



Ninepoint Convertible Securities 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 Convertible Securities Fund (the “Fund”) is to provide investors with income and long-term capital appreciation by investing primarily in a portfolio of convertible securities. To achieve the Fund’s investment objective, the Fund will seek opportunities for the Fund to participate in the potential growth of the common stocks underlying convertible securities, while seeking to earn income that is generally higher than the income those common stocks would provide. The Fund expects to invest at least 80% of its net assets under normal conditions in convertible securities. The Fund invests primarily in U.S. securities, however the Fund may invest up to 15% of its total assets in Eurodollar convertible securities and up to an additional 20% of its total assets in other foreign securities. The Fund also may invest directly in equity securities.

As part of its investment strategy, the Fund may:

- engage in securities lending as permitted by securities regulations;
- engage in short selling in a manner that is consistent with the Fund’s investment objective and as permitted by securities regulations; 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 securities regulations.

Columbia Threadneedle Investments is the subadvisor of the Fund.

Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable for those investors seeking income and long-term capital growth through exposure to convertible securities. This Fund is suitable for investors with a low to medium tolerance for risk and have a long-term investment horizon.

Results of Operations and Recent Developments

The Fund, Series A returned -19.7% in the first half of 2022, while its benchmark, the ICE BofA US Convertibles Index, returned -18.5%.

Convertible securities, after performing very well in the span from 2019-2021, experienced a sizeable downturn in the first six months of 2022, reflecting the weakness in the broader financial markets. Issuers in the category tend to be tilted toward higher growth market segments, including the information technology and consumer discretionary sectors. This proved to be a headwind in the past six months, during which value stocks outperformed and the growth style came under pressure from rising interest rates.

Inflation climbed to the highest level in over 40 years, prompting the U.S. Federal Reserve (Fed) to end its stimulative quantitative easing policy and raise short-term interest rates by 150 basis points during the period. Investors’ appetite for risk waned considerably due to the combination of tighter Fed policy, weaker economic data, and the ongoing war in Ukraine. The prospect of rising rates weighed on longer duration assets; in other words, those with cash flows weighted further in the future. This was a significant headwind for the types of growth companies that tend to be heavily represented in the convertible market, since investors avoided faster growers with little regard for the fundamentals of individual companies. New-issue supply largely dried up from its rapid pace of 2020/2021, as lower investor demand led to less favorable pricing conditions. Taken together, these factors caused the benchmark to fall to its lowest level in approximately two years.

During the period, the Fund benefited from the strong showing of its holdings in securities with above average sensitivity to the strength in commodity prices. An oil drilling company was a top performer for the Fund during the six month period, as was a holding in a coal producer, an independent natural gas producer and a specialty metals company.

On the other hand, many of the Fund’s largest detractors came from the underperforming information technology and consumer discretionary sectors. Within information technology, an equity position in a semiconductor software company and a convertible holding in a technology company known for its photo messaging app were caught up in the downdraft as investors favored value over growth during the period. The technology company known for its photo messaging app faced an additional headwind from the privacy policies being implemented by Apple and Google. Third party app providers experienced slower growth and declining valuations as a result, weighing on their asset prices.

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Consumer discretionary was another area of weakness, largely as a result of holdings in an e-commerce company specializing in furniture and home goods and an online marketplace for handmade and vintage items. We continue to evaluate holdings on an issuer-by-issuer basis, rather than being reactive to the various headlines affecting specific sectors and the market as a whole.

With respect to portfolio activity, we made a fair degree of changes during the period. Rapid market movements and a wide dispersion in sector returns created opportunities to rotate out of certain outperforming securities and capitalize on values elsewhere. On the buy side, we were active in terms of both the new issue market and adding to existing holdings that lagged due to broader macroeconomic factors.

