, and the Swiss Franc, outperformed. In late August, however, we saw a reversal as expectations for tapering by the Federal Reserve lessened after Chairman Jay Powell’s speech at Jackson Hole. The indication that tapering would be likely at the next meeting caused risk aversion to increase in September, and yields increased globally as inflation pressure continued to rise. Risk aversion decreased in October, and by year-end, as real U.S. inflation continued to outstrip expectations, the Federal Reserve embarked on a new tightening path. In response, most currencies weakened substantially versus the U.S. Dollar.

From a factor standpoint, after driving performance during much of 2020, commodity prices, where countries with lower commodity price sensitivity were more attractive, declined in significance entering 2021. The relative short end of the yield curve rose in importance during Q1 2021, becoming the main driving factor from March through October, when it lessened in significance. During this period, countries with a steeper yield curve were more attractive. The relative long end of the yield curve and economic surprise factors maintained moderate significance throughout the year. Similar to the short end factor, the long end of the yield curve factor favored countries with a steeper yield curve. From April to August, economic surprise indicated that European currencies were less attractive; by year end, commodity currencies were viewed as less attractive and base currencies, such as the U.S. Dollar, were supported by the factor. Lastly, after its addition to the portfolio in September 2021, the relative growth expectations factor rose quickly to become the strategy’s main driving factor entering the new year. Currently, countries with higher growth expectations are more attractive.

Performance in 2021 was driven largely by the Fund’s Euro and Australian Dollar positions, which benefited from stronger U.S. growth and expected higher rates. By contrast, the Fund’s Canadian Dollar and Gold positions underperformed, in part due to the bullish oil market.

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The sub advisor implemented two additions to the FX Strategy during the year, both in September 2021. First, we introduced a new factor, relative growth expectations. They rely on the regional Purchasing Manager Report (PMI)s to measure these expectations. The factor was phased in over the course of several months, and is not expected to materially change positions given current data. Second, they implemented an enhancement to their FX Strategy optimization process. Specifically, they actively seek to minimize exposure to currencies of countries with heightened Sustainability Risks, by imposing a penalty function that references environmental, social and corporate governance (“ESG”) score data, issued by an independent third party, that is related to a particular country. The penalty function acts to reduce the Fund’s exposures to currencies of countries with low ESG scores. The sub-advisor does not expect that this inclusion will result in a material impact on portfolio performance

The Fund’s net asset value decreased by 37.7% during the year, from \$9.0 million as at December 31, 2020 to \$5.6 million as at December 31, 2021. This change was predominately due to net redemption of \$4.0 million and offset by net realized and unrealized gains of \$0.7 million.

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 2.05% for Series A units, 2.25% for Series A1 units, 1.75% for Series D and Series F1 units, 1.55% for Series F and 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. For the year ended December 31, 2021, the Fund incurred management fees (including taxes) of \$121,234. 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 FX Strategy Fund – Series A	76%	24%
Ninepoint FX Strategy Fund – Series A1	78%	22%
Ninepoint FX Strategy Fund – Series D	96%	4%
Ninepoint FX Strategy Fund – Series F	100%	–
Ninepoint FX Strategy Fund – Series F1	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$2,256 during the year ended December 31, 2021, to Sightline Wealth Management, an affiliate of the manager.

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. 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. 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 the year ended December 31, 2021, the Fund did not accrue incentive fees.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, filing and administrative expenses as well as shareholder 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 the Fund. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions can be terminated at any time without notice. For the year ended December 31, 2021, the Manager absorbed \$33,896 of expenses.

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.

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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, 2021	Dec 31, 2020 ⁴
	\$	\$
Series A		
Net assets, beginning of period	7.59	10.00
Increase (decrease) from operations:		
Total revenue	0.05	–
Total expenses	(0.26)	(0.16)
Realized gains (losses)	0.83	(2.02)
Unrealized gains (losses)	0.23	(0.21)
Total increase (decrease) from operations²	0.85	(2.39)
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	8.48	7.59

	Dec 31, 2021	Dec 31, 2020 ⁴
	\$	\$
Series A1		
Net assets, beginning of period	8.81	10.00
Increase (decrease) from operations:		
Total revenue	0.07	0.01
Total expenses	(0.32)	(0.11)
Realized gains (losses)	1.29	(1.65)
Unrealized gains (losses)	0.10	(0.27)
Total increase (decrease) from operations²	1.14	(2.02)
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	9.83	8.81

