



Ninepoint Target Income Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2023

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.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.

Management Discussion of Fund Performance

Investment Objective and Strategies

The objective of Ninepoint Target Income Fund (the “Fund”) is to seek to provide unitholders with stable, monthly distributions and lower volatility than a direct investment in the broad equity markets by investing primarily in a diversified portfolio of equity index-based investments that generates income and using derivatives strategies to moderate the market volatility of those investments. To achieve the Fund’s investment objective, the Fund seeks to generate income by primarily selling put options on broad equity indices, including exchange traded funds (ETFs). Additionally, it may enter into, or obtain exposure to, systematic put selling strategies through the use of derivative instruments, such as swaps. As part of its investment strategy, the Fund may also:

- engage in short selling in a manner which is consistent with the investment objectives of the Fund and as permitted by the Canadian Securities Administrators;
- engage in securities lending as permitted by securities regulations; and
- hold cash, short-term money market instruments and fixed income securities, at any time, for cash management purposes based on the market outlook for the energy sector.

Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable for those investors seeking stable, monthly distributions, lower volatility than a direct investment in the broad equity markets, and exposure to a diversified portfolio of equity index based investments. This Fund is suitable for investors with a low-to-medium tolerance for risk and have a medium to long-term investment horizon.

Results of Operations

The Fund, Series SF returned 4.1% in the first half of 2023.

In 2023, equities initially rallied on improving inflation trends and then experienced a sharp sell-off in March as uncertainty over the solvency of regional banks in the United States. This uncertainty drove higher demand for hedging, given perceived downside risks to markets and subsequently higher expected volatility being priced into options markets. As concerns over banking risks abated, equity markets rallied, and implied volatility declined. Since March, the breadth of equity market returns have narrowed with technology driving a significant amount of equity market returns. Nascent signs that earnings trends might be improving and excitement over the potential for AI have been key contributors to technology share performance.

We positioned the Fund for this environment by deploying put selling strategies with an S&P 500 underlying that rolled puts at strike prices moderately higher, offering the potential to generate the Fund’s target return while providing a protective buffer against moderate prices decline in the underlying index.

The top factors contributing to performance were an increase in yields on short-term money securities driving higher returns on cash combined with the S&P 500 rally leading the options strategies to generate positive returns.

The money market securities portfolio and the S&P 500 85 strike laddered puts were the top contributors to performance. Bottom performers were the S&P 500 70 strike laddered puts. During the period the portfolio lowered its proportional allocation of notional puts sold in the S&P 500 75 & 70 strike laddered puts into the 85 & 80 strike laddered puts. This was done to increase the potential of the portfolio to generate its target 6% distribution in a broader set of market scenarios.

The Fund’s net asset value decreased by 7.2% during the period, from \$33.3 million as at December 31, 2022 to \$30.9 million as at June 30, 2023. This change was predominantly due to net redemptions of \$2.7 million.

Recent Developments

There were no material changes to the investment strategy and features of the Fund during the period ended June 30, 2023. 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 1.60% for Series A units, 0.60% for Series F and ETF Series units, 1.30% for Series S units, 0.30% 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 ended June 30, 2023, the Fund incurred management fees (including taxes) of \$92,880. 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 Target Income Fund – Series A	37%	63%
Ninepoint Target Income Fund – Series F	100%	–
Ninepoint Target Income Fund – Series S	100%	–
Ninepoint Target Income Fund – Series SF	100%	–
Ninepoint Target Income Fund – ETF Series	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid nil trailer commissions during the period ended June 30, 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 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 Loss. Waivers or absorptions can be terminated at any time without notice. For the period ended June 30, 2023, 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.

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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 ended June 30, 2023 and each of the previous years ended December 31 shown, unless otherwise indicated.

