



Ninepoint Bitcoin ETF

*Annual Financial Statements
and Independent Auditors' Report thereon*

December 31
2022

Independent auditor's report

To the Unitholders of
Ninepoint Bitcoin ETF

Opinion

We have audited the financial statements of **Ninepoint Bitcoin ETF** [the "Fund"], which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income (loss), statement of changes in net assets attributable to holders of redeemable units and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Fund for the period ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on March 30, 2022.

Other information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Queenie Chung.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 30, 2023



A member firm of Ernst & Young Global Limited

Ninepoint Bitcoin ETF

Statements of Financial Position

(in U.S. Dollars)

As at December 31

	2022	2021
	\$	\$
Assets		
Current assets		
Digital assets at fair value (note 3, 5)	15,738,801	55,999,051
Cash	252,130	210,225
Due from broker	-	4,799
Subscriptions receivable	49,219	-
Total assets	16,040,150	56,214,075
Liabilities		
Current liabilities		
Management fees payable (note 10)	240	242
Total liabilities	240	242
Net Assets attributable to holders of redeemable units	16,039,910	56,213,833
Net Assets attributable to holders of redeemable units per series		
Series A	-	-
Series F	-	-
Series ETF	16,039,910	56,213,833
Net Assets attributable to holders of redeemable units per series per unit		
Series A	-	-
Series F	-	-
Series ETF	4.92	13.71
Net Assets attributable to holders of redeemable units per series per unit in \$CAD		
Series A	-	-
Series F	-	-
Series ETF	6.66	17.34

See accompanying notes which are an integral part of these financial statements

On behalf of the Manager, Ninepoint Partners LP,
by its General Partner, Ninepoint Partners GP Inc.



John Wilson
DIRECTOR



James Fox
DIRECTOR

Ninepoint Bitcoin ETF

Statements of Comprehensive Income (Loss)

(in U.S. Dollars)

For the year ended December 31, 2022 and period from January 27, 2021 to December 31, 2021

	2022	2021
	\$	\$
Income		
Interest income	-	178
Net realized gains (losses) on sales of digital assets	(2,052,578)	78,138,688
Change in unrealized appreciation (depreciation) in the value of digital assets	(32,727,229)	17,706,027
Net realized gains (losses) on foreign exchange	(353)	132,010
Total income (loss)	(34,780,160)	95,976,903
Expenses (note 10, 11)		
Management fees	267,508	1,092,617
Custodial fees	199,131	706,623
Audit fees	101,716	141,147
Administrative fees	100,810	153,797
Unitholder reporting fees	31,416	31,656
Legal fees	13,128	9,690
Independent Review Committee fees (note 12)	4,029	1,194
Filing fees	2,330	2,336
Interest expense and bank charges	1,151	7,226
Total expenses	721,219	2,146,286
Expenses waived or absorbed by the Manager (note 11)	(237,227)	(143,274)
Net expenses	483,992	2,003,012
Increase (Decrease) in Net Assets attributable to holders of redeemable units from operations	(35,264,152)	93,973,891
Increase (Decrease) in Net Assets attributable to holders of redeemable units from operations per series		
Series A	(5,562)	-
Series F	(6,215)	-
Series ETF	(35,252,375)	93,973,891
Weighted average number of redeemable units		
Series A	1,000	-
Series F	1,151	-
Series ETF	3,956,064	10,135,075
Increase (Decrease) in Net Assets attributable to holders of redeemable units from operations per series per unit (note 3)		
Series A	(5.56)	-
Series F	(5.40)	-
Series ETF	(8.91)	9.27

See accompanying notes which are an integral part of these financial statements

Ninepoint Bitcoin ETF

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

(in U.S. Dollars)

