



Ninepoint Energy Income Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2022

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 Energy Income Fund (the “Fund”) is to seek to provide unitholders with income and capital appreciation by investing in dividend paying energy companies. To achieve the Fund’s investment objective, the Fund will primarily invest directly in a diversified portfolio of dividend paying energy companies located primarily in Canada while seeking to enhance yield through the writing of covered calls while at times strategically using oil futures to lower portfolio risk. 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
- hold cash, short-term money market instruments and fixed income securities, at any time, for cash management purposes based on the market outlook for the energy sector.

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 dividend paying energy companies. This Fund is suitable for investors with a high tolerance for risk and have a medium to long-term investment horizon.

Results of Operations and Recent Developments

The Fund, Series A returned -5.8% since its inception on March 7, 2022 to June 30, 2022.

In the first half of 2022, the macro environment for oil remained constructive as oil prices continued to strengthen, with WTI spot prices up 43% to approximately US\$110/bbl by the end of Q2 2022, which was positive for the mandate and Fund performance. Oil demand continued to recover as COVID-19 travel restrictions eased around many parts of the globe, nearly reaching pre-pandemic levels. This higher demand has resulted in oil inventories in the US and OECD countries dipping to record lows when compared to historical averages. The war in Ukraine has also impacted global oil flows and demand, as many Russian barrels are being displaced as the majority Western countries are refusing to purchase Russian crude which is currently trading at approximately \$40/bbl discount to Brent Crude (compared to the historical average of approximately \$1-\$3/bbl).

On the supply side, we believe that global spare capacity for oil will continue to remain constrained. In June, OPEC+ agreed to accelerate its remaining supply increases for July and August to 648 mmbbl/day (from 432 mmbbl/day). In public a forum, OPEC+ openly acknowledged it is running out of spare capacity, which we believe is a critical factor for global supplies. Most of the global supermajors have committed to exiting their investments in Russia and have also continue to redirect capital expenditures from long-cycle oil projects into renewables projects and should see corporate oil production decline in the next few years. Finally, US shale production is estimated to grow between 500-1,000 mmbbl/day this year. Further growth in US shale will be difficult to achieve as E&P’s continue to cite the lack of availability of labor, high-spec rigs and tubulars to add more production growth. Most public operators have also committed to returning significant amounts of capital to shareholders, which reduces capital available to grow production.

This combination of structural challenges to bring on additional supply along with improving global oil demand should result in meaningfully higher oil prices in the months and year ahead. The portfolio remains positioned within mid-cap and large-cap E&P’s, primarily in United States, that offer significant dividend potential through variable dividends. Many of the companies have committed to paying a minimum of 50% of free cash flow back to shareholders.

The Fund was down as of June 30, 2022 which largely occurred in the month of June as both energy markets and broader markets experienced weakness due to global recessionary concerns. During June, spot WTI prices fell approximately 8% from US\$115/bbl to US\$105/bbl and then dipped below US\$100/bbl in July 2022. This resulted in significant weakness in energy equities during the month with the XOP (SPDR US Exploration and Production ETF) down approximately 25% and the XEG (iShares S&P/TSX Capped Energy Index ETF) down approximately 17%.

Ninepoint Energy Income Fund

June 30, 2022

The top two performers were Tourmaline Oil Corp and Cenovus Energy. For Tourmaline we attribute the performance to continuing to commit to distribute the majority of free cash flow to investors, along with its strong gas marketing portfolio, which includes JKM linked pricing starting in 2023, which trades significantly higher than local markets. For Cenovus, we also attribute the strong performance to its announcement on April 27, 2022 to commit to returning 100% of free cash flow once it reaches its net debt target of \$4 billion. The bottom two performers in the fund were EOG Resources and Ovintiv Corp. For Ovintiv we attribute the weakness to lower gas prices towards the end of the quarter, largely as a result of the explosion at the Freeport LNG facility on June 8, 2022 which reduced LNG export capacity in the US by approximately 2 bcf/day. For EOG Resources we attribute the weakness to broader market concerns and sell-offs in energy stocks related to recessionary and demand destruction fears. No significant changes were made to the portfolio mandate during the period.

