



Ninepoint Web3 Innovators Fund *(formerly, Ninepoint Bitcoin ETF)*

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2023

The annual 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 annual financial statements of the investment fund. You can get a copy of the annual 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.ca 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.

(in U.S. dollars)

Management Discussion of Fund Performance

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. The Fund indirectly invests in digital assets that provide direct exposure to Web3 technology by investing in securities of Canadian cryptocurrency ETFs.

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 126.7% in 2023, while its blended index, 70% Nasdaq 100 Index, 15% S&P Bitcoin Index and 15% S&P Ethereum Index, returned 76.8%.

Throughout 2023, the Bank of Canada raised rates three times, with the interest rate starting the year at 4.25% and increasing to 5.00% by the end of the year. In the U.S., the Federal Reserve raised interest rates four times, from 4.38% to 5.38% in 2023. However, inflation, the main driver of rate hikes, moderated significantly, causing certain risk assets to rise in anticipation of further rate cuts. Some digital assets, namely Bitcoin, have benefited from this risk-on mentality.

The U.S. regional banking crisis in early 2023 hit the crypto world hard with the collapse of Silvergate, Signature, and Silicon Valley Bank; Circle’s USDC stablecoin temporarily “de-pegged” from \$1.00 to \$0.86 amid news that \$3.3 billion of its reserves were housed at SVB. The FDIC stepped in to guarantee all deposits, and as a result USDC reclaimed the peg to the U.S. dollar. The crisis also illuminated the virtue of digital assets, which can be self-custodied and moved peer-to-peer, without a central authority who is at risk of failure.

There was increased enforcement action against companies operating in the digital asset space in the United States, with the SEC filing lawsuits against some of the largest crypto exchanges: Binance, Coinbase, and Kraken. The increased regulatory enforcement action against these companies has created an opening for jurisdictions that have established clear, sensible, and innovative-friendly legislature to attract digital-asset-based businesses. In the Middle East, Dubai issued the Virtual Assets and Related Activities Regulations 2023; the EU published the Markets in Crypto-Assets (MiCa) regulations; the UK implemented the Travel Rule; Hong Kong even opened up retail investor access to crypto once again.

Following the launch of ChatGPT in November 2023, AI emerged as one of the leading technologies for business, catalyzing significant investments by companies across many different industry and kick-starting some handwringing by those in government who are concerned about AI’s potential destabilizing impact. Several companies’ fortunes were transformed by the rise of AI. For example, NVIDIA added nearly \$700 billion to its market capitalization in 2023 alone, propelled by incredibly strong demand from data center providers and end users for its powerful graphic processing units. AI also helped to rescue an equity market that was reeling, with so-called Magnificent Seven stocks with strong exposure to AI leading the rally.

Following BlackRock’s filing for a spot Bitcoin ETF this summer, many other asset managers followed suit and submitted their own applications. At the time, BlackRock’s world-renowned reputation in conjunction with their 400-1 record in successful ETF applications instilled a real sense of optimism that a Bitcoin ETF was closer, than ever before, to receiving SEC approval after enduring nearly a decade of prior rejections. In October, the D.C. Circuit Court of Appeals’ landmark ruling against the SEC’s decision to block Grayscale’s GBTC conversion into a ETF only solidified this belief, with senior Bloomberg ETF analysts setting approval odds at 90% shortly thereafter. With the first final SEC decision due by January 10, 2024, one of the applications, there were eleven total filings that were expected to be simultaneously considered in this window from different asset managers: BlackRock, Fidelity, Invesco & Galaxy, 21Shares & ARK, Grayscale, Bitwise, VanEck, Wisdomtree, Valkyrie, Hashdex, and Franklin.

Since the summer, the prospect of Bitcoin ETFs was one of, if not the biggest, narratives that contributed to Bitcoin's considerable rally to end the latter half of 2023, which in turn, brought other cryptoassets and Web3-related equities with it. While not directly in the spotlight, but significant to say the least, was an increasing number of spot Ethereum ETF applications from many of the same managers including BlackRock, Fidelity, ARK, Invesco, and others. As expected, on January 10, 2024, the SEC approved all eleven Bitcoin ETF applications and gave them the green light to begin trading the very next day. In just the first two trading days, the net flows were \$819 million with a total trading volume of \$7.8 billion; although Grayscale saw \$580 million in outflows, four of the ETFs garnered inflows of over \$100 million: BlackRock (\$498M), Fidelity (\$422M), Bitwise (\$238M), and ARK (\$105M). Despite early days for Bitcoin ETFs, this event was nothing short of a watershed moment for Web3 as an industry and asset class, serving as a momentous step forward in helping accelerate the widespread adoption of and exposure to digital assets.

