



Ninepoint Alternative Credit Opportunities 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 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 and Recent Developments

The Fund, Series A returned -8.3% in the first half of 2022, while its benchmark, the Bloomberg Barclays Canada Aggregate - Corporate Total Return Index Unhedged (CAD), returned -10.6%.

The first half of 2022 has been extremely challenging as most major asset classes have experienced large drawdowns. Equities, credit and government bonds have all significantly dropped in value. The overwhelming reason has been the pivot in thinking from transitory inflation to persistent inflation. Strong consumer demand from the world re-opening post COVID lockdowns coupled with Russia’s invasion of Ukraine (leading to elevated commodity prices) has only added fuel to the inflation fire. Subsequently, central banks across the world have materially tightened monetary policy in the form of higher interest rates. This has led to a dramatic re-pricing in the bond market this year in the form of higher yields across the entire curve. The prevailing narrative has now shifted to whether central banks will hike the global economy into recession with market participants placing varying odds on this event. Central banks are still very much in policy tightening mode and as monetary policy operates with a multi-quarter lag, only time will tell how much economic growth will be impacted in subsequent quarters.

Wider credit spreads and higher government bond yields has resulted in the first half of 2022 being an exceptionally challenging year for fixed income investors. Simply put, there has been nowhere to hide. By design, this strategy has minimal exposure to interest rates, with more focus on credit, meaning gyrations in interest rates do not affect it as much as more typical bond funds. Nevertheless, we have kept our duration very low throughout the year to mitigate higher expected interest rates but the move higher in rates still had a negative effect on performance. Our floating rate exposure did help mitigate some of the adverse impacts of higher rates. As the Fund is credit centric, wider credit spreads have also hurt performance. Diversification across credit ratings and sectors has helped, but everything has suffered so far this year. The higher-beta portions of the corporate bond market have relatively underperformed such as Limited Recourse Capital Notes (LRCN) which we have exposure to. We came into this year owning many different energy issuers as their fundamentals remained very strong and have used this year to trim many of those positions to take advantage of their relative outperformance. While corporate bond new issuance slowed down in Q2/2022, H1/2022 had a large amount of Canadian bank issuance resulting in Canadian bank spreads underperforming other parts of the bond market. We have used this opportunity to add to the Canadian banks as the liquidity is superior to many other parts of the market which should prove to be beneficial if times become increasingly challenging.

For most of the year we have believed that central banks will be able to orchestrate the proverbial soft-landing as we expected inflation to start trending downwards as we approached the summer months. However, inflation continues to run hot across the world resulting in the probability of a soft-landing become harder to do. While we won’t know which economic scenario will ultimately prevail, we have been high-grading the portfolio over the past couple months to ensure resiliency. We have been trimming more cyclical names in favour of more defensive names. We have also kept duration very low to combat higher rates, but we expect there will come a time to extend duration if government yields crest and potentially head lower.

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The Fund's net asset value increased by 51.4% during the period, from \$117.3 million as at December 31, 2021 to \$177.6 million as at June 30, 2022. This change was predominantly due to net subscriptions of \$77.7 million, offset by net realized and unrealized losses on investments and derivatives of \$16.4 million.

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, 2022, the Fund incurred management fees (including taxes) of \$802,045. 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	47%	53%
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 \$170 during the period ended June 30, 2022, 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, 2022, 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, 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.

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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, 2022 and each of the previous years ended December 31 shown, unless otherwise indicated.

The Fund's Net Assets per Unit¹

	June 30 2022	Dec 31, 2021 ⁴
	\$	\$
Series A		
Net assets, beginning of period	9.91	10.00
Increase (decrease) from operations:		
Total revenue	0.37	0.43
Total expenses	(0.19)	(0.23)
Realized gains (losses) for the period	0.07	0.01
Unrealized gains (losses) for the period	(1.07)	(0.25)
Total increase (decrease) from operations²	(0.82)	(0.04)
Distributions:		
From income (excluding dividends)	0.26	0.19
From dividends	–	0.00
From return of capital	–	–
Total annual distributions³	0.26	0.19
Net assets, end of period	8.83	9.91

