



Ninepoint Alternative Credit Opportunities Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2023

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 Ninepoint Alternative Credit Opportunities Fund (the “Fund”) is to provide investors with income and capital appreciation. To achieve the Fund’s investment objective, the Fund will primarily invest in a diverse mix of Canadian, U.S. and international fixed income securities for short-term and long-term gains. 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:

- engage in securities lending as permitted by securities regulations; and
- underlying funds, including underlying mutual funds and closed-end funds managed by the Manager and/or its affiliates and associates

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 fixed income markets and want to maintain a high level of liquidity in their investments. This Fund is suitable for investors with a low to medium tolerance for risk and have a medium to long-term investment horizon.

Results of Operations

The Fund, Series A returned 2.9% in the first half of 2023, while its benchmark, the Bloomberg Barclays Canada Aggregate - Corporate Total Return Index Unhedged (CAD), returned 2.8%.

While 2022 was an extremely challenging year for most asset classes, the first half of 2023 has fared far better. US equities have had strong performance bolstered by the technology sector while North American bond indices are positive on the year. This performance is despite the turmoil surrounding some US regional banks in March 2023 in addition to the risks posed by a US debt default (debt ceiling saga), which were eventually abated. Inflation in Canada and the US looks to have peaked but the big question market participants grapple with is how fast can inflation decline from here to calm the nerves of central banks. Given inflation is still elevated versus stated targets, rate hikes occurred both in Canada and the US thus far in 2023, albeit at a far more gradual and measured pace than in 2022. In the US, the Federal Reserve raised the policy rate by an additional 75 basis points to 5.25% (upper bound) while in Canada after a 25 basis points increase in January, the Bank of Canada hiked again in June to bring the policy rate to 4.75%. The far less aggressive rate hike campaigns this year were a contributing factor as to why risk assets have performed well this year and why bond markets are positive on the year. Market expectations are for one or two more additional hikes in both Canada and the US followed by a pause. As it stands today, central bank policy is more a fine-tuning exercise than anything since a lot of heavy lifting has already been done by central banks. Recall this hike cycle was the fastest and largest hike cycle since the 1980s. The prevailing narrative is higher rates for longer as the rate cuts that were so heavily discussed for the second half of this year have all but vanished for now. Given the rapid tightening of monetary policy, economic activity has clearly decelerated but some pockets of strength remain, especially in the labour market. Given this strength, consumption remains elevated, partially bolstered by excess savings stemming from the pandemic. Investment is declining and credit is harder to obtain signaling the partial success of central bank efforts, but the full effects of rate hikes have not been felt yet as monetary policy works with a lag (typically 12-18 months).

While the first half of 2023 had some volatility in Canadian government bond yields, yields in the front-end moved modestly higher from where they entered the year while further out the curve the movement was more mixed. That being said, these moves were nowhere near what was experienced in 2022. Canadian investment grade spreads posted solid performance in the first half of 2023 alongside the broader move higher in risk assets. As the Fund is credit focused, this helped contribute to performance. Given our overweight exposure to high-quality Canadian banks (due to the significant spread widening in 2022 attributed to a high degree of bond issuance), this was a positive contributor to performance. Within Canadian bank capital structures, we have been concentrated in subordinated tranches which have outpaced senior tranches for the first half of this year. Our High Yield exposure only moved slightly lower in the first half of the year as we materially reduced it for the better part of 2022. The High Yield securities that the Fund still owns have very short terms to maturity (i.e. more defensive) and are clustered among the higher-rated credits within the High Yield spectrum. As was the case for the second half of 2022, the focus within credit remains on quality and liquidity to ensure the portfolio is resilient in a potential upcoming economic slowdown.