The Fund's net asset value was \$167.7 million as at June 30, 2022.

Ninepoint Energy Income Fund

June 30, 2022

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 2.50% for Series A units, 1.50% for Series D, Series F and ETF Series units, 1.75% for Series S units, 0.75% for Series SF 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 since its inception to June 30, 2022, the Fund incurred management fees (including taxes) of \$672,837. 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 Energy Income Fund – Series A	93%	7%
Ninepoint Energy Income Fund – Series D	96%	4%
Ninepoint Energy Income Fund – Series F	100%	-
Ninepoint Energy Income Fund – Series S	43%	57%
Ninepoint Energy Income Fund – Series SF	100%	-
Ninepoint Energy Income Fund – ETF Series	100%	-

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$1,152 during the period since its inception to June 30, 2022, to Sightline Wealth Management, an affiliate of the manager.

PERFORMANCE FEES

The Fund also pays the Manager a quarterly performance fee equal to 15% of the amount by which the return in the net asset value per unit of the series from the calendar quarter exceeds the previous High Water Mark. The High Water Mark is the greater of (i) the initial net asset value per unit, or (ii) the net asset value per unit 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 1.5% for the same period (the “Hurdle Rate”). If the performance of a particular series of units in any calendar quarter is positive, but below the Hurdle Rate, the High Water Mark for the subsequent calendar quarter will be adjusted upwards to reflect such increase in the net asset value per unit of that particular series, until such time as a performance fee is paid and the High Water Mark is reset. If the performance of a particular series of units in any calendar quarter is negative, there will be no adjustment to the High Water Mark in the subsequent calendar quarter, such that it will remain the same as it was in the prior calendar quarter. The performance fee, plus applicable taxes, is calculated and accrued daily and paid quarterly on a calendar quarter basis. For the period ended June 30, 2022, the Fund accrued performance fees of \$57,630.

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 since its inception to June 30, 2022, 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 Energy Income Fund

June 30, 2022

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 since inception to June 30, 2022.

The Fund's Net Assets per Unit¹

	June 30, 2022⁴
Series A	\$
Net assets, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.23
Total expenses	(0.16)
Realized gains (losses) for the period	0.12
Unrealized gains (losses) for the period	(1.52)
Total increase (decrease) from operations²	(1.33)
Distributions:	
From income (excluding dividends)	0.17
Total annual distributions³	0.17
Net assets, end of period	9.26

	June 30, 2022⁴
Series D	\$
Net assets, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.20
Total expenses	(0.11)
Realized gains (losses) for the period	0.06
Unrealized gains (losses) for the period	(1.77)
Total increase (decrease) from operations²	(1.62)
Distributions:	
From income (excluding dividends)	0.17
Total annual distributions³	0.17
Net assets, end of period	9.22

Ninepoint Energy Income Fund

June 30, 2022

	June 30, 2022⁴
Series F	\$
Net assets, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.23
Total expenses	(0.12)
Realized gains (losses) for the period	0.14
Unrealized gains (losses) for the period	(2.00)
Total increase (decrease) from operations²	(1.75)
Distributions:	
From income (excluding dividends)	0.17
Total annual distributions³	0.17
Net assets, end of period	9.27

	June 30, 2022⁴
Series S	\$
Net assets, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.21
Total expenses	(0.12)
Realized gains (losses) for the period	0.09
Unrealized gains (losses) for the period	(0.69)
Total increase (decrease) from operations²	(0.51)
Distributions:	
From income (excluding dividends)	0.17
Total annual distributions³	0.17
Net assets, end of period	9.32

	June 30, 2022⁴
Series SF	\$
Net assets, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.21
Total expenses	(0.09)
Realized gains (losses) for the period	0.09
Unrealized gains (losses) for the period	(0.67)
Total increase (decrease) from operations²	(0.46)
Distributions:	
From income (excluding dividends)	0.17
Total annual distributions³	0.17
Net assets, end of period	9.35

Ninepoint Energy Income Fund

June 30, 2022

	June 30, 2022⁴
ETF Series	\$
Net assets, beginning of period	20.00
Increase (decrease) from operations:	
Total revenue	0.44
Total expenses	(0.26)
Realized gains (losses) for the period	0.19
Unrealized gains (losses) for the period	(2.21)
Total increase (decrease) from operations²	(1.84)
Distributions:	
From income (excluding dividends)	0.33
Total annual distributions³	0.33
Net assets, end of period	18.59

1 This information is derived from the Fund's interim 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 March 7, 2022 (launch date) for Series A, Series D, Series F, Series S, Series SF and ETF Series, to June 30, 2022.

