



Ninepoint Energy Income 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 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 North America 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

The Fund, Series A returned -4.2% in the first half of 2023, while its benchmark, the S&P/TSX Energy Total Return Index, returned -2.3%.

For the first half of 2023, the macro environment and pricing for oil and gas pricing was weaker than 2022. WTI spot prices averaged ~US\$75/bbl in H1/23, down 14% from H2/22 levels of ~US\$87/bbl. Natural gas prices also retreated from 2022 levels, with an average Henry Hub daily spot price of US\$2.41/mmbtu in H1/23, down 64% from H2/22 levels, while AECO daily prices averaged C\$2.69/mcf, down 41% from H2/22 levels. The Western Canada Select (WCS) heavy oil differential, narrowed to US ~\$15/bbl in Q2/23, from ~US\$25-26/bbl in Q1/23 and Q4/22 respectively. With the exception of the narrowing WCS differential, which was positive for most Fund holdings, this weakening of commodity prices over the period were generally negative towards the performance of the holdings within the Fund.

The macroeconomic events that impacted the Fund over the period were largely focused on concerns of and the narratives surrounding recessions in OECD nations and the resulting levels of demand destruction under different recession scenarios. Market participation, as measured by net length in non-commercial crude contracts (Brent and WTI) was also reduced by nearly 70% over the first half of 2023. This net selling in crude contracts is a primary reason why prices were weaker throughout the first half, which was negative for Fund performance.

While discussions around recessions are currently very topical, we see few signs of erosion in demand growth. Indian demand hit record highs in April and May and Chinese demand also hit a record high in April. The Fund uses real-time data from providers such as Rystad energy, which tracks real-time demand of air traffic and on a year over year basis it estimates that demand is up by ~1.4 mmbbl/d. While we expect some degree of demand destruction in OECD countries as recessions unfold, we believe this will be more than offset by the growth in demand in other countries around the world.

For oil supply, one key event that occurred in early June 2023 was when OPEC+ announced it would be cutting its production by a further ~1 mmbbl/d in July (which was later extended into August). This cut will have significant implications to global inventory balances and should result in an increased rate of draw on global oil inventories. One area of global supply that did see an increase in H1/23 was in Iran where it was able to liquidate most of its floating storage and export levels have increased to ~1.5 mmbbl/d, up from 1.1 mmbbl/d (even though sanctions are still in place). Oil production from Russia has been stable, but slightly declining from late 2022 levels with current production of ~9.5 mmbbl/d. Should this declining trend continue, Russian production volumes could be at risk in the second half of 2023 (and beyond). US shale production is estimated to grow by ~400 mbbbl/d in 2023, as E&P’s continue to focus on limiting growth rates to preserve remaining tier 1

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drilling inventory in their asset portfolios. Return of capital programs remain a key component of capital allocation for most public E&P operators which limits the capital available to grow production. With a declining tier 1 inventory count across the major US shale plays, we believe US shale oil production could plateau in the next several years.

While the macro environment in the first half of 2023 was not as positive for the Fund compared to 2022 levels, we believe that with demand and demand growth showing few signs of erosion and supply growth likely constrained in the near-term, along with the recently announced OPEC+ cuts, that this sets up for significant global oil inventory draws in H2/23, which could result in a much more constructive macro-economic environment for the Fund.

The top performers in the Fund in H1/23 on a total return basis were MEG Energy Corporation and Chord Energy Corporation. MEG Energy Corporation's strong performance was largely due to the narrowing WCS differential, along with continued progress towards its final leverage target at which point the company intends to return 100% of free cash flow to shareholders. Chord Energy Corporation was a strong performer due to its operational performance and return of capital program (buyback and dividend) which resulted in a slight re-rate in its valuation multiple.

The bottom performers in the Fund were Devon Energy Corporation and Cenovus Energy Inc. For Cenovus Energy Inc., the performance was weaker due to significant downtime issues with its downstream segment along with net debt targets being pushed out towards the end of 2023. For Devon Energy Corporation the shares were weak after Q4/22 results disappointed street expectations on the capital program for 2023, along with weaker WTI prices during H1/23. No significant changes were made to the portfolio mandate.