Ninepoint Alternative Credit Opportunities Fund

June 30, 2023

While the strategy is designed to mitigate a good portion of interest rate risk, we have tactically added duration throughout the course of the year as central bankers are nearing the end of their hiking campaigns. While inflation remains elevated, there has been material progress from the peaks experienced in 2022. Our spread duration has moved significantly lower as the Fund takes advantage of the inverted Government of Canada yield curve. Leverage has moved lower this year as well as the Fund has sold select securities into rallies to crystalize gains. Given the portfolio's defensive posture, we wouldn't expect major changes to duration, spread duration or leverage into the back half of the year but there may come a time to transition to a more offensive posture once the economic outlook becomes more certain.

The Fund's net asset value decreased by 15.6% during the year, from \$118.6 million as at December 31, 2022 to \$100.1 million as at June 30, 2023. This change was predominantly due to net redemptions of \$18.0 million.

Recent Developments

There were no material changes to the investment strategy and features of the Fund during the period ended June 30, 2023. The Manager actively monitors the positioning of the Fund's portfolio for changes in current market conditions and the economic environment.

Ninepoint Alternative Credit Opportunities Fund

June 30, 2023

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 1.40% for Series A units, 0.90% for Series D, Series F and ETF Series units, 0.80% 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. For the period ended June 30, 2023, the Fund incurred management fees (including taxes) of \$551,841. 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 Alternative Credit Opportunities Fund – Series A	64%	36%
Ninepoint Alternative Credit Opportunities Fund – Series F	100%	-
Ninepoint Alternative Credit Opportunities Fund – Series QF	100%	-
Ninepoint Alternative Credit Opportunities Fund – ETF Series	100%	-

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$61 during the period ended June 30, 2023, 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 10% 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 NAV 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, and 0.75% for the same period. 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 period ended June 30, 2023, the Fund did not accrue performance 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 period ended June 30, 2023, the Manager did not absorb 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.

Ninepoint Alternative Credit Opportunities Fund

June 30, 2023

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, 2023 and each of the previous years ended December 31 shown, unless otherwise indicated.

The Fund's Net Assets per Unit¹

	June 30, 2023	Dec 31, 2022	Dec 31, 2021 ⁴
	\$	\$	\$
Series A			
Net assets, beginning of period	8.32	9.91	10.00
Increase (decrease) from operations:			
Total revenue	0.38	0.72	0.43
Total expenses	(0.17)	(0.31)	(0.23)
Realized gains (losses) for the period	(0.48)	(0.35)	0.01
Unrealized gains (losses) for the period	0.50	(1.05)	(0.25)
Total increase (decrease) from operations²	0.23	(0.99)	(0.04)
Distributions:			
From income (excluding dividends)	0.28	0.64	0.19
From dividends	0.00	0.01	0.00
Total annual distributions³	0.28	0.65	0.19
Net assets, end of period	8.28	8.32	9.91

	June 30, 2023	Dec 31, 2022	Dec 31, 2021 ⁴
	\$	\$	\$
Series F			
Net assets, beginning of period	8.33	9.90	10.00
Increase (decrease) from operations:			
Total revenue	0.38	0.72	0.44
Total expenses	(0.14)	(0.27)	(0.20)
Realized gains (losses) for the period	(0.48)	(0.36)	(0.01)
Unrealized gains (losses) for the period	0.51	(0.98)	(0.22)
Total increase (decrease) from operations²	0.27	(0.89)	0.01
Distributions:			
From income (excluding dividends)	0.31	0.67	0.22
From dividends	0.00	0.01	0.00
Total annual distributions³	0.31	0.68	0.22
Net assets, end of period	8.28	8.33	9.90

Ninepoint Alternative Credit Opportunities Fund

June 30, 2023

	June 30, 2023 ⁵	Dec 31, 2022	Dec 31, 2021 ⁴
	\$	\$	\$
Series QF			
Net assets, beginning of period	8.32	9.94	10.00
Increase (decrease) from operations:			
Total revenue	0.21	0.72	0.17
Total expenses	(0.04)	(0.26)	(0.13)
Realized gains (losses) for the period	(0.32)	(0.33)	(0.02)
Unrealized gains (losses) for the period	0.36	(0.99)	(0.04)
Total increase (decrease) from operations²	0.22	(0.86)	(0.02)
Distributions:			
From income (excluding dividends)	0.18	0.71	0.04
From dividends	0.00	0.01	–
Total annual distributions³	0.18	0.72	0.04
Net assets, end of period	–	8.32	9.94