	2022	2021
	\$	\$
Net Assets attributable to holders of redeemable units, beginning of period		
Series A	-	-
Series F	-	-
Series ETF	56,213,833	-
	56,213,833	-
Increase (Decrease) in Net Assets attributable to holders of redeemable units from operations		
Series A	(5,562)	-
Series F	(6,215)	-
Series ETF	(35,252,375)	93,973,891
	(35,264,152)	93,973,891
Redeemable unit transactions		
Proceeds from redeemable units issued		-
Series A	10,000	-
Series F	11,919	-
Series ETF	8,022,530	181,874,757
Agents' fees and issue expenses		-
Series A	-	-
Series F	-	-
Series ETF	-	(6,216,898)
Redemption of redeemable units		-
Series A	(4,438)	-
Series F	(5,704)	-
Series ETF	(12,944,078)	(213,417,917)
	(4,909,771)	(37,760,058)
Net increase (decrease) in Net Assets attributable to holders of redeemable units		
Series A	-	-
Series F	-	-
Series ETF	(40,173,923)	56,213,833
	(40,173,923)	56,213,833
Net Assets attributable to holders of redeemable units, end of period		
Series A	-	-
Series F	-	-
Series ETF	16,039,910	56,213,833
	16,039,910	56,213,833

See accompanying notes which are an integral part of these financial statements

Ninepoint Bitcoin ETF

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units *continued*

For the year ended December 31, 2022 and period from January 27, 2021 to December 31, 2021

	2022	2021
Units, beginning of period		
Series A	-	-
Series F	-	-
Series ETF	4,098,866	-
	4,098,866	-
Redeemable unit transactions (note 8)		
Redeemable units issued		-
Series A	1,000	-
Series F	1,257	-
Series ETF	735,000	18,598,866
Redemption of redeemable units		-
Series A	(1,000)	-
Series F	(1,257)	-
Series ETF	(1,575,000)	(14,500,000)
	(840,000)	4,098,866
Units, end of period		
Series A	-	-
Series F	-	-
Series ETF	3,258,866	4,098,866
	3,258,866	4,098,866

See accompanying notes which are an integral part of these financial statements

Ninepoint Bitcoin ETF

Statements of Cash Flows

(in U.S. Dollars)

For the year ended December 31, 2022 and period from January 27, 2021 to December 31, 2021

	2022	2021
	\$	\$
Cash flows from operating activities		
Increase (Decrease) in Net Assets attributable to holders of redeemable units from operations	(35,264,152)	93,973,891
Adjustments for:		
Foreign exchange (gains) losses on cash	353	(11)
Net realized (gains) losses on sales of digital assets	2,052,578	(78,138,688)
Change in unrealized (appreciation) depreciation in the value of digital assets	32,727,229	(17,706,027)
Purchases of digital assets	(7,400,003)	(174,036,369)
Proceeds from sale of digital assets	12,885,243	213,877,234
Net increase (decrease) in other assets and liabilities	-	242
Net cash provided by (used in) operating activities	5,001,248	37,970,272
Cash flows from financing activities		
Proceeds from redeemable units issued	7,995,230	181,874,757
Redemption of redeemable units	(12,954,220)	(213,417,917)
Agents' fees and issue expenses	-	(6,216,898)
Net cash provided by (used in) financing activities	(4,958,990)	(37,760,058)
Foreign exchange gains (losses) on cash	(353)	11
Net increase (decrease) in cash	42,258	210,214
Cash (Bank indebtedness), beginning of period	210,225	-
Cash (Bank indebtedness), end of period	252,130	210,225
Supplemental Information*		
Interest received	-	178
Interest paid	1,151	7,226

*Information provided relates to the operating activities of the Fund

See accompanying notes which are an integral part of these financial statements

Ninepoint Bitcoin ETF

Schedule of Investment Portfolio

(in U.S. Dollars)

As at December 31, 2022

		Average Cost	Fair Value
		\$	\$
UNITS	DIGITAL ASSETS [98.12%]		
	BITCOIN [98.12%]		
952	Bitcoin	30,761,641	15,738,801
Total digital assets [98.12%]		30,761,641	15,738,801
Cash and other assets less liabilities [1.88%]			301,109
Total Net Assets attributable to holders of redeemable units [100.00%]			16,039,910

See accompanying notes which are an integral part of these financial statements

Ninepoint Bitcoin ETF

Notes to financial statements – Fund specific information December 31, 2022

(in U.S. Dollars)

Digital Assets Risk Management (note 6)

Investment Objective

The objective of the Fund is to provide Unitholders with exposure to digital currency Bitcoin through an institutional-quality platform that is cost-efficient to Unitholders and to provide a secure, simpler and exchange-traded investment alternative for buying and holding Bitcoin.