Undeterred by 2022's tumultuous bear market that saw Bitcoin decline 65%, a growing number of enterprises continued to leverage Web3 and its related technologies to help transform their businesses and gain a competitive advantage throughout 2023. According to Block Pro Research, 52% of Fortune 100 companies have pursued Web3-related initiatives since the beginning of 2020, with 70% of them having launched publicly by Q2 2023. Nike and other innovative companies have already embraced tokens. For example, Nike has generated \$385 million in revenue across 25 different NFT collections since December 2021, with a notable commitment and dedication to developing these initiatives throughout 2023. PayPal launched their own stablecoin in August, PYUSD, which amassed a circulating supply of \$160 million by year-end, and has grown to nearly \$300 million in the first two weeks of 2024. Aiming to enhance the performance and speed of crossborder payment transactions, Visa began leveraging USDC, a leading stablecoin, on Solana for settlements. Interestingly, the number of USDC wallets holdings at least \$10 grew 59% in 2023 to 2.7 million, highlighting greater overall adoption despite a decline in circulating supply in the last two years.

For the first five months of 2023, the ETF's mandate was to invest entirely in spot Bitcoin. During that time, we did not make any meaningful changes to the portfolio in response to these events because it was outside our mandate. Since May 31st, and with the change in investment objective and strategy, the portfolio shifted to investing in the companies and technologies leading the next digital age. Anticipating that financial conditions would ease and with several positive catalysts on the horizon, from a looming ETF decision to the halving of the Bitcoin block reward, we chose to be fully invested across a range of companies and assets that we felt would benefit the most in an upward trending market.

The Fund allocated significantly to Bitcoin and Ethereum-based ETFs, as well as several companies which we believe will be either drivers of or beneficiaries of the adoption of the blockchain-enabled internet. This sector had a very strong year, contributing to strong performance.

Though the Fund has the option of holding significant cash, we chose to be all-but fully invested in our strategy. This was based on our macro view that broader financial easing combined with several potential sector-specific catalysts would help lift the value of our core holdings.

The Fund rebalanced periodically to certain investments such as Coinbase (COIN) which, thanks to exceptionally strong performance, became concentration risks. We also lowered our overall exposure to the Bitcoin mining sector, replacing a large position in Hut8 Mining (HUT) with a much more modest position in Marathon Digital (MARA) as challenging economic headwinds within mining (rising costs, lower potential upside) made the relative value of these names less attractive. Given the investment strategy has only been in place for seven months, the Fund turned over relatively few names, but did execute over 50 trades in and around certain positions based on short-term tactical opportunities, and to meet redemptions and satisfy creations of new units.

The Fund's net asset value increased by 26.2% during the year, from \$16.0 million as at December 31, 2022 to \$20.2 million as at December 31, 2023. This change was predominantly due to net realized and unrealized gains on investments of \$16.2 million, offset by net redemptions of \$11.7 million and net expenses of \$0.3 million.

Recent Developments

On April 20, 2023, holders of ETF units of the Fund (the "Unitholders") approved to change the Fund's investment objective, effective May 31, 2023 (the "Effective Date"), 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. On the Effective Date, to better reflect the Fund's new investment objectives, the Fund also changed its investment strategies, its name to Ninepoint Web3 Innovators Fund, and its tickers to TSX: TKN; TKN.U.

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager at an annual rate of 0.70% for ETF 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 year ended December 31, 2023, the Fund incurred management fees (including taxes) of \$159,585. 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 – ETF Units	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$23 during the year ended December 31, 2023 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 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. During the year ended December 31, 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 years ended December 31 shown, unless otherwise indicated.

The Fund's Net Assets per Unit¹

	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021 ²
	\$	\$	\$
ETF Units			
Net assets, beginning of period	4.92	13.71	9.55
Increase (decrease) from operations:			
Total revenue	0.02	–	0.00
Total expenses	(0.12)	(0.12)	(0.24)
Realized gains (losses)	(1.84)	(0.52)	7.76
Unrealized gains (losses)	8.33	(8.27)	1.75
Total increase (decrease) from operations³	6.39	(8.91)	9.27
Distributions:			
Total annual distributions⁴	–	–	–
Net assets, end of period	11.16	4.92	13.71

	Dec 31, 2023	Dec 31, 2022 ⁵
	\$	\$
Series A		
Net assets, beginning of period	–	10.00
Increase (decrease) from operations:		
Total revenue	–	0.00
Total expenses	–	(0.12)
Realized gains (losses)	–	(0.39)
Unrealized gains (losses)	–	(5.05)
Total increase (decrease) from operations³	–	(5.56)
Distributions:		
Total annual distributions	–	–
Net assets, end of period	–	–

	Dec 31, 2023	Dec 31, 2022 ⁵
	\$	\$
Series F		
Net assets, beginning of period	–	10.00
Increase (decrease) from operations:		
Total revenue	–	0.00
Total expenses	–	(0.05)
Realized gains (losses)	–	(0.46)
Unrealized gains (losses)	–	(4.89)
Total increase (decrease) from operations³	–	(5.40)
Distributions:		
Total annual distributions	–	–
Net assets, end of period	–	–

- 1 This information is derived from the Fund's 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 ETF Series units offering were recorded as a reduction in partners' capital. Information provided is for the period from January 27, 2021 (launch date) to December 31, 2021 for ETF Series units.
- 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 23, 2022 (first issuance) for Series A units and Series F units, until all outstanding units were fully redeemed during the period ended December 31, 2022.