The Fund's net asset value decreased by 7.4% during the period, from \$297.4 million as at December 31, 2022 to \$275.3 million as at June 30, 2023. This change was predominantly due to net realized and unrealized losses on investments of \$16.8 million and net expenses of \$4.2 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.

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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 ended June 30, 2023, the Fund incurred management fees (including taxes) of \$2,413,314. 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	60%	40%
Ninepoint Energy Income Fund – Series D	100%	–
Ninepoint Energy Income Fund – Series F	100%	–
Ninepoint Energy Income Fund – Series S	100%	–
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 \$7,826 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 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, 2023, the Fund accrued performance fees of \$26,911.

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 Loss. 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.

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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 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 ⁴
	\$	\$
Series A		
Net assets, beginning of period	10.23	10.00
Increase (decrease) from operations:		
Total revenue	0.31	0.66
Total expenses	(0.19)	(0.49)
Realized gains (losses) for the period	0.29	0.30
Unrealized gains (losses) for the period	(0.82)	(0.19)
Total increase (decrease) from operations²	(0.41)	0.28
Distributions:		
From dividends	0.36	0.38
From capital gains	–	0.12
From return of capital	–	0.00
Total annual distributions³	0.36	0.50
Net assets, end of period	9.44	10.23

	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
Series D		
Net assets, beginning of period	10.36	10.00
Increase (decrease) from operations:		
Total revenue	0.31	0.64
Total expenses	(0.14)	(0.40)
Realized gains (losses) for the period	0.30	0.08
Unrealized gains (losses) for the period	(0.80)	0.24
Total increase (decrease) from operations²	(0.33)	0.56
Distributions:		
From dividends	0.36	0.37
From capital gains	–	0.12
From return of capital	–	0.01
Total annual distributions³	0.36	0.50
Net assets, end of period	9.62	10.36

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	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
Series F		
Net assets, beginning of period	10.25	10.00
Increase (decrease) from operations:		
Total revenue	0.31	0.69
Total expenses	(0.14)	(0.40)
Realized gains (losses) for the period	0.38	0.40
Unrealized gains (losses) for the period	(1.09)	(1.06)
Total increase (decrease) from operations²	(0.54)	(0.37)
Distributions:		
From dividends	0.36	0.41
From capital gains	–	0.11
From return of capital	–	–
Total annual distributions³	0.36	0.52
Net assets, end of period	9.52	10.25

	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
Series S		
Net assets, beginning of period	10.28	10.00
Increase (decrease) from operations:		
Total revenue	0.31	0.62
Total expenses	(0.16)	(0.44)
Realized gains (losses) for the period	0.32	0.18
Unrealized gains (losses) for the period	(0.93)	0.51
Total increase (decrease) from operations²	(0.46)	0.87
Distributions:		
From dividends	0.36	0.50
From capital gains	–	0.06
From return of capital	–	–
Total annual distributions³	0.36	0.56
Net assets, end of period	9.53	10.28

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	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
Series SF		
Net assets, beginning of period	10.34	10.00
Increase (decrease) from operations:		
Total revenue	0.32	0.62
Total expenses	(0.10)	(0.38)
Realized gains (losses) for the period	0.34	0.19
Unrealized gains (losses) for the period	(1.06)	0.50
Total increase (decrease) from operations²	(0.50)	0.93
Distributions:		
From dividends	0.36	0.51
From capital gains	–	0.06
From return of capital	–	–
Total annual distributions³	0.36	0.57
Net assets, end of period	9.64	10.34

	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
ETF Series		
Net assets, beginning of period	20.65	20.00
Increase (decrease) from operations:		
Total revenue	0.62	1.29
Total expenses	(0.28)	(0.85)
Realized gains (losses) for the period	0.53	0.42
Unrealized gains (losses) for the period	(1.55)	0.93
Total increase (decrease) from operations²	(0.68)	1.79
Distributions:		
From dividends	0.72	0.83
From capital gains	–	0.23
From return of capital	–	0.00
Total annual distributions³	0.72	1.06
Net assets, end of period	19.17	20.65

1 This information is derived from the Fund's interim and annual 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 March 7, 2022 (launch date) for Series A, Series D, Series F, Series S, Series SF and ETF Series, to December 31, 2022.