	Dec 31, 2021	Dec 31, 2020 ⁴
	\$	\$
Series D		
Net assets, beginning of period	7.59	10.00
Increase (decrease) from operations:		
Total revenue	0.05	–
Total expenses	(0.23)	(0.15)
Realized gains (losses)	0.97	(2.10)
Unrealized gains (losses)	0.13	(0.18)
Total increase (decrease) from operations²	0.92	(2.43)
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	8.52	7.59

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	Dec 31, 2021 \$	Dec 31, 2020 ⁴ \$
Series F		
Net assets, beginning of period	7.61	10.00
Increase (decrease) from operations:		
Total revenue	0.04	–
Total expenses	(0.22)	(0.12)
Realized gains (losses)	0.46	(1.86)
Unrealized gains (losses)	0.22	(0.33)
Total increase (decrease) from operations²	0.50	(2.31)
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	8.55	7.61

	Dec 31, 2021 \$	Dec 31, 2020 ⁴ \$
Series F1		
Net assets, beginning of period	8.69	10.00
Increase (decrease) from operations:		
Total revenue	0.06	–
Total expenses	(0.27)	(0.10)
Realized gains (losses)	1.13	(1.68)
Unrealized gains (losses)	0.06	0.17
Total increase (decrease) from operations²	0.98	(1.61)
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	9.75	8.69

	Dec 31, 2021 ⁵ \$	Dec 31, 2020 ⁴ \$
Series I		
Net assets, beginning of period	7.71	10.00
Increase (decrease) from operations:		
Total revenue	–	–
Total expenses	(0.04)	(0.01)
Realized gains (losses)	(0.77)	(1.71)
Unrealized gains (losses)	0.60	(0.50)
Total increase (decrease) from operations²	(0.21)	(2.22)
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	–	7.71

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

2 The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. Net asset 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 the beginning to ending net assets per unit.

3 Distributions were reinvested in additional units of the Fund.

4 Information provided is for the period from April 9, 2020 (first issuance) for Series A, Series F and Series I, April 10, 2020 (first issuance) for Series D, August 7, 2020 (first issuance) for Series F1 and August 21, 2020 (first issuance) for Series A1 to December 31, 2020.

5 All outstanding Series I units were fully redeemed during the year ended December 31, 2021.

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Ratios and Supplemental Data

	Dec 31, 2021	Dec 31, 2020
Series A		
Total net asset value (000's) ¹	\$1,661	\$1,965
Number of Units outstanding ¹	195,774	259,115
Management expense ratio ²	3.12%	2.25%
Management expense ratio before waivers or absorptions ²	3.74%	3.00%
Management expense ratio before incentive fees ²	3.12%	2.23%
Trading expense ratio ³	-	-
Portfolio turnover rate ⁴	-	-
Net asset value per Unit ¹	\$8.48	\$7.59
Series A1		
Total net asset value (000's) ¹	\$226	\$207
Number of Units outstanding ¹	22,989	23,477
Management expense ratio ²	3.33%	2.86%
Management expense ratio before waivers or absorptions ²	4.01%	3.44%
Management expense ratio before incentive fees ²	3.33%	2.55%
Trading expense ratio ³	-	-
Portfolio turnover rate ⁴	-	-
Net asset value per Unit ¹	\$9.83	\$8.81
Series D		
Total net asset value (000's) ¹	\$213	\$191
Number of Units outstanding ¹	25,000	25,210
Management expense ratio ²	2.77%	2.14%
Management expense ratio before waivers or absorptions ²	3.41%	2.89%
Management expense ratio before incentive fees ²	2.77%	2.14%
Trading expense ratio ³	-	-
Portfolio turnover rate ⁴	-	-
Net asset value per Unit ¹	\$8.52	\$7.59
Series F		
Total net asset value (000's) ¹	\$1,473	\$3,616
Number of Units outstanding ¹	172,326	475,329
Management expense ratio ²	2.60%	1.74%
Management expense ratio before waivers or absorptions ²	3.15%	2.46%
Management expense ratio before incentive fees ²	2.60%	1.74%
Trading expense ratio ³	-	-
Portfolio turnover rate ⁴	-	-
Net asset value per Unit ¹	\$8.55	\$7.61
Series F1		
Total net asset value (000's) ¹	\$2,072	\$2,283
Number of Units outstanding ¹	212,438	262,529
Management expense ratio ²	2.83%	2.27%
Management expense ratio before waivers or absorptions ²	3.47%	2.90%
Management expense ratio before incentive fees ²	2.83%	1.99%
Trading expense ratio ³	-	-
Portfolio turnover rate ⁴	-	-
Net asset value per Unit ¹	\$9.75	\$8.69

