



Ninepoint Carbon Credit ETF

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 Carbon Credit ETF (the “Fund”) is to seek to provide unitholders with long-term capital appreciation by investing primarily in global carbon emissions allowance futures. To achieve the Fund’s investment objective, the Fund will primarily invest directly in carbon allowance futures. The Fund will initially invest in the major carbon allowance futures globally, namely, the European Union Allowance (the “EUA”), the UK Emissions Allowances Energy (the “UKA”), the California Carbon Allowance (the “CCA”) and the Regional Greenhouse Gas Initiative (the “RGGI”, collectively with the EUA, the CCA, and the UKA, the “Initial Constituents”). The Portfolio Manager may add or remove constituents that meet or fail to meet the Fund’s investment objectives. The Portfolio Manager may change the weighting between constituents in its discretion. The Fund may hold cash or cash equivalents. The Fund may use derivatives and the maximum aggregate exposure to derivatives will 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;
- invest in debt securities, cash and/or cash equivalents primarily to meet margin requirements and for cash management purposes; and
- use derivatives instruments, such as options, futures, forward contracts and swaps, for hedging strategies, in a manner which is consistent with the investment objectives of the Fund and as permitted by the Canadian Securities Administrators, including to hedge against losses from changes in the prices of the Fund’s investments.

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 global carbon emissions allowance futures. This Fund is suitable for investors with a high tolerance for risk and have a long-term investment horizon.

Results of Operations

The Fund, Series A returned -4.9% in the first half of 2023, while its benchmark, IHSM Global Carbon Index, returned 8.5%.

The first half of 2023 experienced more risk events than normal including multiple major U.S. bank failures, the failure of Credit Suisse and its emergency rescue by UBS, the consistent hiking of interest rates by both North American and European central banks, the official end of China’s COVID-19 restrictive lockdown, and the continuation of the Ukraine conflict.

In terms of the compliance/regulatory carbon market, returns have been mixed and volatile. As such, the EUA Dec-23 contract started 2023 at €80, rose to a high of almost €105 in March, fell back to €82 in early June, and stabilized itself at around €90 by the end of June. The UKA started the year at £73 and rose to £89 through February before drastically falling to £49 by mid-year. The CCA opened the year at \$30 and has remained at around this pricing for the first half of the year, while the RGGI’s price opened the year at \$14 and has remained in the same range of pricing as well.

The early months of 2023 saw a record-setting warm winter combined with fears of a probable recession due to tighter credit conditions which have been associated with a noticeable lower demand in global carbon markets through a decrease of industrial demand for carbon allowances.

Contrary to some views that the bearish price sentiment would be short lived at the end of 2022, the weakness in carbon allowances pricing (especially for the UKA allowance) has persisted through the first half of 2023, we believe largely as a result of bearish power sector fundamentals.

The current portfolio strategy of the Fund remains in the same format as per its inception, with the Fund invested equally in the four major carbon allowances futures globally (the European Union allowance, the California carbon allowance, the UK allowance and the Regional Greenhouse Gas Initiative), with a minimum quarterly rebalancing.

Despite fears over the past year that a potential global recession could weaken the commitment of government policymakers to greenhouse gas emission targets, the opposite has occurred. Recent increases in carbon taxes in Canada as well as continued tightening of emission targets elsewhere confirms our view that the price of carbon is heading higher over time making this asset class attractive to long term investors. Additionally, it is our belief that the CCA and the RGGI markets are still underpriced, hence why their respective portfolio weight is comparable to those of the UKA and EUA markets in the Fund.

The Fund's net asset value decreased by 13.0% during the period, from \$8.7 million as at December 31, 2022 to \$7.6 million as at June 30, 2023. This change was predominantly due to net redemptions of \$0.8 million, and net realized and unrealized losses on investments of \$0.4 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.

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 1.75% for Series A units, 0.75% for Series D, Series F and ETF Series units, 0.65% for Series QF units, 1.55% for Series S units, 0.55% 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 \$32,864. 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 Carbon Credit ETF – Series A	43%	57%
Ninepoint Carbon Credit ETF – Series D	100%	–
Ninepoint Carbon Credit ETF – Series F	100%	–
Ninepoint Carbon Credit ETF – Series S	100%	–
Ninepoint Carbon Credit ETF – Series SF	100%	–
Ninepoint Carbon Credit ETF – ETF Series	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$562 during the period ended June 30, 2023, to Sightline Wealth Management, an affiliate of the manager.