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Ratios and Supplemental Data

	June 30, 2023	Dec 31, 2022
Series A		
Total net asset value (000's) ¹	\$37,619	\$36,869
Number of Units outstanding ¹	3,985,264	3,605,597
Management expense ratio ²	3.02%	4.30%
Management expense ratio before incentive fees ²	3.00%	2.91%
Trading expense ratio ³	0.34%	0.51%
Portfolio turnover rate ⁴	36.23%	94.78%
Net asset value per Unit ¹	\$9.44	\$10.23

	June 30, 2023	Dec 31, 2022 ⁴
Series D		
Total net asset value (000's) ¹	\$297	\$300
Number of Units outstanding ¹	30,861	29,002
Management expense ratio ²	1.84%	3.32%
Management expense ratio before incentive fees ²	1.84%	1.72%
Trading expense ratio ³	0.34%	0.51%
Portfolio turnover rate ⁴	36.23%	94.78%
Net asset value per Unit ¹	\$9.62	\$10.36

	June 30, 2023	Dec 31, 2022
Series F		
Total net asset value (000's) ¹	\$65,280	\$111,338
Number of Units outstanding ¹	6,857,727	10,859,190
Management expense ratio ²	1.89%	3.16%
Management expense ratio before incentive fees ²	1.86%	1.72%
Trading expense ratio ³	0.34%	0.51%
Portfolio turnover rate ⁴	36.23%	94.78%
Net asset value per Unit ¹	\$9.52	\$10.25

	June 30, 2023	Dec 31, 2022
Series S		
Total net asset value (000's) ¹	\$2,259	\$3,096
Number of Units outstanding ¹	237,025	301,167
Management expense ratio ²	2.15%	3.83%
Management expense ratio before incentive fees ²	2.15%	2.08%
Trading expense ratio ³	0.34%	0.51%
Portfolio turnover rate ⁴	36.23%	94.78%
Net asset value per Unit ¹	\$9.53	\$10.28

	June 30, 2023	Dec 31, 2022
Series SF		
Total net asset value (000's) ¹	\$15,862	\$21,657
Number of Units outstanding ¹	1,645,317	2,094,416
Management expense ratio ²	1.06%	3.05%
Management expense ratio before incentive fees ²	1.06%	0.98%
Trading expense ratio ³	0.34%	0.51%
Portfolio turnover rate ⁴	36.23%	94.78%
Net asset value per Unit ¹	\$9.64	\$10.34

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ETF Series	June 30, 2023	Dec 31, 2022
Total net asset value (000's) ¹	\$154,036	\$124,100
Number of Units outstanding ¹	8,035,000	6,010,000
Management expense ratio ²	1.90%	3.54%
Management expense ratio before incentive fees ²	1.88%	1.86%
Trading expense ratio ³	0.34%	0.51%
Portfolio turnover rate ⁴	36.23%	94.78%
Net asset value per Unit ¹	\$19.17	\$20.65
Closing Market Price ⁵	\$19.21	\$20.69

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

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 ("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.