Ninepoint Energy Income Fund

June 30, 2022

Ratios and Supplemental Data

	June 30, 2022
Series A	
Total net asset value (000's) ¹	\$18,262
Number of Units outstanding ¹	1,971,919
Management expense ratio ²	3.32%
Management expense ratio before incentive fees ²	3.12%
Trading expense ratio ³	0.66%
Portfolio turnover rate ⁴	47.52%
Net asset value per Unit ¹	\$9.26

	June 30, 2022⁴
Series D	
Total net asset value (000's) ¹	\$245
Number of Units outstanding ¹	26,600
Management expense ratio ²	1.98%
Management expense ratio before incentive fees ²	1.98%
Trading expense ratio ³	0.66%
Portfolio turnover rate ⁴	47.52%
Net asset value per Unit ¹	\$9.22

	June 30, 2022
Series F	
Total net asset value (000's) ¹	\$39,106
Number of Units outstanding ¹	4,218,139
Management expense ratio ²	2.04%
Management expense ratio before incentive fees ²	1.97%
Trading expense ratio ³	0.66%
Portfolio turnover rate ⁴	47.52%
Net asset value per Unit ¹	\$9.27

	June 30, 2022
Series S	
Total net asset value (000's) ¹	\$2,964
Number of Units outstanding ¹	317,914
Management expense ratio ²	2.26%
Management expense ratio before incentive fees ²	2.26%
Trading expense ratio ³	0.66%
Portfolio turnover rate ⁴	47.52%
Net asset value per Unit ¹	\$9.32

	June 30, 2022
Series SF	
Total net asset value (000's) ¹	\$21,178
Number of Units outstanding ¹	2,263,875
Management expense ratio ²	1.21%
Management expense ratio before incentive fees ²	1.13%
Trading expense ratio ³	0.66%
Portfolio turnover rate ⁴	47.52%
Net asset value per Unit ¹	\$9.35

Ninepoint Energy Income Fund

June 30, 2022

ETF Series	June 30, 2022
Total net asset value (000's) ¹	\$85,960
Number of Units outstanding ¹	4,625,000
Management expense ratio ²	2.19%
Management expense ratio before incentive fees ²	2.00%
Trading expense ratio ³	0.66%
Portfolio turnover rate ⁴	47.52%
Net asset value per Unit ¹	\$18.59
Closing Market Price	\$18.52

1 This information is provided as at June 30, 2022.

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

In accordance with National Instrument 81-106, Investment Fund Continuous Disclosure, “PAST PERFORMANCE” disclosure consisting of “Year-by-Year Returns” and “Long and Short Portfolio Returns” are not required as the Fund has been a reporting issuer for less than a year.

Ninepoint Energy Income Fund

June 30, 2022

Summary of Investment Portfolio

As at June 30, 2022

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Energy	95.4
<u>Total Long Positions</u>	<u>95.4</u>
Other Net Assets	3.3
Cash	1.3
<u>Total Net Asset Value</u>	<u>100.0</u>

All Long Positions

Issuer	% of Net Asset Value
Tourmaline Oil Corporation	10.4
Pioneer Natural Resources Company	10.3
Devon Energy Corporation	9.9
Coterra Energy Inc.	9.9
EOG Resources Inc.	8.9
Diamondback Energy Inc.	8.8
Chesapeake Energy Corporation	8.1
Cenovus Energy Inc.	7.3
Viper Energy Partners L.P.	7.2
Schlumberger NV	6.0
Ovintiv Inc.	5.8
Tamarack Valley Energy Limited	2.7
Cash	1.3
Whitecap Resources Inc.	0.1
<u>All long positions as a percentage of Net Asset Value</u>	<u>96.7</u>

The fund held no short positions as at June 30, 2022.

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

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