



# Ninepoint Web3 Innovators Fund (formerly Ninepoint Bitcoin ETF)

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2023

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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 (in U.S. dollars)

### Investment Objective and Strategies

The investment objective of the Ninepoint Web3 Innovators Fund (the “Fund”) is to seek to provide 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 (“Web3”). To achieve the Fund’s investment objective, the Fund invests in a diversified portfolio comprised primarily of equity and equity-related securities of public companies that are leveraging Web3 and related technologies to transform their businesses and gain a competitive advantage in their respective markets and industries. Ninepoint Web3 Innovators Fund indirectly invests in digital assets that provide direct exposure to Web3 technology by investing in securities of Canadian cryptocurrency ETFs. Ninepoint Web3 Innovators Fund is actively managed, and the Manager monitors the performance of the investments and adjusts the portfolio accordingly based on several factors including, but not limited to, the following: the underlying business fundamentals, changes in market position, liquidity, and market innovation.

### 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 emerging technologies, such as Web3, the blockchain and digital asset-enabled internet. This Fund is suitable for investors with a high tolerance for risk and have a long-term investment horizon.

### Results of Operations

The Fund, ETF Series (USD) returned 78.1% in the first half of 2023, while its blended benchmark, 70% Nasdaq 100 Index, 15% S&P Bitcoin Index and 15% S&P Ethereum Index, returned 50.7%.

The digital asset market experienced a tumultuous 2022, with Bitcoin decreasing 65% and losing nearly \$600 billion in market capitalization. Other digital assets fared much worse. This downturn was fueled by a series of events, including the collapse of cryptocurrency exchange FTX and crypto-lender Celsius. The overall decline in risk appetite did not spare the digital asset space. Despite the negative narrative and sentiment heading into 2023, Bitcoin is up 75% year to date, in the face of growing SEC enforcement action against several companies. Bitcoin’s ability to withstand such shocks and bounce back is notable.

From January 1st until May 31st, the Fund held Bitcoin passively under its former Investment Objective, thus benefiting from this 75% year to date increase in the underlying asset. Since transitioning the Fund to the Ninepoint Web3 Innovators Fund in May, we saw some early success from an upswing in our new diversified portfolio, participating along with the broader equity market and cryptoasset-related equities. BlackRock, Invesco, Wisdom Tree, and others have recently applied or reapplied to issue Bitcoin ETFs, which if approved, would allow many retail and institutional clientele to access and gain exposure to Bitcoin. These announcements and anticipation for what may come have benefited Bitcoin and related companies like Coinbase, which despite being the subject of an SEC inquiry, has been listed as the custodian and prime broker for many of these fund proposals.

The Ninepoint Web3 Innovators Fund’s investment objectives are 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 (“Web3”). This more diversified approach allows our fund to take advantage of the growing Web3 investment universe while maintaining exposure to the digital asset market through indirect investments in Bitcoin and Ethereum. The newfound investment objectives help to offset some of the volatility associated with a pure-play Bitcoin ETF but still allow us to capture upside from the growth of Web3 technology overall.

The Fund’s net asset value increased by 23.2% during the period, from \$16.0 million as at December 31, 2022 to \$19.8 million as at June 30, 2023. This change was predominantly due to unrealized appreciation in investments of \$16.5 million, offset by net realized losses on investments of \$4.8 million and net redemptions of \$7.9 million.

# Ninepoint Web3 Innovators Fund

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## Recent Developments

On April 20, 2023, holders of ETF Units (“Unitholders”) approved, among other things, changes from Ninepoint Web3 Innovators Fund’s then-existing investment objects to the current investment objectives (the “Investment Objectives Change”). The Investment Objectives Change became effective on May 31, 2023. In connection with the Investment Objectives Change, Ninepoint Web3 Innovators Fund changed its name from “Ninepoint Bitcoin ETF” to “Ninepoint Web3 Innovators Fund”.