	June 30, 2023	Dec 31, 2022	Dec 31, 2021 ⁴
	\$	\$	\$
ETF Series			
Net assets, beginning of period	16.58	19.71	20.00
Increase (decrease) from operations:			
Total revenue	0.76	1.47	0.87
Total expenses	(0.30)	(0.54)	(0.41)
Realized gains (losses) for the period	(0.96)	(0.63)	0.01
Unrealized gains (losses) for the period	1.02	(1.92)	(0.44)
Total increase (decrease) from operations²	0.53	(1.62)	0.03
Distributions:			
From income (excluding dividends)	0.59	1.33	0.52
From dividends	0.00	0.01	0.01
Total annual distributions³	0.59	1.34	0.54
Net assets, end of period	16.52	16.58	19.71

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 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 May 11, 2021 (launch date) for Series F, May 12, 2021 (first issuance) for ETF Series, May 15, 2021 (first issuance) for Series A, and November 24, 2021 (first issuance) for Series QF, to December 31, 2021.

5 All outstanding Series QF units were fully redeemed during the period ended June 30, 2023.

Ninepoint Alternative Credit Opportunities Fund

June 30, 2023

Ratios and Supplemental Data

	June 30, 2023	Dec 31, 2022	Dec 31, 2021
Series A			
Total net asset value (000's) ¹	\$5,838	\$5,444	\$8,650
Number of Units outstanding ¹	704,924	654,512	873,115
Management expense ratio ²	1.79%	1.65%	1.77%
Management expense ratio before performance fees ²	1.79%	1.65%	1.76%
Trading expense ratio ³	0.05%	0.02%	0.06%
Portfolio turnover rate ⁴	90.92%	55.91%	31.37%
Net asset value per Unit ¹	\$8.28	\$8.32	\$9.91
Series F			
Total net asset value (000's) ¹	\$62,405	\$75,043	\$93,861
Number of Units outstanding ¹	7,534,203	9,009,297	9,478,487
Management expense ratio ²	1.30%	1.17%	1.31%
Management expense ratio before performance fees ²	1.30%	1.17%	1.28%
Trading expense ratio ³	0.05%	0.02%	0.06%
Portfolio turnover rate ⁴	90.92%	55.91%	31.37%
Net asset value per Unit ¹	\$8.28	\$8.33	\$9.90
Series QF			
Total net asset value (000's) ¹	-	\$7,299	\$7,917
Number of Units outstanding ¹	-	877,000	796,861
Management expense ratio ²	-	1.05%	1.27%
Management expense ratio before performance fees ²	-	1.05%	1.27%
Trading expense ratio ³	-	0.02%	0.06%
Portfolio turnover rate ⁴	-	55.91%	31.37%
Net asset value per Unit ¹	-	\$8.32	\$9.94
ETF Series			
Total net asset value (000's) ¹	\$31,877	\$30,836	\$6,899
Number of Units outstanding ¹	1,930,000	1,860,000	350,000
Management expense ratio ²	1.25%	1.18%	1.38%
Management expense ratio before performance fees ²	1.25%	1.18%	1.34%
Trading expense ratio ³	0.05%	0.02%	0.06%
Portfolio turnover rate ⁴	90.92%	55.91%	31.37%
Net asset value per Unit ¹	\$16.52	\$16.58	\$19.71
Closing Market Price ⁵	\$16.56	\$16.54	\$19.74

1 This information is provided as at June 30, 2023 and December 31 for the years shown prior to 2023.

2 Management expense ratio ("MER") is based on total expenses (including performance 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 ("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 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.