Ratios and Supplemental Data

ETF Units	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021
Total net asset value (000's) ¹	\$20,239	\$16,040	\$56,214
Number of units outstanding ¹	1,813,866	3,258,866	4,098,866
Management expense ratio ²	1.29%	1.45%	1.45%
Management expense ratio before waivers or absorptions ²	1.88%	2.13%	1.58%
Trading expense ratio ³	0.17%	0.00%	0.00%
Portfolio turnover rate ⁴	110.68%	21.50%	118.63%
Net asset value per unit ¹	\$11.16	\$4.92	\$13.71
Closing market price ⁵	\$11.15	\$4.90	\$13.67
Closing market price (CAD) ⁵	\$14.77	\$6.65	\$17.27

1 This information is provided as at December 31 for the years shown. As Series A units 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 as at December 31 for the years shown.

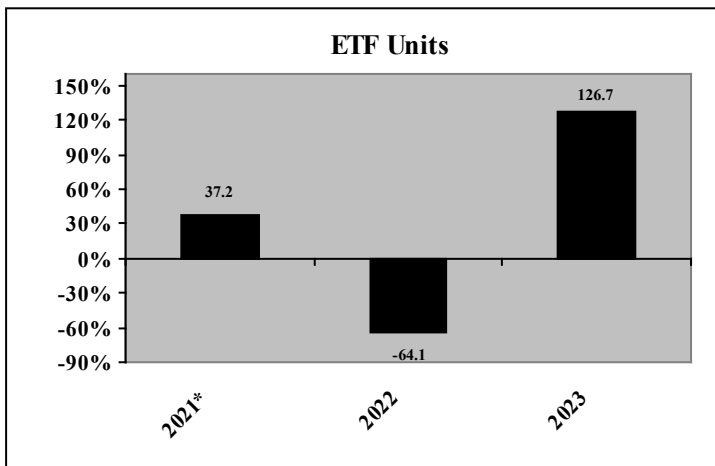
Past Performance

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 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 units 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).

Annual Compound Returns

The following table illustrates the annual compound total return for each Series of units of the Fund for the periods shown. As a basis of performance comparison, the annual compound return of the Fund is compared to that of a blended index consisting of 15% S&P Bitcoin Index, 15% S&P Ethereum Index and 70% Nasdaq 100 Index (the “Blended Index”). The S&P Bitcoin Index and S&P Ethereum Index are designed to track performance of the digital assets Bitcoin and Ethereum, respectively. The Nasdaq 100 Index includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization. The Fund was formerly compared to MVIS CryptoCompare Bitcoin Benchmark Rate (the “Index”). The benchmark was changed as the Blended Index is more representative of the composition of the portfolio. Since the Fund does not necessarily invest in the same securities or in the same proportion as the Blended Index, the performance of the Fund is not expected to equal the performance of the Blended Index.

	1-Year	Since Inception*
Ninepoint Web3 Innovators Fund – ETF Units	126.7%	3.8%
Blended Index	76.8%	15.0%
MVIS CryptoCompare Bitcoin Benchmark Rate	154.1%	10.2%

* Since first issuance of January 27, 2021 for ETF Units. Returns for Series A and Series F are not shown as there were no units outstanding as at December 31, 2023.

Summary of Investment Portfolio

As at December 31, 2023

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Financials	38.4
Digital Asset Funds	30.9
Information Technology	23.5
Consumer Discretionary	5.1
Communication Services	2.1
Total Long Positions	100.0
Cash	0.0
Other Net Liabilities	(0.0)
Total Net Asset Value	100.0

All Long Positions

Issuer	% of Net Asset Value
CI Galaxy Bitcoin ETF	15.8
Coinbase Global Inc.	13.8
CI Galaxy Ethereum ETF	12.3
Galaxy Digital Holdings Limited	9.4
Microsoft Corporation	7.4
NVIDIA Corporation	5.4
Block Inc.	5.2
PayPal Holdings Inc.	5.1
Shopify Inc.	4.0
Marathon Patent Group Inc.	3.9
Purpose Ether ETF	2.8
Advanced Micro Devices Inc.	2.8
NIKE Inc.	2.7
Mastercard Inc.	2.7
LVMH Moet Hennessy Louis Vuitton SE	2.4
CME Group Inc.	2.2
Roblox Corporation	2.1
Cash	0.0
All long positions as a percentage of Net Asset Value	100.0

The Fund held no short positions as at December 31, 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. The prospectus and other information about the underlying investment funds are available on the Internet at www.sedarplus.ca.

Corporate Information

Corporate Address

Ninepoint Partners LP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2700, P.O. Box 27
Toronto, Ontario M5J 2J1

T 416.362.7172

TOLL-FREE 1.888.362.7172

F 416.628.2397

E invest@ninepoint.com

For additional information visit our website:

www.ninepoint.com

Call our mutual fund information line for daily closing prices:

416.362.7172 or 1.888.362.7172

Auditors

Ernst & Young LLP

EY Tower

100 Adelaide Street West

Toronto, Ontario M5H 0B3

Legal Counsel

McCarthy Tétrault LLP

TD Bank Tower

66 Wellington Street West, Suite 5300

Toronto, Ontario M5K 1E6