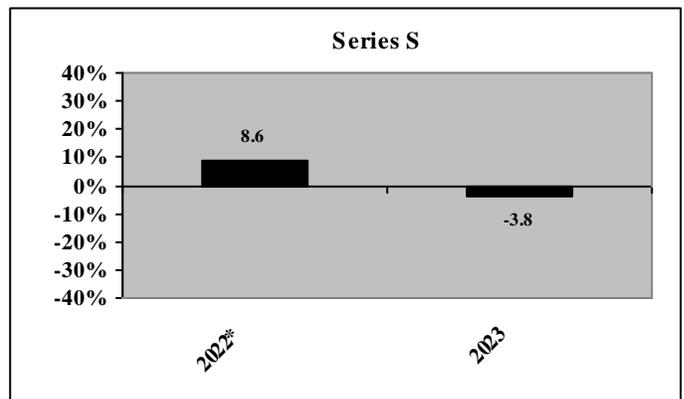
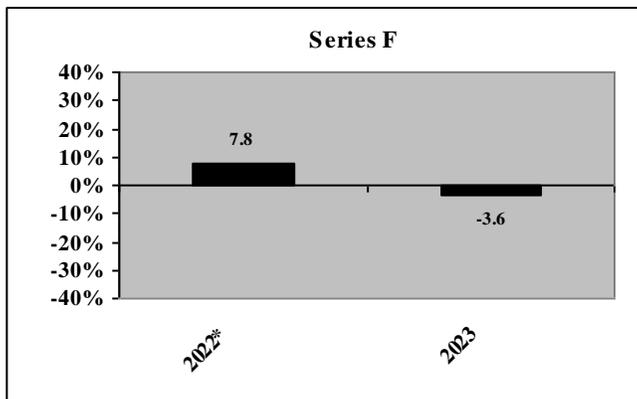
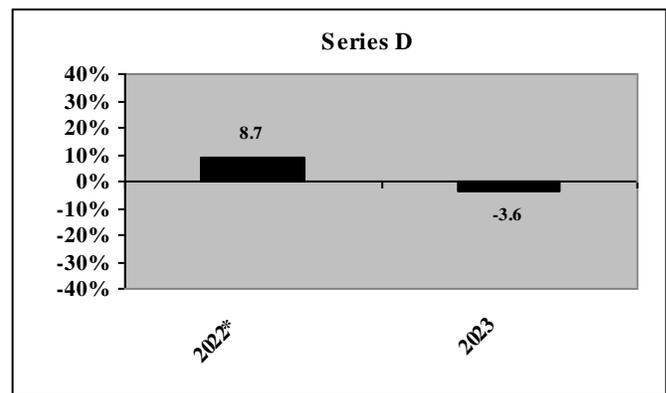
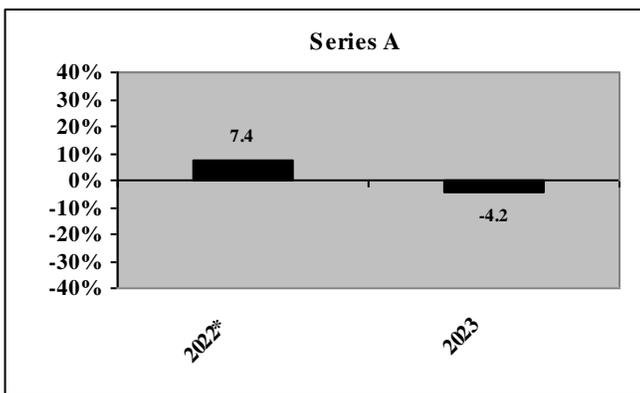
5 Last closing price before the period end June 30, 2023 and year end December 31 for the years shown

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 return are calculated based on the Net Asset Value of the particular Series of the Fund.

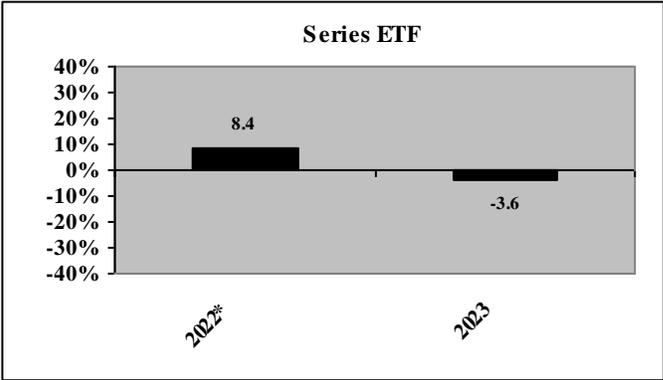
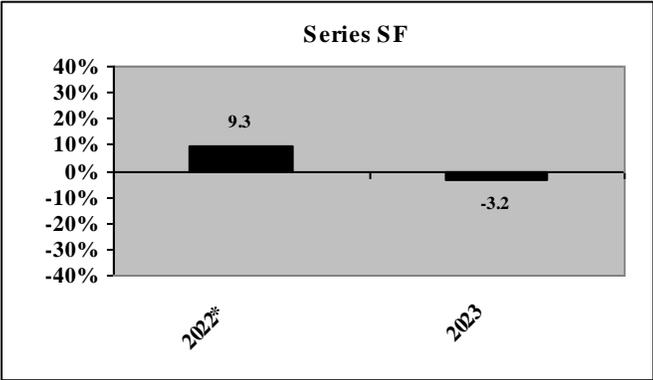
Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for the period ended June 30, 2023 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.