The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022. Significant risks that are relevant to the Fund are discussed here. General information on risks and risk management is described in *Note 6 Financial Risk Management* of the Generic Notes.

Concentration Risk

As at December 31, 2022 and 2021, the Fund's concentration risk as a percentage of Net Assets attributable to holders of redeemable units is shown in the table below.

	December 31, 2022	December 31, 2021
	%	%
Bitcoin	98.12	99.62
Cash and other assets less liabilities	1.88	0.38
Total Net Assets attributable to holders of redeemable units	100.00	100.00

Fair Value Measurements (note 5)

As at December 31, 2022 and 2021, the Fund's digital assets which are measured at fair value, have been categorized based upon the fair value hierarchy as shown in the table below.

December 31, 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Bitcoin	–	15,738,801	–	15,738,801
Total	–	15,738,801	–	15,738,801

December 31, 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Bitcoin	55,999,051	–	–	55,999,051
Total	55,999,051	–	–	55,999,051

During the year ended December 31, 2022, digital assets of \$15,738,801 transferred from Level 1 to Level 2 due to re-assessment of the pricing methodology. During the period from January 27, 2021 to December 31, 2021, there were no significant transfers between the levels.

Management Fees (note 10)

Management fees differ among the series of units of the Fund as shown in the table below.

Series	Management Fees (Up to)
Series A	1.70%
Series F	0.70%
ETF Series	0.70%

Ninepoint Bitcoin ETF

Notes to financial statements – Fund specific information December 31, 2022

(in U.S. Dollars)

Tax Loss Carryforwards *(note 3)*

As of the taxation year ended December 15, 2022, the Fund had capital and non-capital losses available for tax purposes as shown in the table below.

Capital losses	Non-capital losses	Non-capital losses year of expiry
\$	\$	
1,463,439	—	—

Related Party Holdings

As at December 31, 2022, Ninepoint Financial Group Inc., the parent company of the Manager, and its respective subsidiaries, held the following investments as shown in the table below.

	December 31, 2022
Units held	
Series ETF	200
Value of units held (\$)	1,330

See accompanying generic notes which are an integral part of these financial statement

Generic Notes to Financial Statements December 31, 2022

1. Establishment of the Fund

Ninepoint Bitcoin ETF is an open-ended mutual fund trust (the “Fund”). The Fund was established as a closed-ended fund under the laws of the Province of Ontario pursuant to a trust agreement dated January 12, 2021, as amended and restated on May 6, 2021 when the Fund converted to an exchange-traded fund (“ETF”). The Fund was publicly launched and listed on January 27, 2021 under the tickers BITC.U and BITC (formerly, BITC.U and BITC.UN) in U.S. dollars and Canadian dollars, respectively. On January 5, 2022, the Fund launched two mutual fund series, Class A and Class F, which were subsequently closed on December 6, 2022. Ninepoint Partners LP (the “Manager”) is the manager and portfolio advisor of the Fund. Cidel Trust Company acts as the custodian of the Fund. Gemini Trust Company, LLC acts as the sub-custodian of the Fund in respect of Fund’s holdings of Bitcoin pursuant to a sub-custodian agreement. The address of the Fund’s registered office is 200 Bay Street, Toronto, Ontario.

The Statements of Financial Position of the Fund is as at December 31, 2022 and 2021. The Statements of Comprehensive Income (Loss), Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Statements of Cash Flows for the Fund are for the year ended December 31, 2022 and the period from January 27, 2021 to December 31, 2021, except for series established during either period, in which case the information for that series is provided for the period from the start date of that series to December 31 of the applicable period. The Schedule of Investment Portfolio for the Fund is as at December 31, 2022.

