



Ninepoint Concentrated Canadian Equity Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2019

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 Concentrated Canadian Equity Fund (the “Fund”) is to seek to provide unitholders with long term capital appreciation by investing primarily in a concentrated portfolio of Canadian equity securities. To achieve the Fund’s investment objective, the Fund will invest primarily in equity securities using a value investment approach by seeking to invest in undervalued companies with a strong or improving fundamentals, healthy financial position and proven management.

As part of its investment strategy, the Fund may:

- invest in American Depositary Receipts (“ADRs”) and similar types of foreign securities that does not exceed approximately 10%, at the time of investment on a cost basis, of its assets;
- temporarily hold all or a portion of its assets in cash, money market instruments, and securities of affiliated money market funds in anticipation of or in response to adverse market conditions, for cash management purposes, for defensive purposes, for rebalancing purposes or for purposes of a merger or other transactions; and
- engage in securities lending as permitted by the Canadian securities regulations.

Scheer Rowlett & Associates Investment Management Ltd. is the subadvisor for the Fund.

Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. During its annual review of the investment risk level of the Fund, in accordance with methodology required by the Canadian securities regulators, the Manager changed the risk rating from medium to low to medium. This Fund is suitable for those investors seeking long-term capital growth wanting to share in the opportunities offered by the growth potential of Canadian equity securities with a low to medium tolerance for risk and volatility and a long term investment horizon

Results of Operations and Recent Developments

The Fund, Series A returned 21.1% in 2019, while its benchmark, S&P/TSX Composite Index, returned 22.9%.

Global equities were strong in the year as they rebounded from the depressed markets of late 2018. Volatility arose from uncertainties related to U.S.-China trade concerns, political challenges in Europe, including a new Italian government and the U.K.’s negotiations to exit the European Union (“Brexit”), and protests in Hong Kong.

Against this backdrop, a number of central banks including the U.S. Federal Reserve Board and European Central Bank took measures to reduce interest rates and increase liquidity. By year-end, the U.S. and China had reached a partial agreement, the U.K. election had given the Conservatives the ability to pursue Brexit and economies were starting to see growth.

At the individual security level, the top contributors to the Fund’s performance were WestJet Airlines Ltd., Canfor Corp. and Detour Gold Corp. WestJet rallied substantially after an all-cash takeover offer from Onex Corp. The major shareholder of Canfor announced a take-private transaction at a 75% premium. Detour Gold benefited from higher gold prices, operational improvements at its sole mine site in northern Ontario (Detour Lake) under new management and a share exchange offer later in the year from Kirkland Lake Gold Ltd.

The top individual detractors from performance were Sherritt International Corp., Uni-Select Inc. and Methanex Corp. Sherritt announced weak results due to a 70% decline in cobalt prices (cobalt credits reduce nickel production costs). Sherritt’s near-term bonds fell to distressed levels, and the subadvisor sold the position. Uni-Select was weak in response to limited news regarding the strategic review process for its auto after-market businesses in Canada, the U.S. and the U.K. In December, the company announced a convertible debenture financing that was not well received by the market. Methanex suffered from declining methanol prices.

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In addition to the trades mentioned above, a number of transactions took place as stock price volatility took positions up to levels approaching the subadvisor's estimate of fair valuation, allowing the Fund to realize gains and find value elsewhere. In the industrials sector, NFI Group Inc. and Transcontinental Inc. were added. In materials, Major Drilling Group International Inc. and Lundin Mining Corp. were sold in favour of a new position in Hudbay Minerals Inc. Interfor Corp. was bought and then sold after it rallied in the third quarter. Conversely, Nutrien Ltd. was sold in the first quarter and repurchased at an approximately 15% lower price in the fourth quarter. In the energy sector, Suncor Energy Inc. and Canadian Natural Resources Ltd. were eliminated, and Encana Inc. was added. In other sectors, Rogers Communications Inc. and Fairfax Financial Holdings Ltd. were added.

Based on valuation concerns, the Fund had no exposure to expensive areas of the market such as health care, utilities, pipelines, real estate investment trusts, consumer staples and information technology. Instead, the Fund held attractively priced companies in financials (banks), basic materials, energy, consumer discretionary, industrials and communication services.

The Fund's total net asset value decreased by 6.9% during the year, from \$29.2 million as at December 31, 2018 to \$27.2 million as at December 31, 2019. This change was predominately due to net redemptions of \$6.9 million, offset by net realized and unrealized gains on investments of \$5.8 million.

