



# Ninepoint Carbon Credit ETF

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2022

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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](http://www.ninepoint.com) or SEDAR at [www.sedar.com](http://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.

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## Management Discussion of Fund Performance

### Investment Objective and Strategies

The objective of Ninepoint Carbon Credit ETF (the “Fund”) is to seek to provide unitholders with long-term capital appreciation by investing primarily in global carbon emissions allowance futures. To achieve the Fund’s investment objective, the Fund will primarily invest directly in carbon allowance futures. The Fund will initially invest in the major carbon allowance futures globally, namely, the European Union Allowance (the “EUA”), the California Carbon Allowance (the “CCA”) and the Regional Greenhouse Gas Initiative (the “RGGI”, collectively with the EUA and the CCA, the “Initial Constituents”). The Portfolio Manager may add or remove constituents that meet or fail to meet the Fund’s investment objectives. The Portfolio Manager may change the weighting between constituents in its discretion. The Fund may hold cash or cash equivalents. The Fund may use derivatives and the maximum aggregate exposure to derivatives will not exceed 300% of the Fund’s net asset value, calculated on a daily basis

As part of its investment strategy, the Fund may:

- engage in securities lending as permitted by securities regulations;
- invest in debt securities, cash and/or cash equivalents primarily to meet margin requirements and for cash management purposes; and
- use derivatives instruments, such as options, futures, forward contracts and swaps, for hedging strategies, in a manner which is consistent with the investment objectives of the Fund and as permitted by the Canadian Securities Administrators, including to hedge against losses from changes in the prices of the Fund’s investments.

### Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable for those investors seeking exposure to global carbon emissions allowance futures. This Fund is suitable for investors with a high tolerance for risk and have a long-term investment horizon.

### Results of Operations and Recent Developments

The Fund, Series A returned 2.4% since its inception on February 16, 2022 to June 30, 2022.

The global financial market was set up for a difficult start in 2022 amid high inflation, global supply chain issues, Russia’s invasion of Ukraine, all of which was followed by rising interest rate. Global equities tumbled as investors chose to reduce risk in their portfolio while credit and government bonds also suffered in response to rising inflation. Relatively speaking, the commodities markets have performed well amid the global situation this year - oil, natural gas and some agricultural products all rallied following the beginning of the Russia-Ukraine war. Carbon credit, as a new form of environmental commodity, has also demonstrated robust performance in a time of heightened volatility in the broad market – the ICE Global Carbon Futures Index closed the first half of the year flat while the S&P 500 was down 20.6%.

For the first half of 2022, the performance for carbon credit futures was supported by strong demand despite some significant headwinds. The biggest carbon futures market – the European Union Allowance (the “EUA”), has managed to trade between €80 and €90 since Russia’s invasion of Ukraine. The volatility in the global carbon market was mainly caused by the EU’s energy supply concerns since the start of the war, widened Covid-lockdowns in China and the discussion around EU’s plan to raise €20 billion from selling Market Stability Reserve credit to speed up Europe’s energy transition.

The portfolio remains well-diversified with exposure to both European and North American carbon markets. In terms of individual constituents, from the Fund’s inception to June 30th, the UK Carbon Allowance (the “UKA”) was the top contributor, while the European Carbon Allowance (the “EUA”) was the bottom contributor.

The Fund’s net asset value was \$10.2 million as at June 30, 2022.

## Related Party Transactions

### MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 1.75% for Series A units, 0.75% for Series D, Series F and ETF Series units, 0.65% for Series QF units, 1.55% for Series S units, 0.55% for Series SF units and as negotiated by the unitholders for Series I. The management fee is calculated and accrued daily and is paid monthly based on the daily net asset value of that series of the Fund. For the period since its inception to June 30, 2022, the Fund incurred management fees (including taxes) of \$20,225. The breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Ninepoint Carbon Credit ETF – Series A	47%	53%
Ninepoint Carbon Credit ETF – Series D	100%	–
Ninepoint Carbon Credit ETF – Series F	100%	–
Ninepoint Carbon Credit ETF – Series S	29%	71%
Ninepoint Carbon Credit ETF – Series SF	100%	–
Ninepoint Carbon Credit ETF – ETF Series	100%	–

Out of the management fees that the Manager received from the Fund, the Manager did not pay any trailer commissions during the period since its inception to June 30, 2022, to Sightline Wealth Management, an affiliate of the manager.

### OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, filing and administrative expenses as well as shareholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of the Fund. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions can be terminated at any time without notice. For the period since its inception to 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.

## 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 since inception to June 30, 2022.

The Fund's Net Assets per Unit<sup>1</sup>

	June 30, 2022 <sup>4</sup>
Series A	\$
<b>Net assets, beginning of period</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.02
Total expenses	(0.14)
Realized gains (losses) for the period	(0.01)
Unrealized gains (losses) for the period	0.73
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.60</b>
<b>Distributions:</b>	
<b>Total annual distributions<sup>3</sup></b>	–
<b>Net assets, end of period</b>	<b>10.24</b>

	June 30, 2022 <sup>4</sup>
Series D	\$
<b>Net assets, beginning of period</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.02
Total expenses	(0.09)
Realized gains (losses) for the period	(0.03)
Unrealized gains (losses) for the period	1.27
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>1.17</b>
<b>Distributions:</b>	
<b>Total annual distributions<sup>3</sup></b>	–
<b>Net assets, end of period</b>	<b>10.28</b>