The Fund's Net Assets per Unit¹

	June 30, 2023	Dec 31, 2022 ⁵
Series A	\$	\$
Net assets, beginning of period	9.89	10.00
Increase (decrease) from operations:		
Total revenue	0.18	0.14
Total expenses	(0.11)	(0.08)
Realized gains (losses) for the period	0.19	0.13
Unrealized gains (losses) for the period	0.06	0.04
Total increase (decrease) from operations²	0.32	0.23
Distributions:		
From income (excluding dividends)	0.30	0.18
From capital gain	–	0.00
From return of capital	–	0.07
Total annual distributions³	0.30	0.25
Net assets, end of period	9.93	9.89

	June 30, 2023	Dec 31, 2022 ⁵
Series F	\$	\$
Net assets, beginning of period	9.94	10.00
Increase (decrease) from operations:		
Total revenue	0.18	0.13
Total expenses	(0.05)	(0.04)
Realized gains (losses) for the period	0.20	0.25
Unrealized gains (losses) for the period	0.05	(0.05)
Total increase (decrease) from operations²	0.38	0.29
Distributions:		
From income (excluding dividends)	0.30	0.23
From capital gain	–	0.00
From return of capital	–	0.02
Total annual distributions³	0.30	0.25
Net assets, end of period	10.04	9.94

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	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
Series S		
Net assets, beginning of period	9.97	10.00
Increase (decrease) from operations:		
Total revenue	0.18	0.15
Total expenses	(0.09)	(0.10)
Realized gains (losses) for the period	0.20	0.18
Unrealized gains (losses) for the period	0.06	0.04
Total increase (decrease) from operations²	0.35	0.27
Distributions:		
From income (excluding dividends)	0.30	0.22
From capital gain	–	0.00
From return of capital	–	0.08
Total annual distributions³	0.30	0.30
Net assets, end of period	10.01	9.97

	June 30, 2023	Dec 31, 2022 ⁴
	\$	\$
Series SF		
Net assets, beginning of period	10.03	10.00
Increase (decrease) from operations:		
Total revenue	0.19	0.15
Total expenses	(0.04)	(0.04)
Realized gains (losses) for the period	0.20	0.16
Unrealized gains (losses) for the period	0.05	0.02
Total increase (decrease) from operations²	0.40	0.29
Distributions:		
From income (excluding dividends)	0.30	0.25
From capital gain	–	0.00
From return of capital	–	0.05
Total annual distributions³	0.30	0.30
Net assets, end of period	10.13	10.03

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ETF Series	June 30, 2023 \$	Dec 31, 2022 ⁴ \$
Net assets, beginning of period	20.01	20.00
Increase (decrease) from operations:		
Total revenue	0.37	0.30
Total expenses	(0.10)	(0.11)
Realized gains (losses) for the period	0.48	0.30
Unrealized gains (losses) for the period	0.11	0.19
Total increase (decrease) from operations²	0.86	0.68
Distributions:		
From income (excluding dividends)	0.60	0.41
From capital gain	–	0.01
From return of capital	–	0.18
Total annual distributions³	0.60	0.60
Net assets, end of period	20.18	20.01

1 This information is derived from the Fund's interim and audited annual 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 June 29, 2022 (launch date) for Series S, Series SF and ETF Series, to December 31, 2022.

5 Information provided is for the period from August 2, 2022 (first issuance) for Series A and Series F, to December 31, 2022.

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Ratios and Supplemental Data

	June 30,	Dec 31,
	2023	2022
Series A		
Total net asset value (000's) ¹	\$1,864	\$705
Number of Units outstanding ¹	187,759	71,200
Management expense ratio ²	2.20%	1.88%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	132.85%	118.75%
Net asset value per Unit ¹	\$9.93	\$9.89
Series F		
	June 30,	Dec 31,
	2023	2022
Total net asset value (000's) ¹	\$11,138	\$11,383
Number of Units outstanding ¹	1,109,698	1,144,849
Management expense ratio ²	1.05%	0.93%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	132.85%	118.75%
Net asset value per Unit ¹	\$10.04	\$9.94
Series S		
	June 30,	Dec 31,
	2023	2022
Total net asset value (000's) ¹	\$1,267	\$1,313
Number of Units outstanding ¹	126,548	131,725
Management expense ratio ²	1.85%	1.98%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	132.85%	118.75%
Net asset value per Unit ¹	\$10.01	\$9.97
Series SF		
	June 30,	Dec 31,
	2023	2022
Total net asset value (000's) ¹	15,241	\$16,667
Number of Units outstanding ¹	1,504,771	1,662,530
Management expense ratio ²	0.74%	0.83%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	132.85%	118.75%
Net asset value per Unit ¹	\$10.13	\$10.03

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ETF Series	June 30, 2023	Dec 31, 2022
Total net asset value (000's) ¹	\$1,413	\$3,202
Number of Units outstanding ¹	70,000	160,000
Management expense ratio ²	1.05%	1.14%
Trading expense ratio ³	0.00%	0.00%
Portfolio turnover rate ⁴	132.85%	118.75%
Net asset value per Unit ¹	\$20.18	\$20.01
Closing Market Price ⁵	\$20.30	\$20.07

1 This information is provided as at June 30, 2023 and December 31 for the years shown prior to 2023.

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.