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 2.25% for Series A units, 1.75% for Series D units, 1.25% for Series F units, 1.15% for Series PF 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, 2019, the Fund incurred management fees of \$695,150 (including taxes). 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 Concentrated Canadian Equity Fund – Series A	56%	44%
Ninepoint Concentrated Canadian Equity Fund – Series D	71%	29%
Ninepoint Concentrated Canadian Equity Fund – Series F	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$35,941 during the year ended December 31, 2019 to Sightline Wealth Management (formerly, SP Wealth), an affiliate of the Manager.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, trustee, filing and administrative expenses as well as unitholder 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 certain Funds. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions are at the Manager's discretion and can be terminated at any time without notice. The Manager did not absorb any expenses during the year ended December 31, 2019.

OTHER RELATED PARTY TRANSACTIONS

For related party transactions, the Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee.

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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, 2019	Dec 31, 2018 ⁴
	\$	\$
Series A		
Net assets, beginning of period	8.57	10.00
Increase (decrease) from operations:		
Total revenue	0.28	0.26
Total expenses	(0.38)	(0.28)
Realized gains (losses) for the period	0.36	–
Unrealized gains (losses) for the period	1.56	(1.29)
Total increase (decrease) from operations²	\$1.82	(1.31)
Distributions:		
From capital gains	0.20	–
Total annual distributions³	0.20	–
Net assets, end of period	10.16	8.57

	Dec 31, 2019	Dec 31, 2018 ⁴
	\$	\$
Series D		
Net assets, beginning of period	8.48	10.00
Increase (decrease) from operations:		
Total revenue	0.29	0.18
Total expenses	(0.34)	(0.09)
Realized gains (losses) for the period	0.76	(0.01)
Unrealized gains (losses) for the period	0.99	(1.56)
Total increase (decrease) from operations²	\$1.70	(1.48)
Distributions:		
From dividends	0.03	–
From capital gains	0.44	–
Total annual distributions³	0.47	–
Net assets, end of period	9.85	8.48

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Series F	Dec 31, 2019 \$	Dec 31, 2018 ⁴ \$
Net assets, beginning of period	8.63	10.00
Increase (decrease) from operations:		
Total revenue	0.29	0.26
Total expenses	(0.28)	(0.19)
Realized gains (losses) for the period	0.39	–
Unrealized gains (losses) for the period	1.52	(1.23)
Total increase (decrease) from operations²	\$1.92	(1.16)
Distributions:		
From dividends	0.01	–
From capital gains	0.44	–
Total annual distributions³	0.45	–
Net assets, end of period	10.12	8.63

1 This information is derived from the Fund's 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 assets 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 beginning to ending net assets per unit.

3 Distributions are reinvested in additional units of the Fund.

4 Information provided is for the period from March 29, 2018 (launch date) for Series F, April 10, 2018 (first issuance) for Series A, and June 7, 2018 (first issuance) for Series D, to December 31, 2018.

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Ratios and Supplemental Data

	Dec 31, 2019	Dec 31, 2018
Series A		
Total net asset value (000s) ¹	\$26,055	\$28,108
Number of units outstanding ¹	2,563,374	3,281,428
Management expense ratio ²	3.42%	3.21%
Trading expense ratio ³	0.65%	0.69%
Portfolio turnover rate ⁴	140.07%	115.76%
Net asset value per unit ¹	\$10.16	\$8.57
Series D		
Total net asset value (000s) ¹	\$43	\$8
Number of units outstanding ¹	4,343	960
Management expense ratio ²	2.91%	2.67%
Trading expense ratio ³	0.65%	0.69%
Portfolio turnover rate ⁴	140.07%	115.76%
Net asset value per unit ¹	\$9.85	\$8.48
Series F		
Total net asset value (000s) ¹	\$1,139	\$1,125
Number of units outstanding ¹	112,60	130,330
Management expense ratio ²	2.32%	2.10%
Trading expense ratio ³	0.65%	0.69%
Portfolio turnover rate ⁴	140.07%	115.76%
Net asset value per unit ¹	\$10.12	\$8.63

1 The 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 the daily average net asset value during the period.

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.