These financial statements were approved for issuance by the Manager on March 30, 2023.

2. Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”) and include estimates and assumptions made by the Manager that may affect the reported amounts of assets, liabilities, income, expenses and the reported amounts of changes in Net Assets during the reporting period. Actual results could differ from those estimates.

The financial statements have been prepared on a going concern basis using the historical cost convention. However, the Fund is an investment entity and primarily all digital assets are measured at fair value in accordance with IFRS.

The financial statements are presented in U.S. dollars, which is the Fund’s functional currency.

3. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund:

CLASSIFICATION AND MEASUREMENT OF DIGITAL ASSETS

Digital assets are cryptocurrencies such as Bitcoin, which are an open-source software-based online system where transactions are recorded in a public ledger (blockchain) using its own unit of account. The Fund invests solely in Bitcoin. The Manager considers it appropriate to classify and measure the Fund’s digital assets in accordance with IAS 2. Refer to *Note 4: Critical Accounting Estimates and Judgements* for discussion of judgments made in determining the Fund’s accounting policy with respect to digital assets. As such, the digital assets are measured at fair value less cost to sell with changes in fair value of the digital assets recognized in profit or loss.

The cost of digital assets represents the fair value of the digital assets at the time of purchase.

The Fund’s digital assets are valued using the MVIS CryptoCompare Bitcoin Benchmark Rate Index (“MVIBBR”) maintained by MV Index Solutions GmbH (“MVIS”), or a successor or alternative institutional-quality index. MVIBBR is designed to measure the performance of a single Bitcoin traded in US Dollars. It is calculated using a volume weighted median price average that is based on twenty, three-minute intervals. Bitcoin held by the Fund is valued based on the MVIBBR price at 4:00 pm eastern standard time on the reporting date. The difference of this price compared to the price in the principal market is immaterial to the financial statements.

In the event that the Manager determines that it is in the best interest of the Fund to select another pricing source for the Bitcoin held by the Fund, the Manager will have regard for the appropriateness and reliability of the data. MVIS is a wholly-owned subsidiary of Van Eck Associates Corporation, a large, long-standing, and well-regarded financial services firm.

Generic Notes to Financial Statements December 31, 2022

CLASSIFICATION AND MEASUREMENT OF NON-DIGITAL ASSETS

All financial assets and financial liabilities are classified at amortized cost. They are recognized at fair value upon initial recognition and subsequently measured at amortized cost. The Fund's obligation for Net Assets attributable to holders of redeemable units is presented at the redemption amount.

DIGITAL ASSET TRANSACTIONS AND INCOME RECOGNITION

Digital asset transactions are accounted for on the business day the order to buy or sell is executed.

Digital assets are derecognized when the Fund disposes of the Bitcoin. All unrealized gains (losses) arising from digital asset holdings are recorded as part of "Change in unrealized appreciation (depreciation) in value of digital assets" in the Statements of Comprehensive Income (Loss) until the digital asset holdings are sold, at which time the gains (losses) are realized and reflected in the Statements of Comprehensive Income (Loss) in "Net realized gain (loss) on sale of digital assets". Realized gains and losses arising from the sale of digital asset holdings and unrealized appreciation and depreciation on digital asset holdings are calculated with reference to the average cost of the related digital assets.

FOREIGN CURRENCY TRANSLATION

The fair values of foreign-currency-denominated assets are translated into U.S. dollars using the prevailing rate of exchange on each valuation date. Income, expenses and investment transactions in foreign currencies are translated into U.S. dollars at the rate of exchange prevailing on the respective dates of such transactions.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in "Change in unrealized appreciation (depreciation) in the value of digital assets" in the Statements of Comprehensive Income (Loss). Realized foreign exchange gains or losses from sales of digital assets and cash in foreign currencies are included in "Net realized gains (losses) on foreign exchange" in the Statements of Comprehensive Income (Loss).