	June 30 2022	Dec 31, 2021 ⁴
	\$	\$
Series F		
Net assets, beginning of period	9.90	10.00
Increase (decrease) from operations:		
Total revenue	0.37	0.44
Total expenses	(0.17)	(0.20)
Realized gains (losses) for the period	0.07	(0.01)
Unrealized gains (losses) for the period	(1.06)	(0.22)
Total increase (decrease) from operations²	(0.79)	0.01
Distributions:		
From income (excluding dividends)	0.26	0.22
From dividends	–	0.00
From return of capital	–	–
Total annual distributions³	0.26	0.22
Net assets, end of period	8.84	9.90

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	June 30, 2022	Dec 31, 2021 ⁴
	\$	\$
Series QF		
Net assets, beginning of period	9.94	10.00
Increase (decrease) from operations:		
Total revenue	0.38	0.17
Total expenses	(0.17)	(0.13)
Realized gains (losses) for the period	0.10	(0.02)
Unrealized gains (losses) for the period	(1.05)	(0.04)
Total increase (decrease) from operations²	(0.74)	(0.02)
Distributions:		
From income (excluding dividends)	0.26	0.04
From dividends	–	–
From return of capital	–	–
Total annual distributions³	0.26	0.04
Net assets, end of period	8.88	9.94

	June 30, 2022	Dec 31, 2021 ⁴
	\$	\$
ETF Series		
Net assets, beginning of period	19.71	20.00
Increase (decrease) from operations:		
Total revenue	0.76	0.87
Total expenses	(0.34)	(0.41)
Realized gains (losses) for the period	0.17	0.01
Unrealized gains (losses) for the period	(2.01)	(0.44)
Total increase (decrease) from operations²	(1.42)	0.03
Distributions:		
From income (excluding dividends)	0.44	0.52
From dividends	–	0.01
From return of capital	–	0.01
Total annual distributions³	0.44	0.54
Net assets, end of period	17.68	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.

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Ratios and Supplemental Data

Series A	June 30, 2022	Dec 31, 2021
Total net asset value (000's) ¹	\$6,650	\$8,650
Number of Units outstanding ¹	752,872	873,115
Management expense ratio ²	1.58%	1.77%
Management expense ratio before incentive fees ²	1.58%	1.76%
Trading expense ratio ³	0.00%	0.06%
Portfolio turnover rate ⁴	71.63%	31.37%
Net asset value per Unit ¹	\$8.83	\$9.91

Series F	June 30, 2022	Dec 31, 2021
Total net asset value (000's) ¹	\$102,987	\$93,861
Number of Units outstanding ¹	11,646,825	9,478,487
Management expense ratio ²	1.10%	1.31%
Management expense ratio before incentive fees ²	1.10%	1.28%
Trading expense ratio ³	0.00%	0.06%
Portfolio turnover rate ⁴	71.63%	31.37%
Net asset value per Unit ¹	\$8.84	\$9.90

Series QF	June 30, 2022	Dec 31, 2021
Total net asset value (000's) ¹	\$13,585	\$7,917
Number of Units outstanding ¹	1,530,172	796,861
Management expense ratio ²	0.99%	1.27%
Management expense ratio before incentive fees ²	0.99%	1.27%
Trading expense ratio ³	0.00%	0.06%
Portfolio turnover rate ⁴	71.63%	31.37%
Net asset value per Unit ¹	\$8.88	\$9.94

Series ETF	June 30, 2022	Dec 31, 2021
Total net asset value (000's) ¹	\$54,361	\$6,899
Number of Units outstanding ¹	3,075,000	350,000
Management expense ratio ²	1.10%	1.38%
Management expense ratio before incentive fees ²	1.10%	1.34%
Trading expense ratio ³	0.00%	0.06%
Portfolio turnover rate ⁴	71.63%	31.37%
Net asset value per Unit ¹	\$17.68	\$19.71
Closing Market Price	\$17.64	\$19.74

1 This information is provided as at June 30, 2022 and December 31 for the years shown prior to 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.