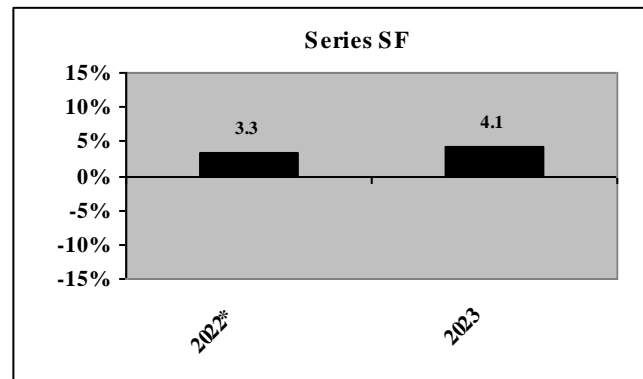
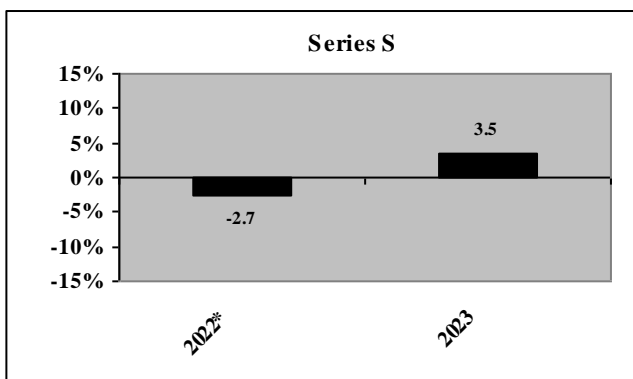
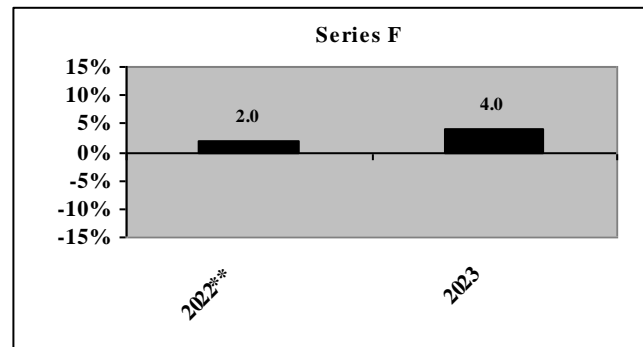
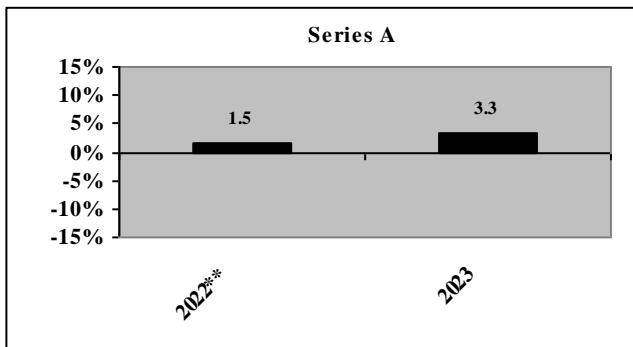
5 Last closing price before the period end June 30, 2023 and year end December 31 for the years shown.

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.