CASH

Cash is comprised of cash on deposit with financial institutions.

CALCULATION OF NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The Net Assets attributable to holders of redeemable units per unit is based on the fair value of the Fund's assets less liabilities divided by the total outstanding units of that series. Income, expenses, realized and unrealized gains (losses) on investments and transaction costs are all directly attributable to the Fund. The units of the Fund are classified as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32"), as they do not meet the definition of puttable instruments to be classified as equity per IAS 32 for financial reporting purposes.

INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT

"Increase (decrease) in Net Assets attributable to holders of redeemable units from operations per series per unit" in the Statements of Comprehensive Income (Loss) represents the increase (decrease) in Net Assets attributable to holders of redeemable units from operations per series, divided by the weighted average number of units of the series outstanding during the period, which is presented in the Statements of Comprehensive Income (Loss).

INCOME TAXES

The Fund is not taxed on that portion of income and net realized capital gains that is paid or payable to unitholders. No provision for income taxes has been recorded in the Fund as sufficient income and net realized capital gains are paid to unitholders. Non-capital losses may be carried forward for up to 20 years, and can be offset against future taxable income. Capital losses may be carried forward indefinitely to be applied against future capital gains.

The Fund qualifies as a mutual fund trust under the *Income Tax Act* (Canada), and accordingly the Fund may also retain some net capital gains by utilizing the capital gains refund mechanism available to mutual fund trusts without incurring any income taxes.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Fund has determined there are no IFRS standards that are issued but not yet effective that could materially impact the Fund's financial statements.

4. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

CLASSIFICATION AND MEASUREMENT OF DIGITAL ASSETS

Digital assets and the accounting for digital assets continues to be considered by the International Accounting Standards Board (IASB) and the Manager continues to monitor new comments and interpretations released by IASB and other standard setters from around the world.

In classifying and measuring digital assets held by the Fund, the Manager is required to make significant judgments in determining the most appropriate classification. The Manager considers it appropriate to classify and measure the Fund's digital assets in accordance with IAS 2, *Inventory* ("IAS 2"). Changes in the fair value of digital assets inventory are included in profit or loss for the period.

5. Fair Value Measurements

The Fund uses a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's digital assets. The fair value hierarchy has the following levels:

- Level 1 Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2 Quoted prices which are not active, or inputs that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 Prices, inputs or complex modeling techniques that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The fair value hierarchy for the Fund is included in the Notes to financial statements – Fund specific information.

For the year ended December 31, 2022 and the period from January 27, 2021 to December 31, 2021, all digital assets held by the Fund were classified a Level 1. There were no material transfers between levels during the year.

6. Digital Assets Risk Management

The Fund is exposed to risks that are associated with its investment strategies, digital assets and markets in which it invests. The extent of risk within the Fund is largely contingent upon the Fund's investment policy and guidelines as stated in its prospectus, and the management of such risks is contingent upon the qualification and diligence of the portfolio manager designated to manage the Fund. The Schedule of Investment Portfolio groups securities by asset type, sector or geographic region. Significant risks that are relevant to the Fund are discussed below. Refer to the *Notes to Financial Statements – Fund Specific Information* of the Fund for specific risk disclosures.

FLUCTUATIONS IN THE VALUE OF BITCOIN

The Net Asset Value ("NAV") of the Units will vary according to, among other things, the value of Bitcoin included in the Fund's portfolio. The value of the Bitcoin will be influenced by factors which are not within the control of the Fund or the Manager, including factors that affect the cryptocurrency markets generally such as general economic and political conditions, fluctuations in interest rates and factors unique to Bitcoin.

LIQUIDITY RISK

Liquidity risk is the risk that the Fund will not be able to generate sufficient cash resources to fulfill its payment obligations and other liabilities which generally are immaterial in nature. The Fund predominantly invests in Bitcoin that is traded on established, regulated platforms as well in the over-the-counter ("OTC") market using regulated counterparties. Consequently, the Fund is able to readily dispose of assets, if necessary, to fund redemptions in the course of operations. The Fund traditionally maintains a cash reserve in anticipation of normal redemption activity.