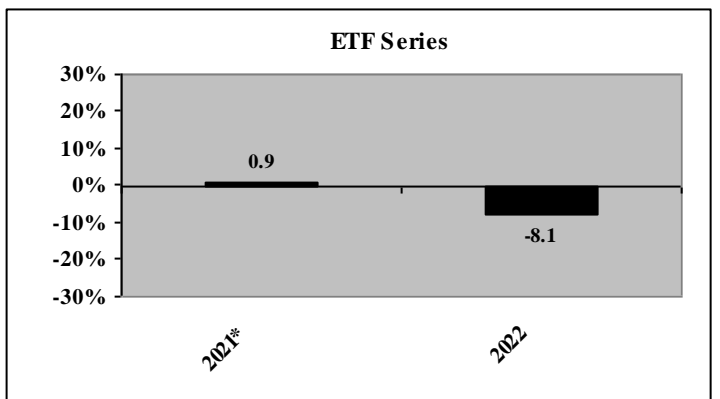
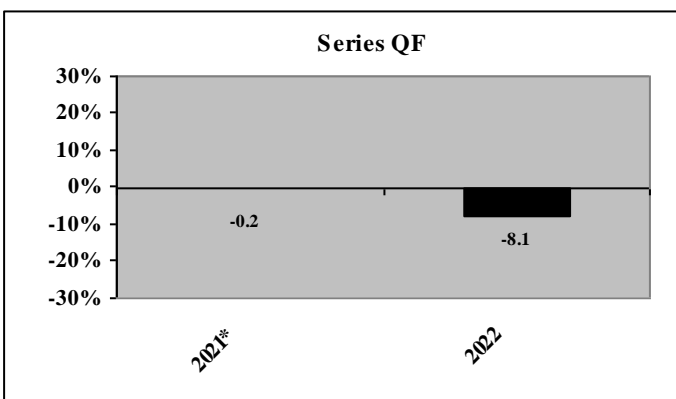
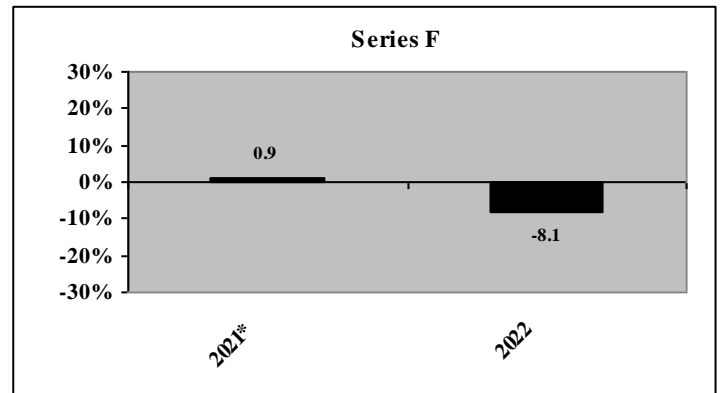
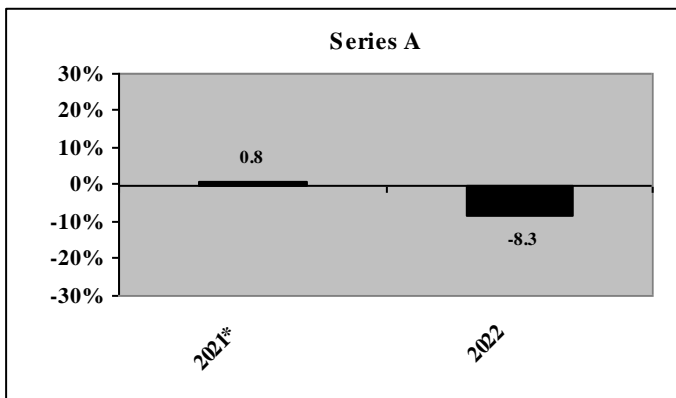
4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover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

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.