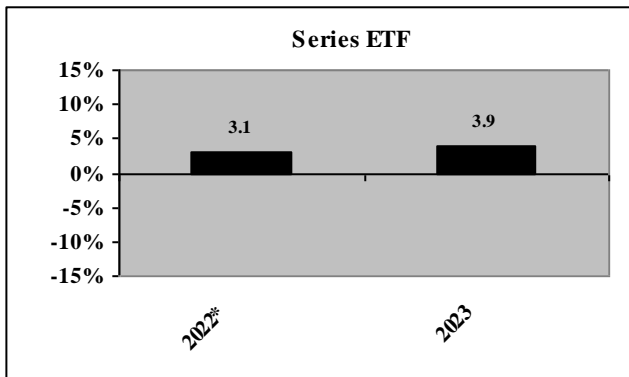
Year-by-Year Returns

The following chart indicates the performance of each Series of the period ended June 30, 2023 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.



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* Return from June 29, 2022 (launch date) for Series S, Series SF and ETF Series, to December 31, 2022. (not annualized).

** Return from August 2, 2022 (launch date) for Series A and Series F, to December 31, 2022 (not annualized).

Summary of Investment Portfolio

As at June 30, 2023

Portfolio Allocation

	% of Net Asset Value
Long Positions	70.2
Investment Grade Bonds	28.6
Short-term Investment	98.8
Total Long Positions	98.8
Cash	0.9
Swap Contracts*	0.4
Other net assets	(0.1)
Total Net Asset Value	100.0

* Positions in swap contracts are disclosed as the gain/(loss) that would be realized if the contracts were closed out on June 30, 2023.

All Long Positions Excluding Swap Contracts

Issuer	% of Net Asset Value
Bell Canada Inc., Callable, 4.700%, Sep 11, 2023	9.4
Bank of Nova Scotia, 5.061%, Jul 31, 2023	8.0
TransCanada PipeLines Limited, Callable, 3.690%, Jul 19, 2023	7.9
Canadian Pacific Railway Company, 1.589%, Nov 24, 2023	6.4
Mercedes-Benz Canada Finance Inc. and Mercedes-Benz Finance North America LLC, 2.540%, Aug 21, 2023	6.4
Royal Bank of Canada, 5.116%, Jul 27, 2023	6.4
Wells Fargo & Company, 2.509%, Oct 27, 2023	6.1
Canadian Imperial Bank of Commerce, 5.230%, Sep 8, 2023	5.1
Daimler Trucks Finance Canada Inc., 1.850%, Dec 15, 2023	4.8
Canadian Imperial Bank of Commerce, 4.995%, Aug 1, 2023	4.2
National Bank of Canada, 4.988%, Aug 16, 2023	4.2
The Toronto-Dominion Bank, 5.071%, Aug 25, 2023	3.9
Bank of Montreal, 5.193%, Sep 21, 2023	3.2
Enbridge Pipelines Inc., 5.602%, Jul 6, 2023	3.2
National Bank of Canada, 4.988%, Jul 19, 2023	3.2
Enbridge Gas Inc., 5.079%, Jul 17, 2023	3.1
Royal Bank of Canada, 5.272%, Aug 15, 2023	2.6
AltaLink L.P., 3.668%, Nov 6, 2023	2.0
Bank of Montreal, 5.052%, Aug 14, 2023	1.9
The Toronto-Dominion Bank, 5.036%, Aug 14, 2023	1.6
Government of Canada, 4.563%, July 6, 2023	1.4
Cash	0.9
All long positions as a percentage of Net Asset Value	95.9

All Swap Contracts**

Issuer	% of Net Asset Value
RBC US Equity 85% Put Write Index, Jun 28, 2024	52.0
RBC US Equity 80% Put Write Index, Jun 28, 2024	34.1
RBC US Equity 75% Put Write Index, Jun 28, 2024	6.3
RBC EU Equity 85% Put Write Index, Jun 28, 2024	2.0
RBC US Equity 90% Put Write Index, Jun 28, 2024	1.9
RBC EU Equity 75% Put Write Index, Jun 28, 2024	0.8
RBC EU Equity 80% Put Write Index, Jun 28, 2024	0.7
RBC CA Equity 90% Put Write Index, Jun 28, 2024	0.2
RBC CA Equity 85% Put Write Index, Jun 28, 2024	0.2
RBC US Equity 70% Put Write Index, Jun 28, 2024	0.2

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.

** Positions in swap contracts are disclosed in terms of their notional exposure. All swap contracts are speculative in nature.

Corporate Information

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