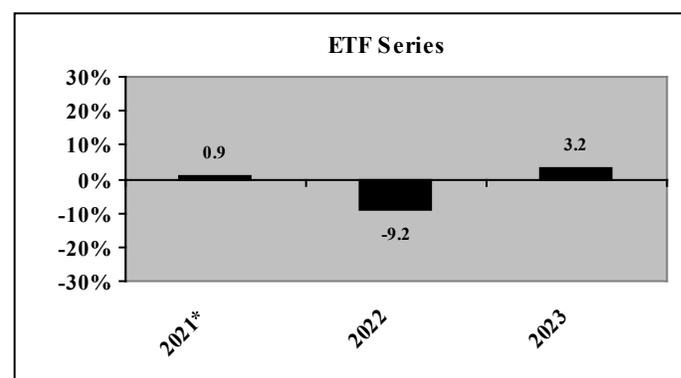
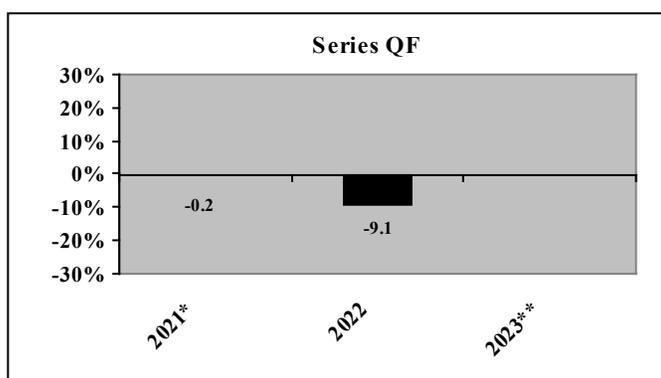
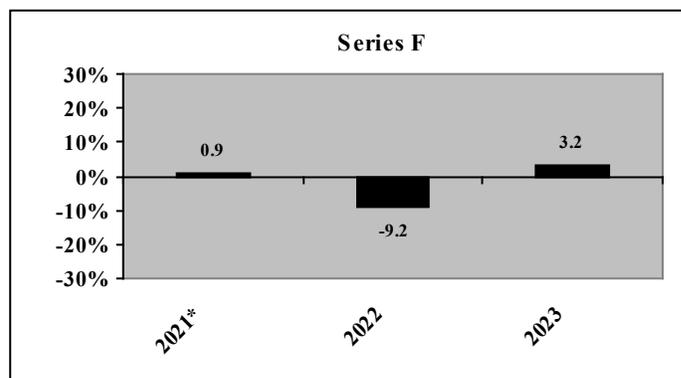
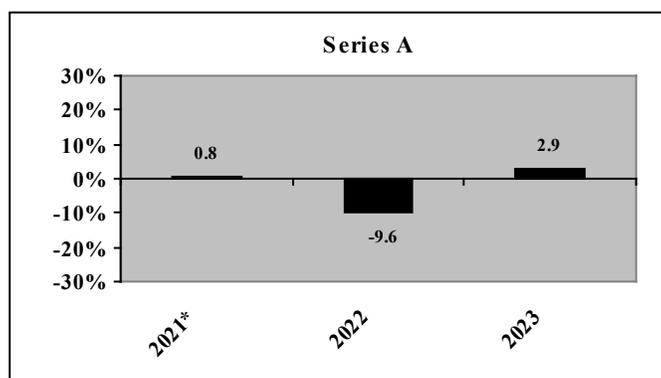
5 Last closing price as at June 30, 2023 and December 31 for the years shown prior to 2023.

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, 2022 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 units as at the end of the period.