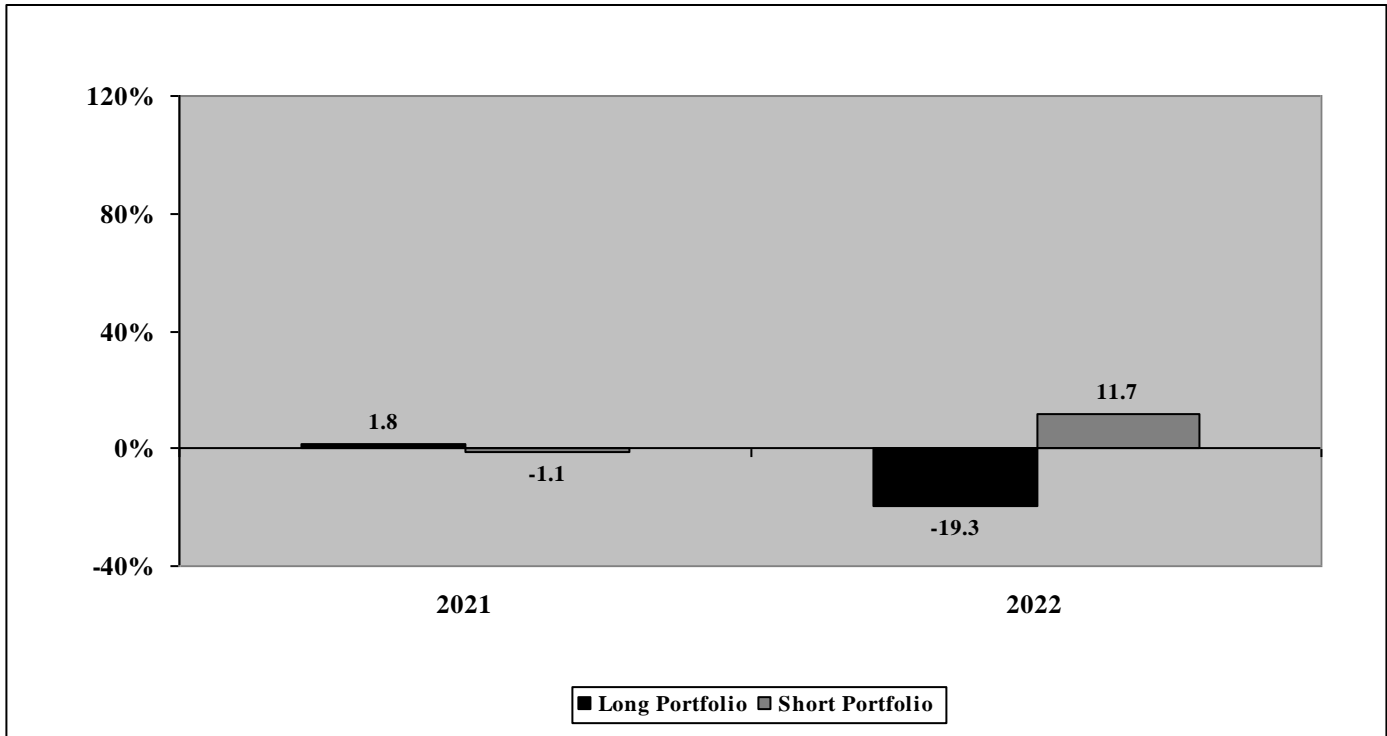
* Return from May 11, 2021 (launch date) for Series F, May 12, 2021 (first issuance) for ETF Series, May 15, 2021 (first issuance) for Series A, and November 24, 2021 (first issuance) for Series QF, to December 31, 2021 (not annualized).

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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, 2022 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, 2022