The recent sell-off in convertibles, while challenging for investors in the short term, in fact makes us more optimistic about the outlook for the next 12 months. Although we believe it's reasonable to expect more volatility in the near term, we would note that the category's overall equity sensitivity fell considerably in the first half of the year as the likelihood of debt-to-equity conversion for many securities declined. Still, as long as the issuing companies remain healthy, investors can hold the convertibles to maturity and recoup the value of their initial investment—something that cannot always be said with respect to common stocks. It is therefore reasonable to expect, in our view, that if equities continue to trend lower in anticipation of a recession, convertibles may be in a position for improving relative performance. In addition, the reduced level of new-issue supply, while a sign of challenging market conditions, also represents a potential longer term positive for the supply-and-demand equation. Finally, a large percentage of the market was trading below par at the end of June. This indicates potential upside for fundamentally sound issuers as this gap gradually closes over time.

We believe these factors, in combination, may help create the foundation for stronger performance for convertibles in the second half of the year. We remain on the lookout for the opportunity to invest in securities that have fallen to attractive yields but that continue to feature robust underlying fundamentals.

The Fund's net asset value decreased by 57.2% during the period, from \$38.6 million as at December 31, 2021 to \$16.5 million as at June 30, 2022. This change was predominantly due to net redemptions of \$15.4 million, and realized and unrealized losses on investments of \$6.5 million.

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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 and Series F units, 1.65% for Series PF, 1.55% 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 \$323,541. 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 Convertible Securities Fund – Series A	72%	28%
Ninepoint Convertible Securities Fund – Series D	100%	–
Ninepoint Convertible Securities Fund – Series F	100%	–
Ninepoint Convertible Securities Fund – Series QF	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$4,530 during the period ended June 30, 2022, to Sightline Wealth Management, an affiliate of the manager.

INCENTIVE FEES

The Fund also pays the Manager an annual incentive fee, equal to a percentage of the average net asset value of the applicable Series of the Fund. Such percentage will be equal to 20% of the difference by which the return in net asset value per unit of the applicable Series from January 1 to December 31 exceeds the percentage return of the ICE BofA US Convertibles Index in Canadian dollar terms (or any successor index to such index) for the same period. If the performance of a Series of the Fund in any year is less than the performance of the Index (the “Deficiency”), then no incentive fee will be payable until the performance of the applicable Series, on a cumulative basis, has exceeded the amount of the Deficiency. For the period ended June 30, 2022, the Fund did not accrue incentive 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	10.08	10.00
Increase (decrease) from operations:		
Total revenue	0.08	0.10
Total expenses	(0.14)	(0.23)
Realized gains (losses) for the period	(0.73)	(0.10)
Unrealized gains (losses) for the period	(1.06)	0.31
Total increase (decrease) from operations²	(1.85)	0.08
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	8.09	10.08

	June 30, 2022	Dec 31, 2021 ⁴
	\$	\$
Series D		
Net assets, beginning of period	10.14	10.00
Increase (decrease) from operations:		
Total revenue	0.09	0.10
Total expenses	(0.10)	(0.19)
Realized gains (losses) for the period	(1.81)	(0.11)
Unrealized gains (losses) for the period	(0.74)	0.31
Total increase (decrease) from operations²	(2.56)	0.11
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	8.16	10.14

	June 30, 2022	Dec 31, 2021 ⁴
	\$	\$
Series F		
Net assets, beginning of period	10.11	10.00
Increase (decrease) from operations:		
Total revenue	0.08	0.10
Total expenses	(0.11)	(0.19)
Realized gains (losses) for the period	(0.93)	(0.02)
Unrealized gains (losses) for the period	(1.18)	0.37
Total increase (decrease) from operations²	(2.14)	0.26
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	8.14	10.11

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	June 30, 2022 ⁵	Dec 31, 2021 ⁴
	\$	\$
Series QF		
Net assets, beginning of period	10.14	10.00
Increase (decrease) from operations:		
Total revenue	0.08	0.10
Total expenses	(0.10)	(0.17)
Realized gains (losses) for the period	(0.34)	(0.07)
Unrealized gains (losses) for the period	(1.30)	0.28
Total increase (decrease) from operations²	(1.74)	0.14
Distributions:		
Total annual distributions³	–	–
Net assets, end of period	–	10.14

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 March 16, 2021 (launch date) for Series F, March 20, 2021 (first issuance) for Series A and Series D and March 24, 2021 (first issuance) for Series QF, to December 31, 2021.