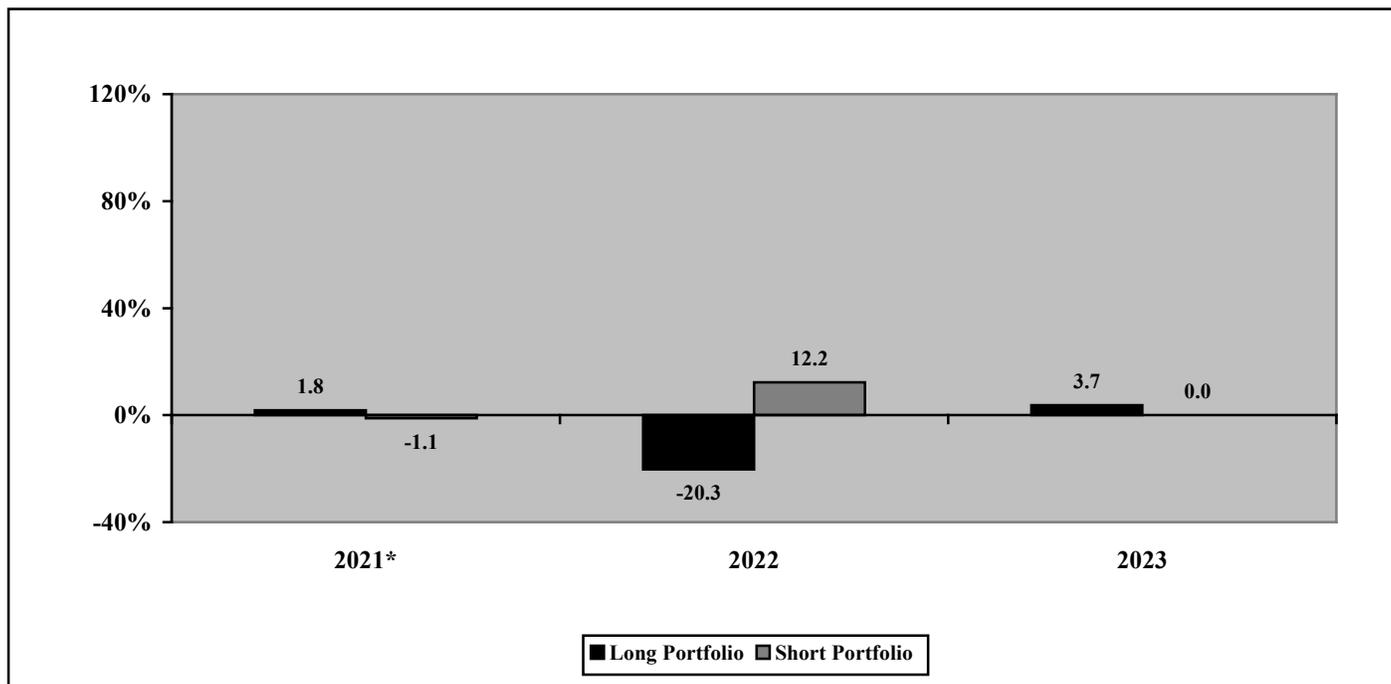


* Return from May 11, 2021 (launch date) for Series F, May 12, 2021 (first issuance) for ETF Series, May 15, 2021 (first issuance) for Series A, and November 24, 2021 (first issuance) for Series QF, to December 31, 2021 (not annualized).

** All outstanding Series QF units were fully redeemed during the period ended June 30, 2023.

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, 2023 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.



* The Fund did not hold any short portfolio positions prior to 2021.

Ninepoint Alternative Credit Opportunities Fund

June 30, 2023

Summary of Investment Portfolio

As at June 30, 2023

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Investment Grade Bonds	124.8
High Yield Bonds	37.6
Asset-Backed Securities	21.4
Private Loans	3.1
Mortgage-Backed Securities	3.1
Guaranteed linked notes	2.6
Government Bonds	1.8
Short-term investments	1.0
Equities	0.1
Warrants	0.0
Total Long Positions	195.5
Short Positions	
Government Bonds	(82.6)
High Yield Bonds	(10.1)
Corporate	(4.0)
Total Short Positions	(96.7)
Cash	1.8
Options purchased	0.3
Options written	(0.3)
Other Net Liabilities	(0.6)
Total Net Asset Value	100.0