CONCENTRATION RISK

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographic region, asset type or industry sector. The Fund's investment objective is to provide unitholders exposure to Bitcoin and the Fund is not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the Fund will invest substantially all its assets in Bitcoin. The NAV of the

Generic Notes to Financial Statements December 31, 2022

Fund may be more volatile than the value of a more broadly diversified portfolio or investment fund and may fluctuate substantially over short period of time. This may have a negative impact on the NAV of the Fund.

RISKS SPECIFIC TO BITCOIN

Digital assets are a relatively new asset class, and given the speculative nature of digital assets and the volatility of digital asset markets, there is considerable risk that Funds which directly invest in digital assets will not be able to meet their investment objectives. Digital assets markets are speculative, highly volatile, and are sensitive to new developments. Any significant changes in market sentiment can induce large swings in volume and subsequent price changes, and such volatility can adversely relate the NAV of the Fund's units. Specific risks related to the Fund's investments in digital assets are described below

Volatility in the Price of Bitcoin

The Bitcoin held by the Fund is valued, including for purposes of determining the NAV of the Fund, based upon the MVIBBR at a certain time of the day. The MVIBBR is calculated hourly as the volume weighted median price average, based on twenty, three-minute intervals from five exchanges.

The MVIBBR will not necessarily be reflective of the price of Bitcoin available at a given time when executing the Fund's trades and on any given Bitcoin trading platform or other venue where the Fund's trades are executed. This may adversely affect the unitholder and the Fund.

Volatility in the price of Bitcoin is the risk that volatility can adversely affect the NAV of the units as the Bitcoin markets are sensitive to new developments, and since volumes are still maturing, any significant changes in market sentiment (by way of sensationalism in the media or otherwise) can induce large swings in volume and subsequent price changes. The digital assets of the Fund are subject to normal market fluctuations and the risks inherent in the financial markets. The maximum risk resulting from purchased assets held by the Fund is limited to the fair value of these digital assets. The Manager moderates this risk through in-house expertise and close monitoring of the cryptocurrency markets.

Risk associated with the custody of Bitcoin

There is a risk of the loss or destruction of certain private keys held by the Custodian and Sub-custodian associated with the public addresses that hold the Fund's Bitcoin. When this occurs, it could prevent the Fund from accessing its Bitcoin. Loss of these private keys may be irreversible and could result in the loss of the Fund's assets.

The Bitcoin network can also be subject to security breaches and cyber-attacks, which can be a prevalent concern for the digital asset trading platforms. Such cyber security breaches could adversely affect the Fund's business operations and may result in loss of the Fund's assets.

Holding digital assets with a third-party custodian may increase certain risks rather than holding digital assets in a private wallet, which may include insolvency risk (credit risk), fraud risk or proficiency risk on the part of a custodian or sub-custodian. There may be difficulties in enforcing legal rights against digital asset sub-custodian if it is resident, or substantially all of its assets are located, outside Canada.

Manager, Custodian and Sub-custodian Standard of Care

The Manager, the Custodian and the Sub-Custodian are each subject to a contractual standard of care in carrying out its duties concerning the Fund. In the case that the Fund suffers a loss of its Bitcoin and each of the Manager, the Custodian and the Sub-Custodian satisfied its respective standard of care, the Fund will bear the risk of loss with respect to these parties. Under the terms of the Custodian Agreement, the Custodian is required to exercise the standard of care required by NI 81-102. However, the Custodian will not be liable to the Fund for any loss of the Fund's Bitcoin held by the Sub-Custodian unless such loss is directly caused by the Custodian's gross negligence, fraud, willful default, or the breach of its standard of care. In the event of such loss, the Custodian is required to take reasonable steps to enforce such rights as it may have against the Sub-Custodian pursuant to the terms of the Sub-Custodian Agreement and applicable law.