## Related Party Transactions

### MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 1.70% for Series A units, and 0.70% for Series F and ETF Series units. The management fee is calculated and accrued daily and is paid monthly based on the daily net asset value of the Fund. For the period ended June 30, 2023, the Fund incurred management fees (including taxes) of \$90,823. 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 Web3 Innovators Fund – Series A	100%	–
Ninepoint Web3 Innovators Fund – Series F	100%	–
Ninepoint Web3 Innovators Fund – ETF Series	100%	–

### 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, 2023, the Manager absorbed \$116,526 of 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 ended June 30, 2023 and each of the previous years ended December 31 shown, unless otherwise indicated.

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

ETF Series	June 30, 2023	Dec 31, 2022	Dec 31, 2021 <sup>5</sup>
	\$	\$	\$
<b>Net assets, beginning of period<sup>2</sup></b>	<b>4.92</b>	13.71	9.55
<b>Increase (decrease) from operations:</b>			
Total revenue	<b>0.00</b>	–	0.00
Total expenses	<b>(0.05)</b>	(0.12)	(0.24)
Realized gains (losses)	<b>(1.64)</b>	(0.52)	7.76
Unrealized gains (losses)	<b>5.64</b>	(8.27)	1.75
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>3.95</b>	(8.91)	9.27
<b>Distributions:</b>			
<b>Total annual distributions<sup>4</sup></b>	–	–	–
<b>Net assets, end of period</b>	<b>8.76</b>	4.92	13.71

Series A	June 30, 2023	Dec 31, 2022 <sup>6</sup>
	\$	\$
<b>Net assets, beginning of period<sup>2</sup></b>	–	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	–	0.00
Total expenses	–	(0.12)
Realized gains (losses)	–	(0.39)
Unrealized gains (losses)	–	(5.05)
<b>Total increase (decrease) from operations<sup>3</sup></b>	–	(5.56)
<b>Distributions:</b>		
<b>Total annual distributions</b>	–	–
<b>Net assets, end of period</b>	–	–

Series F	June 30, 2023	Dec 31, 2022 <sup>6</sup>
	\$	\$
<b>Net assets, beginning of period<sup>2</sup></b>	–	10.00
<b>Increase (decrease) from operations:</b>		
Total revenue	–	0.00
Total expenses	–	(0.05)
Realized gains (losses)	–	(0.46)
Unrealized gains (losses)	–	(4.89)
<b>Total increase (decrease) from operations<sup>3</sup></b>	–	(5.40)
<b>Distributions:</b>		
<b>Total annual distributions</b>	–	–
<b>Net assets, end of period</b>	–	–

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- 1 This information is derived from the Fund's interim and audited annual financial statements..
- 2 Net assets per unit were initially offered at \$10.00 per unit less agents' fees and issue costs of \$0.45 per unit. Agents' fee and issue expenses of the Offering were recorded as a reduction in partners' capital.
- 3 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.
- 4 Distributions were reinvested in additional units of the Fund.
- 5 Information provided is for the period from January 27, 2021 (launch date) for ETF Series, to December 31, 2021.
- 6 Information provided is for the period from January 23, 2022 (first issuance) for Series A and Series F, until all outstanding units were fully redeemed during the period ended December 31, 2022.

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## Ratios and Supplemental Data

ETF Series	June 30, 2023	Dec 31, 2022	Dec 31, 2021
Total net asset value (000's) <sup>1</sup>	<b>\$19,753</b>	\$16,040	\$56,214
Number of Units outstanding <sup>1</sup>	<b>2,253,866</b>	3,258,866	4,098,866
Management expense ratio <sup>2</sup>	<b>1.06%</b>	1.45%	1.45%
Management expense ratio before waivers or absorptions <sup>2</sup>	<b>2.13%</b>	2.13%	1.58%
Trading expense ratio <sup>3</sup>	<b>0.10%</b>	0.00%	0.00%
Portfolio turnover rate <sup>4</sup>	<b>77.03%</b>	21.50%	118.63%
Net asset value per Unit <sup>1</sup>	<b>\$8.76</b>	\$4.92	\$13.71
Closing Market Price <sup>5</sup>	<b>\$8.76</b>	\$4.90	\$13.67
Closing Market Price (CAD) <sup>5</sup>	<b>\$11.58</b>	\$6.65	\$17.27

1 This information is provided as at June 30, 2023 and December 31 for the years shown prior to 2023. As Series A and Series F units were first issued and fully redeemed during the year-ended December 31, 2022, the ratios and supplemental data tables are not shown.