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Series I	Dec 31, 2021	Dec 31, 2020
Total net asset value (000's) ¹	–	\$782
Number of Units outstanding ¹	–	101,460
Management expense ratio ²	–	0.00%
Management expense ratio before waivers or absorptions ²	–	0.77%
Management expense ratio before incentive fees ²	–	0.00%
Trading expense ratio ³	–	–
Portfolio turnover rate ⁴	–	–
Net asset value per Unit ¹	–	\$7.71

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

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 daily average net asset value during the period. The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

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.

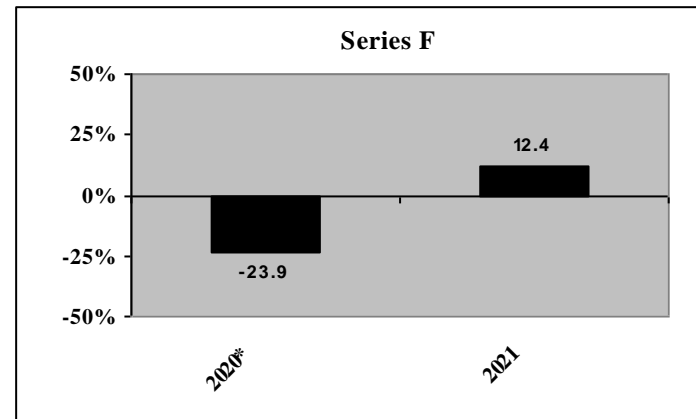
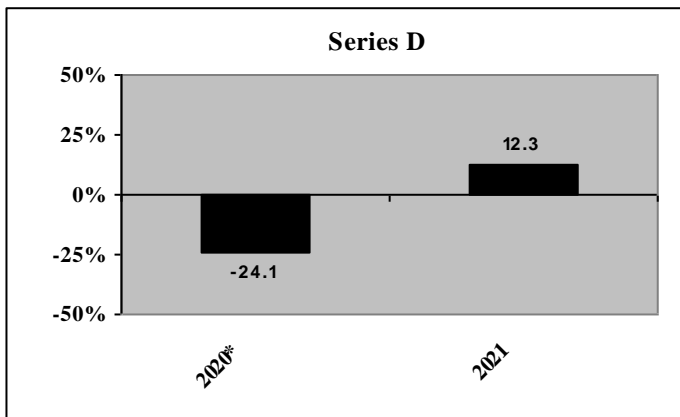
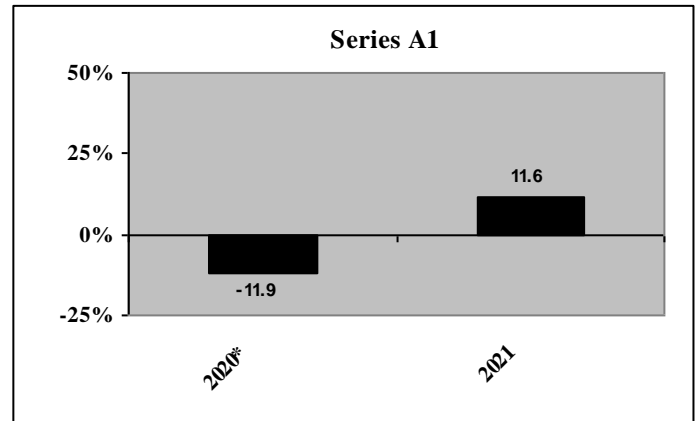
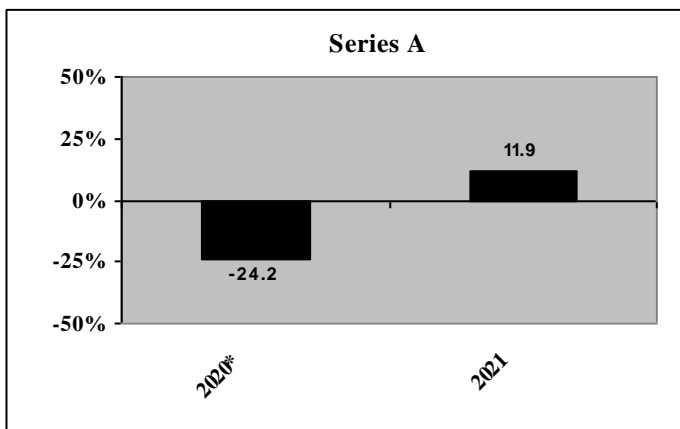
4 The Fund’s portfolio turnover rate indicates how actively the Fund’s portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover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

