



Ninepoint Web3 Innovators Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2024

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 obtain 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 investors with a high tolerance for risk.

Results of Operations

The Fund, ETF Series (USD) returned 50.9% in 2024, while its blended index returned 45.1%. The ETF Series (USD) units and ETF Series (CAD) units trade on the Toronto Stock Exchange under the symbols “TKN.U” and “TKN”, respectively.

Crypto entered the mainstream in 2024. The Bitcoin ETF launch in the U.S. was the most successful in history. Polymarket became a go-to American election resource that ended up making news and perhaps even influencing the outcome of the election. Stablecoins, tokens backed by U.S. dollars, processed trillions of dollars every month in transaction volume, closely rivalling traditional payment giants like Visa. Wall Street heavyweights including BlackRock, UBS, and Franklin Templeton launched tokenized funds on public blockchain networks. And President-elect Donald Trump vowed to position America as the crypto capital of the world.

While the launch of spot Bitcoin and Ethereum ETFs by large asset managers and strong enterprise adoption initially fueled the current rally, it was given an added boost after President Trump was re-elected in November, 2024. In the ensuing months, Bitcoin soared from \$68,000 to \$100,000, fueled by excitement among crypto advocates who believed that President-elect Trump would fulfill his promise of embracing crypto. President-elect Trump already tapped Paul Atkins, a former U.S. Securities and Exchange Commission (“SEC”) commissioner and advisor to the Digital Chamber, to lead the SEC and David Sacks, the original COO of PayPal and serial tech investor, as the White House AI and Crypto Czar. Crypto was the biggest winner of the Trump trade because many believe regulatory clarity will arise that sidelined individuals, and institutions have long been awaiting to adopt and participate with the asset class.

Ethereum was a laggard in 2024 compared to Bitcoin, despite the fact it also received its own ETF. Investing in Ether, the native token for Ethereum, gives investors exposure to the underlying platform for application development in a wide range of web3 themes, including on-chain gaming, decentralized finance, artificial intelligence and more. Whereas in past eras of the web, there was no way of directly owning a ‘share’ of the internet, this time investors can participate in the native asset class of the new web (web3) by investing in these platforms. We feel that Ethereum and other smart-contracting blockchain platforms like Solana, Sui, and Sei will fare better in 2025, as application development in AI, finance, gaming and media continue to be built on these networks.

Meanwhile, AI, the other leading technology of this new digital age, has truly begun to shake-up nearly every business, government and institution following the launch of ChatGPT less than two years ago. Boosters see AI ushering in a new “industrial revolution” led by thinking computers that can reason, plan, and apply knowledge to a dizzying array of industries. However, so far, most of the value from AI has piled up in chipmakers. NVIDIA Corporation, which manufactures the leading computer chips powering the AI revolution, has remained the dominant player. Enterprises have quickly embraced AI for its ability to improve customer service, enhance workflow, strengthen security, and more. This has translated into strong demand from so-called “Hyperscalers” like Microsoft Corporation who are focused on enterprise, and who has vowed to spend \$80 billion on data centers, creating strong demand for chipmakers like NVIDIA Corporation and Advanced Micro Devices Inc. Longer term, the Manager expects that more value will shift away from hardware manufacturers to companies that are using AI to deliver new services, products and capabilities to market.

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The Manager believes technologies like crypto, AI, extended reality and IoT are not separate but related and, in many instances, are converging. For example, blockchain networks like Ethereum and Base (owned by Coinbase) have become platforms for AI applications such as AI agents. Virtual and augmented reality is combining with AI in the videogame industry and, also, with crypto, in the area of Metaverse development. AI leaders like Microsoft Corporation also provide services and solutions to crypto developers, while chipmakers like NVIDIA Corporation provide computing power to AI, gaming, and crypto alike. These technologies are deeply intertwined, and collectively define the web3 era. We expect this trend toward convergence to continue.

As a result of the above themes and trends, the Fund's allocation to crypto ETFs was the top contributor to positive performance in 2024. The Fund's allocation to pure play crypto equities like Coinbase and Galaxy Digital Holdings were also a top contributor, even outperforming foundational cryptoassets like Bitcoin and Ethereum following President-elect Trump's victory. On the AI front, the Fund's top contributor was NVIDIA Corporation, which remained the largest beneficiary of the AI boom with its dominance in the global chip market.

The Fund's diversified approach allows it to capture the growth in foundational digital asset platforms, like Bitcoin and Ethereum, via indirect investments in listed Canadian cryptocurrency ETFs, pure play crypto and AI businesses, and high-quality growth tech beneficiaries of the transformation.

The Fund's net asset value increased by 20.9% during the year, from \$20.2 million as at December 31, 2023 to \$24.5 million as at December 31, 2024. This change was predominantly due to net realized and unrealized gains on investments of \$9.9 million, offset by net redemptions of \$5.3 million and expenses of \$0.4 million.

Recent Developments

The Manager actively monitors the positioning of the Fund's portfolio for changes in current market conditions and the economic environment.

Effective January 6, 2025, the Fund will be renamed Ninepoint Crypto and AI Leaders ETF. There are no changes to the investment objectives or strategies of the Fund.

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 based on the daily net asset value of that series of the Fund and is paid monthly. For the year ended December 31, 2024, the Fund incurred management fees (including taxes) of \$174,572. 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
ETF Units	100%	–

Of the management fees that the Manager received from the Fund, the Manager paid nil trailer commissions during the year ended December 31, 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 may pay some 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 are at the Manager’s discretion and can be terminated at any time without notice. For the year ended December 31, 2024, the Manager did not absorb any 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.