5 All Series QF units were fully redeemed during the period ended June 30, 2022.

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Ratios and Supplemental Data

	June 30, 2022	Dec 31, 2021
Series A		
Total net asset value (000's) ¹	\$8,816	\$19,751
Number of Units outstanding ¹	1,089,304	1,959,001
Management expense ratio ²	2.81%	2.84%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	40.95%	69.31%
Net asset value per Unit ¹	\$8.09	\$10.08
Series D		
Total net asset value (000's) ¹	\$5,645	\$51
Number of Units outstanding ¹	691,574	5,071
Management expense ratio ²	2.15%	2.31%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	40.95%	69.31%
Net asset value per Unit ¹	\$8.16	\$10.14
Series F		
Total net asset value (000's) ¹	\$2,060	\$5,643
Number of Units outstanding ¹	253,115	558,153
Management expense ratio ²	2.20%	2.29%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	40.95%	69.31%
Net asset value per Unit ¹	\$8.14	\$10.11
Series QF		
Total net asset value (000's) ¹	–	\$13,179
Number of Units outstanding ¹	–	1,300,168
Management expense ratio ²	–	2.11%
Trading expense ratio ³	–	0.00%
Portfolio turnover rate ⁴	–	69.31%
Net asset value per Unit ¹	–	\$10.14

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.

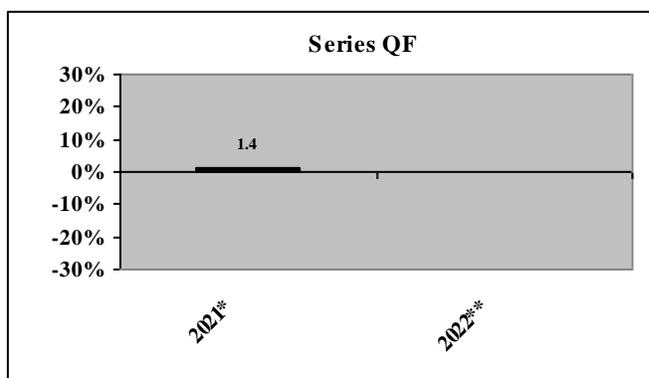
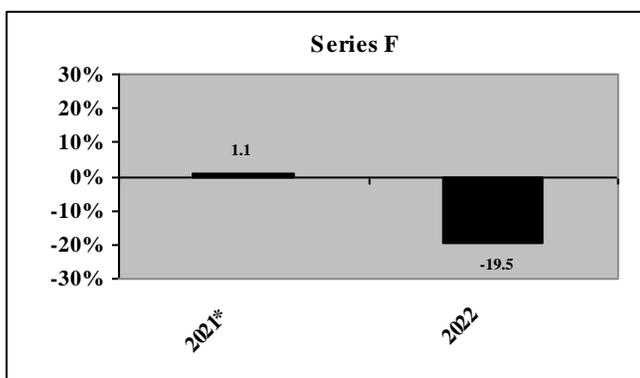
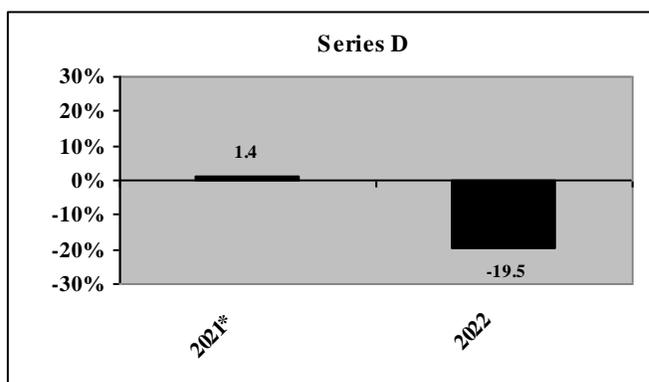
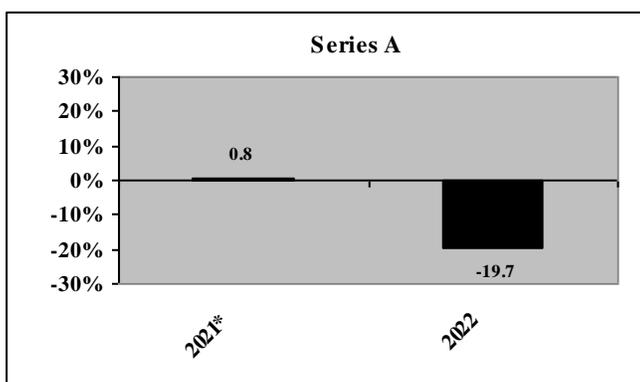
4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover 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 March 16, 2021 (launch date) for Series F, March 20, 2021 (first issuance) for Series A and Series D, and March 24, 2021 (first issuance) for Series QF, to December 31, 2021 (not annualized).