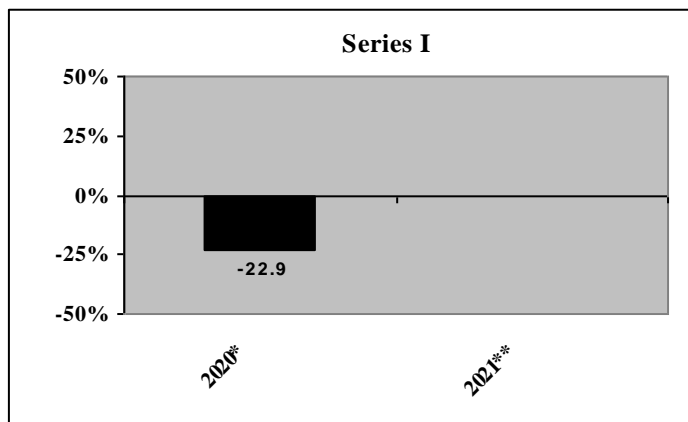
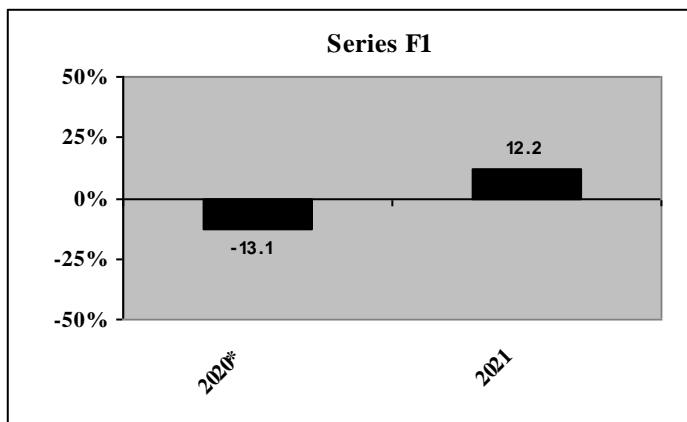
Year-by-Year Returns

The following charts show 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.



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* Return from April 9, 2020 (first issuance) for Series A, Series F and Series I, April 10, 2020 (first issuance) for Series D, August 7, 2020 (first issuance) for Series F1, and August 21, 2020 (first issuance) for Series A1, to December 31, 2020 (not annualized).

** Series I units were fully redeemed during the year ended December 31, 2021.

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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 Credit Suisse Managed Futures Hedge Fund Index (the "Index"). The Index is designed to broadly represent the performance of managed futures hedge funds. Since the Fund does not necessarily invest in the same futures or in the same proportion as the Index, the performance of the Fund is not expected to equal the performance of the Index.

	1-Year	Since Inception*
Ninepoint FX Strategy Fund – Series A	11.9%	-9.1%
Credit Suisse Managed Futures Hedge Fund Index	7.5%	-1.3%
Ninepoint FX Strategy Fund – Series A1	11.6%	-1.3%
Credit Suisse Managed Futures Hedge Fund Index	7.5%	2.9%
Ninepoint FX Strategy Fund – Series D	12.3%	-8.8%
Credit Suisse Managed Futures Hedge Fund Index	7.5%	-1.3%
Ninepoint FX Strategy Fund – Series F	12.4%	-8.7%
Credit Suisse Managed Futures Hedge Fund Index	7.5%	-1.3%
Ninepoint FX Strategy Fund – Series F1	12.2%	-1.8%
Credit Suisse Managed Futures Hedge Fund Index	7.5%	2.9%

* Since first issuance of April 9, 2020 for Series A and Series F, April 10, 2020 for Series D, August 7 for Series F1 and August 21, 2020 for Series A1. Returns for Series I are not shown as there were no units outstanding as at December 31, 2021.

Summary of Investment Portfolio

As at December 31, 2021

Portfolio Allocation

	% of Net Asset Value
Cash	70.4
Other Net Assets	32.8
Futures Contracts	(3.2)
Total Net Asset Value	100.0

All Positions

Issuer	% of Net Asset Value
Cash	70.4
Futures Contracts	(3.2)
All positions as a percentage of Net Asset Value	67.2

The Fund held no short positions as at December 31, 2021.

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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