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	9.02	10.00
Increase (decrease) from operations:		
Total revenue	0.18	0.13
Total expenses	(0.17)	(0.28)
Realized gains (losses) for the period	(0.01)	(0.66)
Unrealized gains (losses) for the period	(0.43)	(0.23)
Total increase (decrease) from operations²	(0.43)	(1.04)
Distributions:		
Total annual distributions³	-	-
Net assets, end of period	8.58	9.02

	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
Series D		
Net assets, beginning of period	9.11	10.00
Increase (decrease) from operations:		
Total revenue	0.17	0.11
Total expenses	(0.11)	(0.19)
Realized gains (losses) for the period	(0.01)	(0.54)
Unrealized gains (losses) for the period	(0.32)	0.50
Total increase (decrease) from operations²	(0.27)	(0.12)
Distributions:		
Total annual distributions³	-	-
Net assets, end of period	8.71	9.11

	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
Series F		
Net assets, beginning of period	9.11	10.00
Increase (decrease) from operations:		
Total revenue	0.18	0.12
Total expenses	(0.12)	(0.18)
Realized gains (losses) for the period	(0.01)	(0.59)
Unrealized gains (losses) for the period	(0.46)	(0.28)
Total increase (decrease) from operations²	(0.41)	(0.93)
Distributions:		
Total annual distributions³	-	-
Net assets, end of period	8.72	9.11

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	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
Series S		
Net assets, beginning of period	9.04	10.00
Increase (decrease) from operations:		
Total revenue	0.18	0.10
Total expenses	(0.16)	(0.27)
Realized gains (losses) for the period	(0.02)	(0.43)
Unrealized gains (losses) for the period	(0.43)	0.05
Total increase (decrease) from operations²	(0.43)	(0.55)
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	8.61	9.04

	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
Series SF		
Net assets, beginning of period	9.13	10.00
Increase (decrease) from operations:		
Total revenue	0.17	0.11
Total expenses	(0.10)	(0.17)
Realized gains (losses) for the period	(0.01)	(0.52)
Unrealized gains (losses) for the period	(0.38)	(0.19)
Total increase (decrease) from operations²	(0.32)	(0.77)
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	8.74	9.13

	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
ETF Series		
Net assets, beginning of period	18.22	20.00
Increase (decrease) from operations:		
Total revenue	0.36	0.21
Total expenses	(0.24)	(0.38)
Realized gains (losses) for the period	(0.03)	(1.59)
Unrealized gains (losses) for the period	(0.89)	(0.15)
Total increase (decrease) from operations²	(0.80)	(1.91)
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	17.42	18.22

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

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 February 16, 2022 (launch date) to December 31, 2022, for Series A, Series D, Series F, Series S, Series SF and ETF Series.

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Ratios and Supplemental Data

	June 30, 2023	Dec 31, 2022 ⁴
Series A		
Total net asset value (000's) ¹	\$175	\$222
Number of Units outstanding ¹	20,439	24,659
Management expense ratio ²	3.79%	3.24%
Trading expense ratio ³	0.01%	0.09%
Portfolio turnover rate ⁴	–	0.00%
Net asset value per Unit ¹	\$8.58	\$9.02

	June 30, 2023	Dec 31, 2022 ⁴
Series D		
Total net asset value (000's) ¹	\$26	\$105
Number of Units outstanding ¹	3,000	11,552
Management expense ratio ²	2.28%	2.15%
Trading expense ratio ³	0.01%	0.09%
Portfolio turnover rate ⁴	–	0.00%
Net asset value per Unit ¹	\$8.71	\$9.11

	June 30, 2023	Dec 31, 2022 ⁴
Series F		
Total net asset value (000's) ¹	\$4,979	\$4,476
Number of Units outstanding ¹	571,326	491,055
Management expense ratio ²	2.70%	2.09%
Trading expense ratio ³	0.01%	0.09%
Portfolio turnover rate ⁴	–	0.00%
Net asset value per Unit ¹	\$8.72	\$9.11

	June 30, 2023	Dec 31, 2022 ⁴
Series S		
Total net asset value (000's) ¹	\$30	\$34
Number of Units outstanding ¹	3,493	3,707
Management expense ratio ²	3.58%	3.07%
Trading expense ratio ³	0.01%	0.09%
Portfolio turnover rate ⁴	–	0.00%
Net asset value per Unit ¹	\$8.61	\$9.04

	June 30, 2023	Dec 31, 2022 ⁴
Series SF		
Total net asset value (000's) ¹	\$1,396	\$2,860
Number of Units outstanding ¹	159,788	313,314
Management expense ratio ²	2.27%	1.94%
Trading expense ratio ³	0.01%	0.09%
Portfolio turnover rate ⁴	–	0.00%
Net asset value per Unit ¹	\$8.74	\$9.13

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Series ETF	June 30, 2023	Dec 31, 2022 ⁴
Total net asset value (000's) ¹	\$958	\$1,002
Number of Units outstanding ¹	55,000	55,000
Management expense ratio ²	2.71%	2.06%
Trading expense ratio ³	0.01%	0.09%
Portfolio turnover rate ⁴	—	0.00%
Net asset value per Unit ¹	\$17.42	\$18.22
Closing Market Price ⁵	\$17.39	\$17.99

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

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.

