



Ninepoint Capital Appreciation Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2024

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.sedarplus.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 the Ninepoint Capital Appreciation Fund (the “Fund”) is to seek to provide unitholders with long-term growth and capital preservation using a balanced investment approach. To achieve the Fund’s investment objective, the Fund will primarily invest, both directly and indirectly, in a mix of Canadian equity securities, Canadian mutual funds, Canadian alternative mutual funds and fixed income securities. The Fund may also invest in money market funds and securities or exchange-traded funds (ETFs).

As part of its investment strategy, the Fund may:

- hold cash or short-term money market instruments, at any time, for cash management purposes;
- use derivatives instruments, such as options, futures, forward contracts and swaps, for both hedging and non-hedging strategies;
- engage in securities lending and repurchase and reverse repurchase transactions as permitted by securities regulations;
- engage in short selling consistent with the Fund’s investment objective and as permitted by the Canadian Securities Administrators;
- invest up to 49% of its assets in foreign securities; and
- invest in Ninepoint Gold Bullion Fund

Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus dated February 2, 2024. This Fund is suitable for investors with a low-to-medium tolerance of risk.

Results of Operations

The Fund, Series S returned 4.1% since inception on March 7, 2024 to June 30, 2024.

As the Fund reaches the midpoint of 2024, investors have generally experienced solid investment returns across most asset classes. After a strong start followed by a minor pullback in April, markets posted solid returns in May and June, with the S&P 500 and the NASDAQ hitting all-time highs. In terms of S&P 500 sector level performance, gains were led by the Communication Services, Information Technology, and Energy sectors, as U.S. mega cap tech rallied. Conversely, the Real Estate, Consumer Discretionary and Materials sectors have underperformed year-to-date.

There was plenty of economic data to support the higher movement and the release of the U.S. Persona Consumer Expenditure (“PCE”) (again, the Federal Reserve’s preferred measure of inflation) on May 31, 2024 really set the tone to finish the first six months of the year on a positive note. The PCE price index increased 0.3% month-over-month (up 0.2% excluding food and energy) and increased 2.7% year-over-year (up 2.8% excluding food and energy). The data was in line with expectations, consistent with the prior month’s results (which alleviated fears regarding the uptick in inflation in the first quarter of the year) and aligned with the Federal Reserve’s forecasts according to their Summary of Economic projections. Further, the Consumer Price Index (“CPI”) data released on June 12, 2024 was clearly dovish, with the CPI unchanged in May after rising 0.3% in April, on a seasonally adjusted basis. On a year-over-year basis, May CPI increased 3.3%, an improvement compared to 3.4% in April. Similarly, the PCE index for all items less food and energy rose just 0.2% in May, after rising 0.3% in April, and, on a year-over-year basis, increased 3.4% in May compared to 3.6% in April, again improving from the prior month.

Although the Federal Reserve has remained steadfast in suggesting that additional evidence and the passage of time is required before the first rate cut, we are perhaps only two or three Federal Open Market Committee (“FOMC”) meetings away from that announcement. In fact, on June 5, 2024, the Bank of Canada became the first of the G7 nations to reduce interest rates, cutting by 25 bps to 4.8%. The European Central Bank quickly followed with a cut of their own on June 6, 2024, lowering their key policy rates by 25 bps. Admittedly, the U.S. economy seems to be in much better shape than either the Canadian or European economies, but easier monetary policy is just around the corner for the world’s largest economy. During the most recent FOMC press conference, Chairman Powell faced several questions regarding whether the FOMC members had adjusted their forecasts to incorporate the new, more benign PCE and CPI data and what was required to gain more confidence that inflation was sustainably moving toward the Federal Reserve’s 2.0% target. Chairman Powell has struggled to find convincing arguments to support a more hawkish stance and, because many FOMC members still expect at least two interest rate cuts in 2024, the Manager believes that two cuts are the most likely outcome by the end of the year.

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During the first half of 2024, the Fund generated a total return of 4.5% compared to its blended benchmark, which generated a total return of 1.7%. Top contributors to the year-to-date performance of the Fund included the Ninepoint Energy Fund, the Ninepoint Focused Global Dividend Fund and the Ninepoint Diversified Bond Fund, while the only detractor by Fund was the Ninepoint Global Real Estate Fund on an absolute basis. In terms of stock specific performance, top contributors to the year-to-date performance included Broadcom Inc., Amazon.com Inc., and Eli Lilly and Company while top detractors included Canadian Large Cap Leaders Split Corp., Canadian Imperial Bank of Commerce, and Alimentation Couche-Tard Inc.

As investors begin to assess the implications of the upcoming U.S. Presidential election and the first interest rate cut of the cycle, the Manager continues to expect broader participation in the equity rally. In the meantime, the Manager remains focused on constructing a diversified tactical balanced fund using various asset classes that have low correlation to each other to improve portfolio overall risk adjusted returns.

The Fund's net asset value was \$13.8 million as at June 30, 2024.

Recent Developments

There were no material changes to the investment strategy and features of the Fund since its inception from March 7, 2024 to June 30, 2024. The Manager actively monitors the positioning of the Fund's portfolio for changes in current market conditions and the economic environment.