Portfolio Allocation by Geographic Region

	% of Net Asset Value
Canada	76.1
United States	12.2
United Kingdom	4.5
Australia	4.5
France	1.5
Total Positions	98.8
Other Net Assets	(0.6)
Cash	1.8
Total Net Asset Value	100.0

Top 25 Long Positions

Issuer	% of Net Asset Value
National Bank of Canada, Callable, 5.426%, Aug 16, 2032	4.4
Canadian Western Bank, Callable, 3.668%, Jun 11, 2029	4.2
Royal Bank of Canada, Callable, 1.670%, Jan 28, 2033	3.8
Barclays PLC, Callable, 2.166%, Jun 23, 2027	3.6
Empire Life Insurance Company, Callable, 2.024%, Sep 24, 2031	3.5
CARDS II Trust, 3.609%, Jan 15, 2025	3.4
Athene Global Funding, 2.470%, Jun 9, 2028	3.4
Inter Pipeline Limited, Callable, 4.232%, Jun 1, 2027	3.3
The Goldman Sachs Group Inc., Callable, 2.599%, Nov 30, 2027	3.2
The Toronto-Dominion Bank, Callable, 3.060%, Jan 26, 2032	3.0
The Bank of Nova Scotia, Callable, 3.700%, Jul 27, 2081	2.9
Great-West Lifeco Inc., Callable, 3.600%, Dec 31, 2081	2.8
Bank of Montreal, Callable, 1.928%, Jul 22, 2031	2.7
Canadian Imperial Bank of Commerce, Callable, 1.960%, Apr 21, 2031	2.7
Cologix Canadian Issuer L.P., Callable, 5.680%, Jan 25, 2052	2.7
TransCanada Trust, Callable, 4.650%, May 18, 2077	2.7
New Latitude Mortgage Trust**, 3.250%, Dec 15, 2023	2.7
Brookfield Asset Management Inc., 0.000%, Jul 6, 2023	2.6
Co-operators Financial Services Limited, Callable, 3.327%, May 13, 2030	2.6
Manitoulin USD Limited, 14.803%, Nov 10, 2027	2.6
Federation des caisses Desjardins du Quebec, Callable, 1.992%, May 28, 2031	2.6
Sagen MI Canada Inc., Callable, 2.955%, May 1, 2027	2.6
The Empire Life Insurance Company, Callable, 3.625%, Apr 17, 2081	2.5
Brookfield Property Finance ULC, Callable, 4.300%, Mar 1, 2024	2.4
Nissan Canada Inc., 1.626%, Mar 18, 2024	2.4
Total 25 long positions as a percentage of Net Asset Value	75.3

Ninepoint Alternative Credit Opportunities Fund

June 30, 2023

All Short Positions

<u>Issuer</u>	<u>% of Net Asset Value</u>
Government of Canada, 1.000%, Jun 1, 2027	(18.9)
Government of Canada, 1.500%, Jun 1, 2026	(14.6)
Government of Canada, 0.250%, Mar 1, 2026	(13.4)
Government of Canada., 1.000%, Sep 1, 2026	(11.7)
iShares iBoxx \$ High Yield Corporate Bond ETF	(10.1)
Government of Canada, 2.000%, Jun 1, 2028	(8.5)
Government of Canada., 0.500%, Sep 1, 2025	(4.5)
Government of Canada., 1.250%, Mar 1, 2027	(4.1)
Royal Bank of Canada, 5.228%, Jun 24, 2030	(4.0)
Government of Canada, 2.250%, Jun 1, 2025	(3.7)
United States Treasury Notes, 0.750%, Jan 31, 2028	(1.6)
Government of Canada, 0.500%, Dec 1, 2030	(1.6)
<u>All short positions as a percentage of Net Asset Value</u>	<u>(96.7)</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

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

Ernst & Young LLP
EY Tower
100 Adelaide Street West
Toronto, Ontario M5H 0B3

Legal Counsel

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Suite 3400
Toronto, Ontario M5H 4E3