** All outstanding Series QF units were fully redeemed during the period ended June 30, 2022.

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Summary of Investment Portfolio

As at June 30, 2022

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Convertible Bonds	76.3
Convertible Preferred Equities	15.9
Equities	5.2
Total Long Positions	97.4
Cash	2.4
Other Net Assets	0.2
Total Net Asset Value	100.0

Portfolio Allocation by Geographic Region

	% of Net Asset Value
United States	89.2
Canada	3.5
Ireland	1.8
United Kingdom	1.4
China	1.0
Countries less than 1%	0.5
Total Positions	97.4
Cash	2.4
Other Net Assets	0.2
Total Net Asset Value	100.0

Top 25 Long Positions

Issuer	% of Net Asset Value
Palo Alto Networks Inc., 0.375%, Jun 1, 2025	3.3
Cash	2.4
NextEra Energy Inc., Preferred Shares, 6.219%	2.3
Snap Inc., 0.125%, Mar 1, 2028	2.0
Broadcom Inc.	1.9
NCL Corporation Limited, 2.500%, Feb 15, 2027	1.8
Airbnb Inc., 0.000%, Mar 15, 2026	1.7
Okta Inc., 0.375%, Jun 15, 2026	1.6
DISH Network Corporation, 3.375%, Aug 15, 2026	1.6
DTE Energy Company, Preferred Shares, 6.250%	1.5
NiSource Inc., Preferred Shares, 7.750%	1.5
Pioneer Natural Resources Company	1.4
Etsy Inc., 0.250%, Jun 15, 2028	1.4
Lumentum Holdings Inc., 0.500%, Jun 15, 2028	1.3
Liberty Broadband Corporation, Callable, 2.750%, Sep 30, 2050	1.3
Liberty Media Corporation, Callable, 0.500%, Dec 1, 2050	1.3
American Electric Power Company Inc., Preferred Shares, 6.125%	1.3
CenterPoint Energy Inc., Callable, 0.000%, Sep 15, 2029	1.3
2020 Cash Mandatory Exchangeable Trust, Preferred Shares, 5.250%	1.3
Insmed Inc., 0.750%, Jun 1, 2028	1.2
Dropbox Inc., 0.000%, Mar 1, 2028	1.2
Shift4 Payments Inc., 0.500%, Aug 1, 2027	1.1
Zillow Group Inc., 2.750%, May 15, 2025	1.1
Clovis Oncology Inc., 1.250%, May 1, 2025	1.1
Jazz Investments I Limited, 2.000%, Jun 15, 2026	1.1
Total 25 long positions as a percentage of Net Asset Value	39.0

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

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