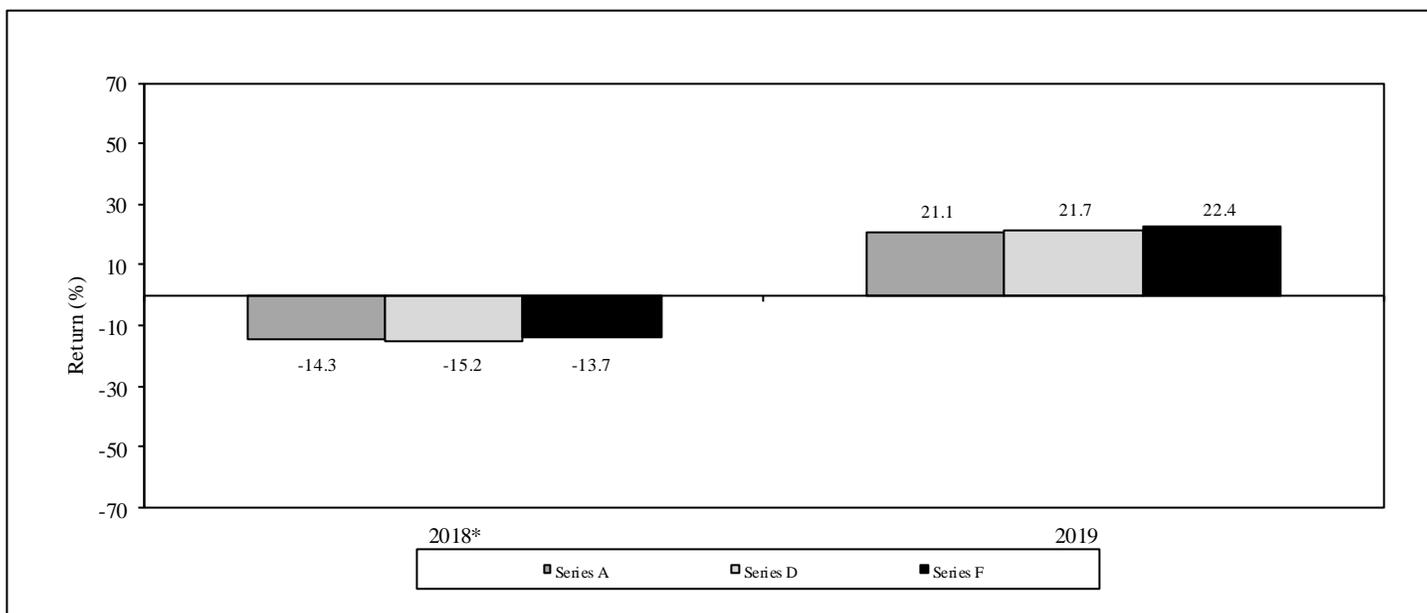
4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio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



* Return from March 29, 2018 (launch date) for Series F, April 10, 2018 for Series A and June 7, 2018 for Series D, to December 31, 2018 (not annualized).

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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 S&P/TSX Composite Index, which is a capitalization-weighted index designed to measure market activity of stocks listed on the TSX. Since the Fund does not necessarily invest in the same securities 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 Concentrated Canadian Equity Fund – Series A	21.1%	2.1%
S&P/TSX Composite Index	22.9%	10.0%
Ninepoint Concentrated Canadian Equity Fund – Series D	21.7%	2.6%
S&P/TSX Composite Index	22.9%	8.3%
Ninepoint Concentrated Canadian Equity Fund – Series F	22.4%	3.3%
S&P/TSX Composite Index	22.9%	10.0%

* Since launch date of March 29, 2018 for Series F, April 10, 2018 for Series A, and June 7, 2018 for Series D.

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Summary of Investment Portfolio

As at December 31, 2019

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Financials	41.2
Materials	17.8
Energy	12.7
Industrials	10.4
Short-Term Investments	8.4
Consumer Discretionary	7.0
Communication Services	3.6
Total Long Positions	101.1
Cash	0.3
Other Net Liabilities	(1.4)
Total Net Asset Value	100.0

Top 25 Long Positions

Issuer	% of Net Asset Value
Toronto-Dominion Bank	8.4
Royal Bank of Canada	7.9
Bank of Nova Scotia	6.6
Canadian Treasury Bill, 0.000%, Feb 20, 2020	6.2
Canadian Imperial Bank of Commerce	5.2
Teck Resources Ltd.	3.9
Methanex Corp.	3.8
NFI Group Inc.	3.8
Nutrien Ltd.	3.7
Rogers Communications Inc.	3.6
Manulife Financial Corp.	3.5
Uni-Select Inc.	3.5
Encana Corp.	3.4
Fairfax Financial Holdings Ltd.	3.4
Sleep Country Canada Holdings Inc.	3.4
Element Fleet Management Corp.	3.3
Cenovus Energy Inc.	3.3
Transcontinental Inc.	3.3
CI Financial Inc.	3.2
Detour Gold Corp.	3.2
Hudbay Minerals Inc.	3.2
Crescent Point Energy Corp.	3.1
Power Corporation of Canada.	3.1
Trican Well Service Ltd.	2.9
Canadian Treasury Bill, 0.000%, Feb 6, 2020	1.1
Total 25 positions as a percentage of net asset value	100.0

The Fund held no short positions as at December 31, 2019.

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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