Cryptocurrency risk

Cryptocurrency risk is the risk that the NAV of the Fund's units may be significantly impacted as Bitcoin operates as a decentralized, peer-to-peer financial exchange and value storage that is used like money. Bitcoin operates without the oversight of a central authority or the banks and is not backed by any government and indirectly may experience high volatility. As Bitcoin is not legal tender, governments may restrict the use and exchange of it. The Fund may also trade at a significant premium to net asset value. Additionally, Bitcoin platforms may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware.

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Cyber Security Risk

As the use of technology has become more prevalent in the course of business, investment funds such as the Fund have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the Fund to lose proprietary information or other information subject to privacy laws, suffer data corruption, or lose operational capacity. This in turn could cause the Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. Cyber security breaches may involve unauthorized access to the Fund's digital information systems (e.g. through "hacking" of Bitcoin or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e. efforts to make network services unavailable to intended users). In addition, cyber security breaches of the Fund's third-party service providers (e.g. the Registrar and Transfer Agent, the Custodian and the Sub-Custodian) can also subject the Fund to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the Fund has established risk management systems designed to reduce the risks associated with cyber security.

Potential Decrease in Demand of Bitcoin and Acceptance of Bitcoin as a Method of Payment

As a currency Bitcoin must serve as a means of exchange, store of value, and unit of account. Many people using Bitcoin as money-over-internet-protocol (MoIP) do so with it as an international means of exchange. Speculators and investors using Bitcoin as a store of value then layer on top of means of exchange users, creating further demand. If consumers stop using Bitcoin as a means of exchange, or its adoption therein slows, then Bitcoin's price may suffer, adversely affecting the Fund.

Investors should be aware that there is no assurance that Bitcoin will maintain its long-term value in terms of purchasing power in the future or that the acceptance of Bitcoin for payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of Bitcoin declines, the Manager expects the NAV to decline proportionately. As relatively new products and technologies, Bitcoin and the Bitcoin Network have only recently become widely accepted as a means of payment for goods and services by many major retail and commercial outlets, and use of Bitcoin by consumers to pay such retail and commercial outlets remains limited. Banks and other established financial institutions may refuse to process funds for Bitcoin transactions, process wire transfers to or from Bitcoin trading platforms, Bitcoin-related companies or service providers, or maintain accounts for persons or entities transacting in Bitcoin. Conversely, a significant portion of Bitcoin demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of Bitcoin. Price volatility undermines Bitcoin's role as a medium of exchange as retailers are much less likely to accept it as a form of payment. Market capitalization for Bitcoin therefore, as a medium of exchange and payment method, may continue to be low. A lack of expansion by Bitcoin into retail and commercial markets, or a contraction of such use, may result in increased volatility which could adversely impact the NAV. The Manager believes that, like any commodity, Bitcoin will fluctuate in value, but over time will gain a level of acceptance as a store of value, similar to precious metals.

7. Capital Management

The capital of a Fund is represented by the issued and outstanding units and the net assets attributable to participating unitholders. The Manager utilizes the capital of the Fund in accordance with its investment objectives, strategies and restrictions, as outlined in the Fund's prospectus, while maintaining sufficient liquidity to meet normal redemptions. The Fund does not have any internally or externally imposed capital requirements.

By way of unitholder approval, the Fund converted from a closed-ended fund to an exchange-traded fund on May 6, 2021. Units were converted on a 1:1 basis and continued to trade on the Toronto Stock Exchange.

8. Redeemable Units

The Fund is permitted to issue an unlimited number of series of redeemable units and an unlimited number of redeemable units of the ETF Series, Class A and Class F, however, as of December 6, 2022, Class A and Class F were fully redeemed and closed to any new subscriptions. The number of redeemable units issued and outstanding as of the end of the period are reflected in the Statements of Changes in Net Assets.

Redeemable units of the Fund's ETF Series are redeemable at the option of the unitholders, in accordance with the offering documents of the Fund, on any Valuation Date for cash at a redemption price per ETF Series unit equal to 95% of the closing exchange price of the ETF Series unit on the effective date of redemption, subject to a maximum redemption price of the applicable NAV per ETF Series security. ETF Series securities may be sold at the market price.