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Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 1.95% for Series A units, 0.95% for Series F units and Series D units, 1.85% for Series P units, 0.85% for Series PF units, 1.75% for Series Q units, 0.75% for Series QF units, 1.65% for Series S units, 0.65% for Series SF units and is negotiated by the unitholders for Series I. The management fee is calculated and accrued daily based on the daily net asset value of that series of the Fund and is paid monthly. For the period from March 7, 2024 to June 30, 2024, the Fund incurred management fees of \$21,092 (including taxes). For the active series, 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 Capital Appreciation Fund – Series A	49%	51%
Ninepoint Capital Appreciation Fund – Series S	39%	61%
Ninepoint Capital Appreciation Fund – Series SF	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$291 during the period from March 7, 2024 to June 30, 2024 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 unitholder 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 certain Funds. Amounts waived or absorbed by the Manager are reported in the Statement of Comprehensive Income (Loss). Waivers or absorptions are at the Manager's discretion and can be terminated at any time without notice. For the period March 7, 2024 to June 30, 2024, the Manager did not absorb any expense.

OTHER RELATED PARTY TRANSACTIONS

For related party transactions, the Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee.

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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 from March 7, 2024 to June 30, 2024.

The Fund's Net Assets per Unit¹

	June 30, 2024 ⁴
Series A	\$
Net assets, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.02
Total expenses	(0.01)
Realized gains (losses) for the period	0.00
Unrealized gains (losses) for the period	0.07
Total increase (decrease) from operations²	0.08
Distributions:	
From income (excluding dividends)	(0.04)
Total annual distributions³	(0.04)
Net assets, end of period	10.04

	June 30, 2024 ⁴
Series S	\$
Net assets, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.10
Total expenses	(0.06)
Realized gains (losses) for the period	0.03
Unrealized gains (losses) for the period	0.18
Total increase (decrease) from operations²	0.25
Distributions:	
From income (excluding dividends)	(0.17)
Total annual distributions³	(0.17)
Net assets, end of period	10.24

	June 30, 2024 ⁴
Series SF	\$
Net assets, beginning of period	10.00
Increase (decrease) from operations:	
Total revenue	0.10
Total expenses	(0.03)
Realized gains (losses) for the period	0.03
Unrealized gains (losses) for the period	0.23
Total increase (decrease) from operations²	0.33
Distributions:	
From income (excluding dividends)	(0.17)
Total annual distributions³	(0.17)
Net assets, end of period	10.28

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 assets 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 beginning to ending net assets per unit.

3 Distributions were reinvested in additional units of the Fund or paid in cash.

4 Information provided is for the period from March 7, 2024 (first issuance) for Series S units and Series SF units, and June 20, 2024 (first issuance) for Series A units, to June 30, 2024.

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Ratios and Supplemental Data

	June 30, 2024
Series A	
Total net asset value (000s) ¹	\$10
Number of units outstanding ¹	1,004
Management expense ratio ²	2.55%
Management expense ratio before waivers or absorptions ²	2.55%
Management expense ratio before incentive/performance fees ²	2.55%
Trading expense ratio ³	0.08%
Portfolio turnover rate ⁴	25.49%
Net asset value per unit ¹	\$10.04

	June 30, 2024
Series S	
Total net asset value (000s) ¹	\$4,750
Number of units outstanding ¹	463,709
Management expense ratio ²	2.33%
Management expense ratio before waivers or absorptions ²	2.33%
Management expense ratio before incentive/performance fees ²	2.33%
Trading expense ratio ³	0.08%
Portfolio turnover rate ⁴	25.49%
Net asset value per unit ¹	\$10.24

	June 30, 2024
Series SF	
Total net asset value (000s) ¹	\$9,046
Number of units outstanding ¹	880,104
Management expense ratio ²	1.22%
Management expense ratio before waivers or absorptions ²	1.22%
Management expense ratio before incentive/performance fees ²	1.22%
Trading expense ratio ³	0.08%
Portfolio turnover rate ⁴	25.49%
Net asset value per unit ¹	\$10.28

1 The information is provided as at June 30, 2024.

2 Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of the daily average net asset value during the period. The Fund's MER includes the proportionate share of the MER (including performance fees and/or incentive fees) of each underlying fund in which the Fund was invested. 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 Fund's 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 year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover is expressed as a non-annualized percentage.

Past Performance

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

Summary of Investment Portfolio

As at June 30, 2024

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Funds	78.7
Information Technology	5.9
Financials	5.9
Consumer Staples	2.0
Sectors less than 1%	2.0
Industrials	1.9
Communication Services	1.8
Total Long Positions	98.2
Other Net Assets	1.1
Cash	0.7
Total Net Asset Value	100.0

Top 25 Long Positions

Issuer	% of Net Asset Value
Ninepoint Energy Fund, Series I	27.1
Ninepoint Diversified Bond Fund, Series I	24.6
Ninepoint Target Income Fund, Series I	9.8
Ninepoint Alternative Credit Opportunities Fund, Series I	4.9
Ninepoint Global Infrastructure Fund, Series I	4.9
Ninepoint Gold Bullion Fund, Series I	2.5
Ninepoint Global Macro Fund, Series I	2.5
Canadian Large Cap Leaders Split Corp.	2.4
Advanced Micro Devices Inc.	1.0
JPMorgan Chase & Company	1.0
Constellation Software Inc.	1.0
Royal Bank of Canada	1.0
The Toronto-Dominion Bank	1.0
Broadcom Inc.	1.0
Costco Wholesale Corporation	1.0
Canadian Pacific Kansas City Limited	1.0
NVIDIA Corporation	1.0
Mastercard Inc.	1.0
Eli Lilly & Company	1.0
Alimentation Couche-Tard Inc.	1.0
Microsoft Corporation	1.0
Apple Inc.	1.0
Amazon.com Inc.	1.0
Canadian Imperial Bank of Commerce	1.0
Waste Connections Inc.	1.0
Total 25 long positions as a percentage of Net Asset Value	95.7

The Fund did not hold short positions as at June 30, 2024.

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. The prospectus and other information on the underlying investment funds are available on the Internet at www.sedarplus.com.

Corporate Information

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