Portfolio Allocation		Top 25 Long Positions	
	% of Net Asset Value	Issuer	% of Net Asset Value
Long Positions		National Australia Bank Limited, Callable, 3.515%, Jun 12, 2030	3.0
Investment Grade Bonds	160.9	The Toronto-Dominion Bank, Callable, 3.060%, Jan 26, 2032	3.0
High Yield Bonds	27.6	The Toronto-Dominion Bank, Callable, 3.600%, Oct 31, 2081	2.8
Asset-Backed Securities	15.6	Cogeco Communications Inc., Callable, 2.991%, Sep 22, 2031	2.6
Loans	4.3	Co-operators Financial Services Limited, Callable, 3.327%, May 13, 2030	2.2
Preferred Equities	1.4	Macquarie Group Limited, Callable, 2.723%, Aug 21, 2029	2.1
Government Bonds	0.2	Great-West Lifeco Inc., Callable, 3.600%, Dec 31, 2081	2.1
Warrants	0.2	Fairfax Financial Holdings Limited, Callable, 3.950%, Mar 3, 2031	2.1
Total Long Positions	210.2	Barclays PLC, Callable, 2.166%, Jun 23, 2027	2.0
Short Positions		Brookfield Infrastructure Finance ULC, Callable, 2.855%, Sep 1, 2032	1.9
Government Bonds	(112.4)	Athene Global Funding, 2.470%, Jun 9, 2028	1.9
Total Short Positions	(112.4)	SNC-Lavalin Group Inc., Callable, 3.800%, Aug 19, 2024	1.9
Other Net Assets	2.3	Inter Pipeline Limited, Callable, 4.232%, Jun 1, 2027	1.9
Bank Indebtedness	(0.1)	CARDS II Trust, 3.609%, Jan 15, 2025	1.9
Total Net Asset Value	100.0	Cameco Corporation, Callable, 2.950%, Oct 21, 2027	1.8
		Hyundai Capital Canada Inc., Callable, 3.196%, Feb 16, 2027	1.8
		Suncor Energy Inc., Callable, 5.000%, Apr 9, 2030	1.7
		Russel Metals Inc., Callable, 5.750%, Oct 27, 2025	1.7
		Laurentian Bank of Canada, 4.600%, Sep 2, 2025	1.7
		The Bank of Nova Scotia, Callable, 3.890%, Jan 18, 2029	1.7
		Tamarack Valley Energy Limited, Callable, 7.250%, May 10, 2027	1.7
		The Bank of Nova Scotia, Callable, 3.700%, Jul 27, 2081	1.7
		Canadian Imperial Bank of Commerce, Callable, 2.950%, Jun 19, 2029	1.6
		Primaris Real Estate Investment Trust, Callable, 4.727%, Mar 30, 2027	1.6
		Canadian Imperial Bank of Commerce, Callable, 4.200%, Apr 7, 2032	1.6
		Total 25 long positions as a percentage of Net Asset Value	50.0
Portfolio Allocation by Geographic Region			
	% of Net Asset Value		
Canada	73.8		
United States	12.5		
Australia	5.1		
United Kingdom	3.8		
France	1.5		
Luxembourg	1.1		
Total Positions	97.8		
Other Net Assets	2.3		
Bank Indebtedness	(0.1)		
Total Net Asset Value	100.0		

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All Short Positions

<u>Issuer</u>	<u>% of Net Asset Value</u>
Government of Canada, 2.000%, Jun 1, 2028	(16.6)
Government of Canada, 1.250%, Jun 1, 2030	(16.4)
Government of Canada, 1.000%, Jun 1, 2027	(14.4)
Government of Canada, 1.500%, Jun 1, 2026	(11.6)
Government of Canada, 2.250%, Jun 1, 2029	(8.5)
Government of Canada, 1.000%, Sep 1, 2026	(7.5)
Government of Canada, 2.250%, Jun 1, 2025	(7.3)
Government of Canada, 1.500%, Jun 1, 2031	(7.3)
Government of Canada, 0.500%, Dec 1, 2030	(6.6)
Government of Canada, 1.250%, Mar 1, 2027	(4.1)
Government of Canada, 0.500%, Sep 1, 2025	(3.1)
Government of Canada, 0.250%, Mar 1, 2026	(2.1)
Government of Canada, 1.500%, Dec 1, 2031	(2.0)
Government of Canada, 1.500%, Sep 1, 2024	(1.2)
Government of Canada, 2.000%, Dec 1, 2051	(1.1)
United States Treasury Notes, 0.750%, Jan 31, 2028	(1.0)
Government of Canada, 5.750%, Jun 1, 2033	(0.7)
Government of Canada, 1.250%, Mar 1, 2025	(0.6)
United States Treasury Notes, 1.875%, Feb 15, 2032	(0.3)
<u>All short positions as a percentage of Net Asset Value</u>	<u>(112.4)</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

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