2 Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of 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 ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER includes dividend expense and securities borrowing expense paid by the Fund in connection with securities sold short.

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

5 Last closing price before the period end June 30, 2023 and year end December 31 for the years shown.

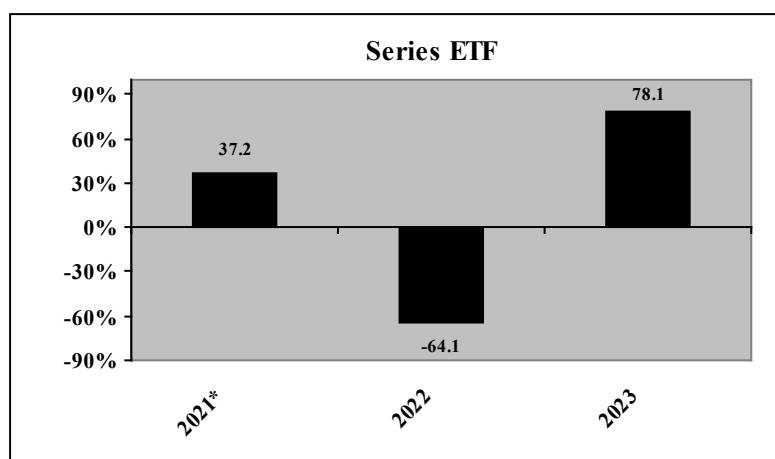
## Past Performance

The indicated rates of return are the historical total returns including changes in unit values and assume reinvestment of all distributions in additional units of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of return are calculated based on the Net Asset Value of the particular Series of the Fund.

### Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for the 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.

As Series A and Series F units were first issued and fully redeemed during the year-ended December 31, 2022, year-by-year return charts are not shown.



\* Return from January 27, 2021 (launch date) to December 31, 2021 (not annualized).

# Ninepoint Web3 Innovators Fund

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## Summary of Investment Portfolio

As at June 30, 2023

### Portfolio Allocation

	% of Net Asset Value
Long Positions	
Financials	28.7
Information Technology	26.2
Digital Asset Funds	22.3
Mutual Funds	11.1
Consumer Discretionary	5.7
Communication Services	1.9
<b>Total Long Positions</b>	<b>95.9</b>
Cash	4.0
Other Net Assets	0.1
<b>Total Net Asset Value</b>	<b>100.0</b>

### All Long Positions

Issuer	% of Net Asset Value
CI Galaxy Bitcoin ETF	11.7
Ninepoint High Interest Savings Fund, Series I	11.1
CI Galaxy Ethereum ETF	10.6
Coinbase Global Inc.	8.1
Hut 8 Mining Corporation	6.9
Microsoft Corporation	6.9
NVIDIA Corporation	6.9
Galaxy Digital Holdings Limited	5.3
PayPal Holdings Inc.	4.9
Cash	4.0
Block Inc.	3.9
Shopify Inc.	3.4
LVMH Moet Hennessy Louis Vuitton SE	2.9
NIKE Inc.	2.8
Mastercard Inc.	2.5
Advanced Micro Devices Inc.	2.2
CME Group Inc.	2.0
Robinhood Markets Inc.	2.0
Roblox Corporation	1.9
<b>All long positions as a percentage of Net Asset Value</b>	<b>100.0</b>

The Fund held no short positions as at June 30, 2023.

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

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