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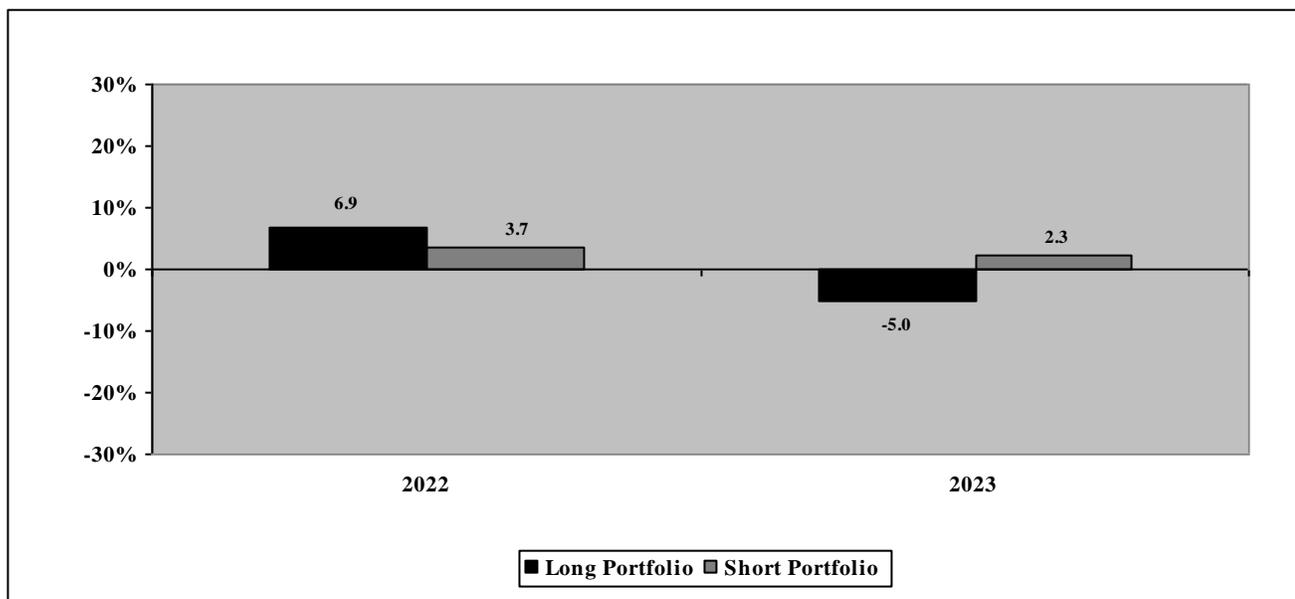
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* Return from March 7, 2022 (launch date) to December 31, 2022, for Series A, Series D, Series F, Series S, Series SF and ETF Series., to December 31, 2022 (not annualized).

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.



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Summary of Investment Portfolio

As at June 30, 2023

Portfolio Allocation	% of Net Asset Value	All Long Positions	% of Net Asset Value
Long Positions		Issuer	
Energy	97.7	Tourmaline Oil Corporation	10.8
Total Long Positions	97.7	Diamondback Energy Inc.	10.1
Cash	2.7	Pioneer Natural Resources Company	10.0
Other Net Liabilities	(0.4)	Cenovus Energy Inc.	9.8
Total Net Asset Value	100.0	Chord Energy Corporation	9.6
		Devon Energy Corporation	9.3
		EOG Resources Inc.	8.5
		Permian Resources Corporation	7.1
		Northern Oil and Gas Inc.	7.0
		Viper Energy Partners L.P.	6.5
		Ovintiv Inc.	3.7
		Whitecap Resources Inc.	3.4
		Cash	2.7
		Peyto Exploration & Development Corporation	2.0
		All long positions as a percentage of Net Asset Value	100.4

The fund held no short positions as at June 30, 2023.

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