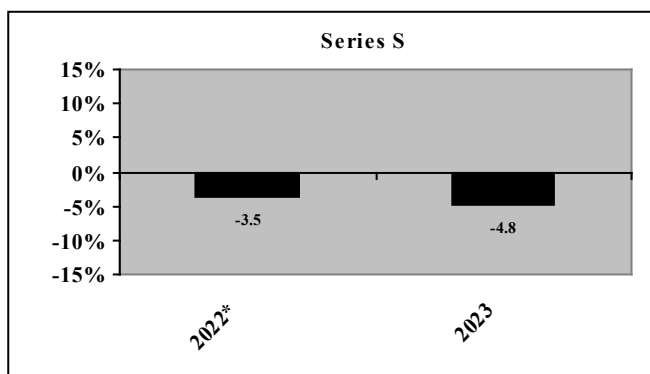
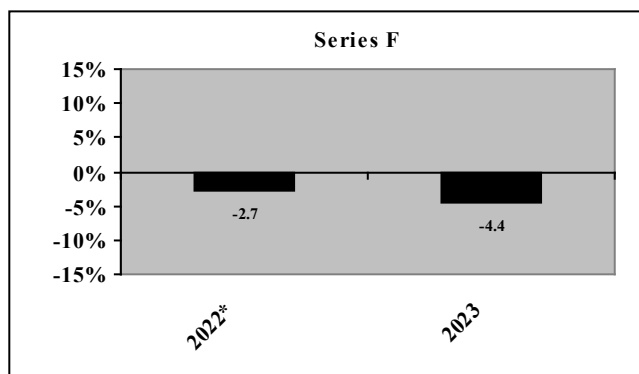
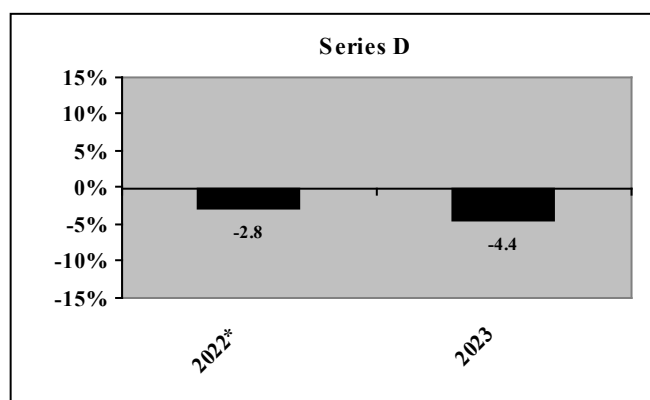
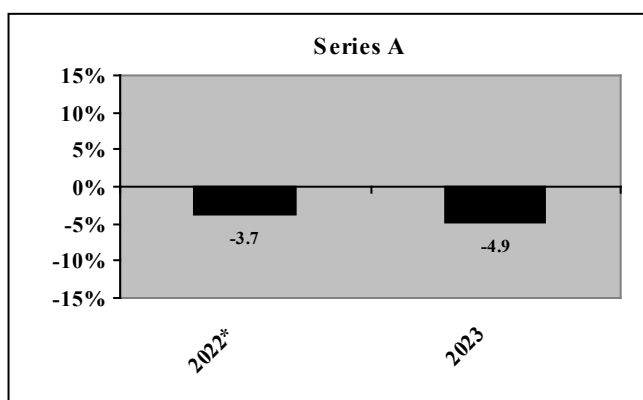
5 Last closing price before the period end June 30, 2023 and year end December 31 for the years shown.

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.

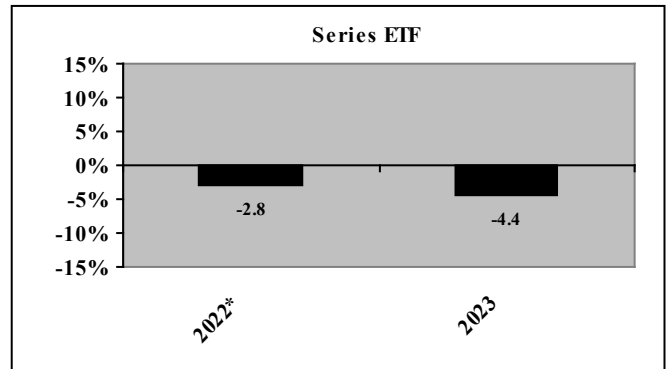
Year-by-Year Returns

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



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* Return from February 16, 2022 (launch date) to December 31, 2022, for Series A, Series D, Series F, Series S, Series SF and ETF Series (not annualized).

Summary of Investment Portfolio

As at June 30, 2023

Portfolio Allocation

	% of Net Asset Value
Short Term Investments	95.5
Other Net Assets	7.1
Cash	4.7
Futures Contracts*	(7.3)
Total Net Asset Value	100.0

All Positions

Issuer	% of Net Asset Value
U.S. Treasury Bill, 0.000%, Oct 5, 2023	95.5
UK Emissions Allowances Energy**, Dec 18, 2023	33.7
Regional Greenhouse Gas Initiative Vintage**, Dec 22, 2023	27.1
California Carbon Allowance Vintage**, Dec 22, 2023	24.8
European Union Allowance (EUA)**, Dec 18, 2023	21.4
Cash	4.7

* Positions in futures contracts are disclosed as the gain/(loss) that would be realized if the contracts were closed out on 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.

** Positions in futures contracts are disclosed in terms of their notional exposure. All futures positions are speculative in nature.

Corporate Information

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