	June 30, 2022 <sup>4</sup>
Series F	\$
<b>Net assets, beginning of period</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.02
Total expenses	(0.09)
Realized gains (losses) for the period	(0.01)
Unrealized gains (losses) for the period	0.47
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.39</b>
<b>Distributions:</b>	
<b>Total annual distributions<sup>3</sup></b>	–
<b>Net assets, end of period</b>	<b>10.28</b>

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	June 30, 2022 <sup>4</sup>
Series S	\$
<b>Net assets, beginning of period</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.02
Total expenses	(0.13)
Realized gains (losses) for the period	(0.01)
Unrealized gains (losses) for the period	0.40
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.28</b>
<b>Distributions:</b>	
<b>Total annual distributions<sup>3</sup></b>	–
<b>Net assets, end of period</b>	<b>10.24</b>

	June 30, 2022 <sup>4</sup>
Series SF	\$
<b>Net assets, beginning of period</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.02
Total expenses	(0.10)
Realized gains (losses) for the period	(0.02)
Unrealized gains (losses) for the period	0.47
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.37</b>
<b>Distributions:</b>	
<b>Total annual distributions<sup>3</sup></b>	–
<b>Net assets, end of period</b>	<b>10.29</b>

	June 30, 2022 <sup>4</sup>
ETF Series	\$
<b>Net assets, beginning of period</b>	<b>20.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.03
Total expenses	(0.20)
Realized gains (losses) for the period	(0.01)
Unrealized gains (losses) for the period	1.58
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>1.40</b>
<b>Distributions:</b>	
<b>Total annual distributions<sup>3</sup></b>	–
<b>Net assets, end of period</b>	<b>20.55</b>

1 This information is derived from the Fund's interim 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 February 16, 2022 (launch date) for Series A, Series D, Series F, Series S, Series SF and ETF Series, to June 30, 2022.

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## Ratios and Supplemental Data

	<b>June 30, 2022<sup>4</sup></b>
<b>Series A</b>	
Total net asset value (000's) <sup>1</sup>	\$173
Number of Units outstanding <sup>1</sup>	16,924
Management expense ratio <sup>2</sup>	3.69%
Trading expense ratio <sup>3</sup>	0.03%
Portfolio turnover rate <sup>4</sup>	0.00%
Net asset value per Unit <sup>1</sup>	\$10.24

	<b>June 30, 2022<sup>4</sup></b>
<b>Series D</b>	
Total net asset value (000's) <sup>1</sup>	\$119
Number of Units outstanding <sup>1</sup>	11,552
Management expense ratio <sup>2</sup>	2.51%
Trading expense ratio <sup>3</sup>	0.03%
Portfolio turnover rate <sup>4</sup>	0.00%
Net asset value per Unit <sup>1</sup>	\$10.28

	<b>June 30, 2022<sup>4</sup></b>
<b>Series F</b>	
Total net asset value (000's) <sup>1</sup>	\$3,429
Number of Units outstanding <sup>1</sup>	333,633
Management expense ratio <sup>2</sup>	2.48%
Trading expense ratio <sup>3</sup>	0.03%
Portfolio turnover rate <sup>4</sup>	0.00%
Net asset value per Unit <sup>1</sup>	\$10.28

	<b>June 30, 2022<sup>4</sup></b>
<b>Series S</b>	
Total net asset value (000's) <sup>1</sup>	\$51
Number of Units outstanding <sup>1</sup>	5,012
Management expense ratio <sup>2</sup>	3.41%
Trading expense ratio <sup>3</sup>	0.03%
Portfolio turnover rate <sup>4</sup>	0.00%
Net asset value per Unit <sup>1</sup>	\$10.24

	<b>June 30, 2022<sup>4</sup></b>
<b>Series SF</b>	
Total net asset value (000's) <sup>1</sup>	\$3,333
Number of Units outstanding <sup>1</sup>	324,071
Management expense ratio <sup>2</sup>	2.29%
Trading expense ratio <sup>3</sup>	0.03%
Portfolio turnover rate <sup>4</sup>	0.00%
Net asset value per Unit <sup>1</sup>	\$10.29

# Ninepoint Carbon Credit ETF

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Series ETF	June 30, 2022 <sup>4</sup>
Total net asset value (000's) <sup>1</sup>	\$3,083
Number of Units outstanding <sup>1</sup>	150,000
Management expense ratio <sup>2</sup>	2.63%
Trading expense ratio <sup>3</sup>	0.03%
Portfolio turnover rate <sup>4</sup>	0.00%
Net asset value per Unit <sup>1</sup>	\$20.55
Closing Market Price	\$20.13

1 This information is provided as at June 30, 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

In accordance with National Instrument 81-106, Investment Fund Continuous Disclosure, “PAST PERFORMANCE” disclosure consisting of “Year-by-Year Returns” and “Long and Short Portfolio Returns” are not required as the Fund has been a reporting issuer for less than a year.



## Summary of Investment Portfolio

As at June 30, 2022

Portfolio Allocation	% of Net Asset Value	All Long Positions	% of Net Asset Value
Short Term Investments	90.1	U.S. Treasury Bills, 1.050%, Aug 18, 2022	58.8
Cash	7.2	U.S. Treasury Bills, 1.650%, Sep 29, 2022	12.7
Other Net Assets	2.7	U.S. Treasury Bills, 0.920%, Jul 19, 2022	18.6
<b>Total Net Asset Value</b>	<b>100.0</b>	Cash	<b>7.2</b>
		<b>All long positions as a percentage of Net Asset Value</b>	<b>97.3</b>

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](http://www.ninepoint.com).

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## Corporate Information

### Corporate Address

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