Generic Notes to Financial Statements December 31, 2022

The ETF Series is available to all investors. Investors purchase ETF Series securities on Toronto Stock Exchange or another exchange or marketplace where the ETF Series securities are traded through a registered broker or dealer in the province or territory where the investor resides.

Class A units were available to all investors through authorized dealers. Class A Units could be purchased in Canadian dollars and U.S. dollars.

Class F Units were available to investors who have fee-based accounts with their dealer. Instead of paying sales charges, investors buying Class F Units pay fees to their dealer for investment advice and other services. The Manager does not pay any commissions to dealers in respect of the Class F Units which allows for a lower management fee. Class F Units could be purchased in Canadian dollars and U.S. dollars.

9. Distribution of Income and Capital Gains

The Fund makes annual distributions of net investment income and net realized capital gains to unitholders at the end of the December 15th taxation year. All distributions allocated to unitholders are either paid in cash or reinvested automatically in additional units of the Fund. These amounts are reflected on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units as part of “Distributions to unitholders” and/or “Units issued from reinvested distributions”. The Fund may from time to time pay additional distributions on its Units, including without restriction in connection with a special distribution or in connection with returns of capital.

10. Related-Party Transactions

MANAGEMENT FEES

The Fund pays the Manager an annual management fee to cover management expenses. Management fees are unique to the Fund and each series and are subject to applicable taxes. The management fee is calculated and accrued daily and is paid on the last business day of each month based on the daily NAV of the Fund.

11. Operating Expenses and Sales Charges

The Fund pays its own operating expenses, other than marketing costs and costs of dealer compensation programs, which are paid by the Manager. Operating expenses include, but are not limited to, audit, legal, safekeeping, trustee, custodial, fund administration expenses, preparation costs of financial statements and other reports to investors and Independent Review Committee (“IRC”) member fees and expenses. Operating expenses are charged to all Funds pro-rata, on the basis of NAV or another measure that provides a fair and reasonable allocation.

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 (Loss). Waivers or absorptions can be terminated at any time without notice.

12. Independent Review Committee

In accordance with National Instrument 81-107, *Independent Review Committee for Investment Funds*, the Manager has established an IRC for all Funds. The mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Funds. The IRC reports annually to unitholders of the Fund on its activities, and the annual report is available on or after March 31 in each year. The Manager charges compensation paid to the IRC members and the costs of the ongoing administration of the IRC to the Fund. These amounts are recorded in the Statements of Comprehensive Income (Loss).

13. Economic Conditions

RUSSIA & UKRAINE CONFLICT

The escalating conflict between Russia and Ukraine has continued to increase financial market uncertainties and volatility which have greatly impacted the markets around the world. The impacts of these circumstances on the global economy, especially in terms of geopolitical norms, supply chains and investment valuations are still being felt. Although, the ultimate extent of the effects from this on the Fund is uncertain, the Manager has and will continually assess the performance of the portfolio and make investment decisions that are aligned with the Fund’s mandate and the best interests of its unitholders.

14. Subsequent Events

CHANGE TO INVESTMENT OBJECTIVE

On March 2, 2023, the Manager announced its proposal to change the investment objectives of the Fund, subject to approval by its unitholders at a special meeting to be held on or around April 20, 2023, acceptance by the Toronto Stock Exchange and all other required regulatory approvals. Proposed investment objectives of the Fund are to be to seek to provide unitholders with capital appreciation by investing in a diversified portfolio comprised primarily of equity and equity-related securities of companies that give investors exposure to emerging technologies such as Web3, the blockchain and digital asset-enabled internet. If approved, the change to the investment objectives will be implemented on or around May 2023. The Fund will also change its investment strategies, its name to Ninepoint Web3 Innovators Fund, and its tickers to TSX: TKN; TKN.U to better reflect its new investment objectives.

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