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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 years ended December 31 shown, unless otherwise indicated.

The Fund's Net Assets per Unit¹

	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021 ²
ETF Units	\$	\$	\$	\$
Net assets, beginning of period	11.16	4.92	13.71	9.55
Increase (decrease) from operations:				
Total revenue	0.03	0.02	—	0.00
Total expenses	(0.25)	(0.12)	(0.12)	(0.24)
Realized gains (losses)	3.00	(1.84)	(0.52)	7.76
Unrealized gains (losses)	3.10	8.33	(8.27)	1.75
Total increase (decrease) from operations³	5.88	6.39	(8.91)	9.27
Distributions:				
Total annual distributions⁴	—	—	—	—
Net assets, end of period	16.84	11.16	4.92	13.71

	Dec 31, 2024	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 distributions⁴	—	—	—
Net assets, end of period	—	—	—

	Dec 31, 2024	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 distributions⁴	—	—	—
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.

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Ratios and Supplemental Data

ETF Units	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021
Total net asset value (000s) ¹	\$24,479	\$20,239	\$16,040	\$56,214
Number of units outstanding ¹	1,453,866	1,813,866	3,258,866	4,098,866
Management expense ratio ²	1.60%	1.29%	1.45%	1.45%
Management expense ratio before waivers or absorptions ²	1.60%	1.88%	2.13%	1.58%
Trading expense ratio ³	0.12%	0.17%	0.00%	0.00%
Portfolio turnover rate ⁴	27.98%	110.68%	21.50%	118.63%
Net asset value per unit ¹	\$16.84	\$11.16	\$4.92	\$13.71
Closing market price ⁵	\$16.82	\$11.15	\$4.90	\$13.67
Closing market price (CAD) ⁵	\$24.20	\$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 for these series are not shown.
- 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 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.

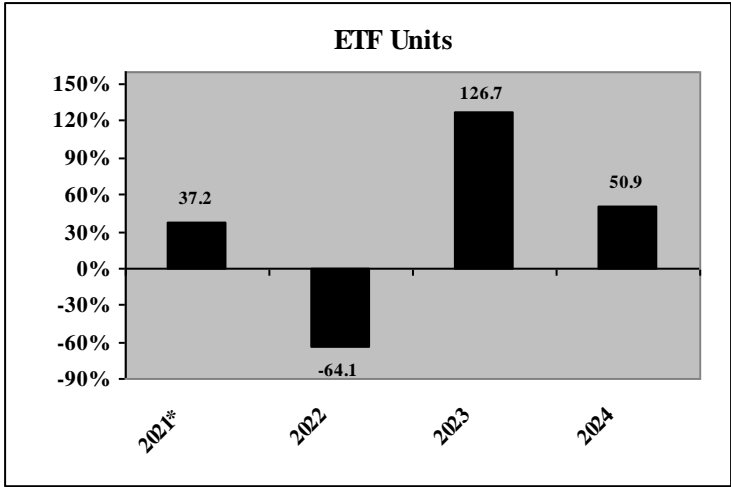
Past Performance

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 no 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).

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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 its benchmark (the “Blended Index”). The Blended Index is designed to track performance of the digital assets Bitcoin and Ethereum, and includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization. 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*
ETF Units	50.9%	14.2%
Blended Index	45.1%	22.0%

* Since first issuance of January 27, 2021 for ETF Series units. Returns for Series A units and Series F units are not shown as there were no units outstanding as at December 31, 2024.

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Summary of Investment Portfolio

As at December 31, 2024

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Financials	44.3
Digital Asset Funds	29.2
Information Technology	23.7
Communication Services	2.2
Total Long Positions	99.4
Cash	0.7
Other Net Liabilities	(0.1)
Total Net Asset Value	100.0

All Long Positions

Issuer	% of Net Asset Value
Galaxy Digital Holdings Limited	13.2
CI Galaxy Ethereum ETF	12.4
CI Galaxy Bitcoin ETF	10.9
Coinbase Global Inc.	10.8
NVIDIA Corporation	9.4
PayPal Holdings Inc.	7.3
Hut 8 Corporation	6.3
Microsoft Corporation	6.2
Block Inc.	4.7
WonderFi Technologies Inc.	3.5
Mastercard Inc.	2.7
Purpose Ether ETF	2.4
Roblox Corporation	2.2
CME Group Inc.	2.0
Purpose Ether Staking Corp. ETF	2.0
Advanced Micro Devices Inc.	1.9
Purpose Bitcoin ETF	1.5
Cash	0.7
All long positions as a percentage of Net Asset Value	100.1

The Fund held did not hold short positions as at December 31, 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.ca.

Corporate Information

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A Note on Forward-Looking Statements

This report may contain certain statements that constitute forward-looking statements. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words or expressions such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “target” or negative versions thereof and other similar expressions or future or conditional verbs such as “may”, “will”, “should”, “would” and “could” and similar expressions to the extent they relate to future financial performance of the Fund or a security and the Fund’s investment strategies and prospects. The forward-looking statements are not historical facts but reflect the expectations or forecasts of future results or events as at the date of this report. These forward-looking statements are subject to a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from current expectations including, without limitation, general economic, political and market factors in North America and internationally, movements in interest and foreign exchange rates, the volatility of equity and capital markets, business competition, technological change, changes in government regulations, changes in securities laws and regulations, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, and the ability of Ninepoint to attract or retain key employees. This list of important risks, uncertainties and assumptions is not exhaustive. These and other factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The forward-looking information contained in this report is current only as of the date of this report. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.
