



Ninepoint Alternative Health Fund

April 2021 Commentary

The end of Q1-21 brought quarterly holdings reports to the fore with US institutional investment in the US cannabis sector providing updated holdings in the leading US multi-state operators (MSO's). A review of regulatory filings shows that Putnam has filed as a holder in **Green Thumb Industries (GTI), TerrAscend (TER), Columbia Care (CCHW) and Trulieve Cannabis (TRUL)**, while TIAA-CREF has filed as a holder of Green Thumb Industries (GTI). Custody issues are still being experienced by many in the cannabis industry, but barriers to investment in the US are coming down.

April witnessed negative returns for most of the cannabis industry, however, it's important to look at the near, medium and long term prospects to substantiate our conviction for the leading names in the US cannabis space. We continue to focus on US cannabis given the strong cash flow growth that is being generated as companies are reaching operational scale, with the larger state by state footprints, capturing higher margins and building brands. When analyzing growth sectors, US cannabis is unique in that it offers significant opportunities for cash flow growth with a growing market (given legalization at the state level), yet most of the names in the US cannabis industry trade at a discount to other growth sectors, including technology, software and the US listed Canadian cannabis companies.

As a reminder, we continue to see growth in the total addressable market (TAM) in the US. State by State, as each Governor sees its neighbours generating needed tax revenue and increases in state employment, the pressure builds for more states to legalize given the economic benefits of legal adult use cannabis. With revenues from recent adult use converts such as Illinois that generated over \$1 billion in cannabis sales in its first year of legal adult use sales or Michigan that generated \$1 billion in 2020 or California that generated over \$3 billion in annual sales, prospects for growth continue to provide upside for those companies that have existing operations. Even medical states such as Florida and Pennsylvania are each generating over \$1 billion in annual sales, which results in forecasts of the legal cannabis market in the US for 2021 to reach \$21 billion from \$17.5 billion last year.

On May 10th, prior to the market open, **Trulieve Cannabis (TRUL)**, announced the largest acquisition in US cannabis history with an all stock offer for **Harvest Health & Recreation (HARV)** valued at \$2.1 billion. HARV shareholders would own 27% of the combined company. The valuation on HARV shares represents a 34% premium to HARV's closing price on the previous day's closing price. The proposed transaction has a \$100 million reciprocal termination fee with HARV holding a special meeting to approve the transaction in Q3-21. When we analyze the opportunity to combine TRUL and HARV, it will create the most profitable multi-state operator (MSO) in the US with current operations generating revenue of \$1.6 billion with EBITDA of ~\$630 million which will rival US industry leader CURA's forecasted 2022 revenue of ~\$1.8b and EBITDA of ~\$600 million. In our opinion, this is good for both sets of shareholders as HARV connects its leadership in AZ and operations in PA with FL leader TRUL, that has distinguished itself as a cannabis operator that is focused on expansion across markets in the US. The combined entity operates with 126 dispensaries and will have over 3 million sq ft in total cultivation/manufacturing. We believe the transaction is important in building value and awareness of TRUL that has historically had a valuation discount to many MSO's due to its mostly single-state platform, which should re-rate to reflect its true

Investment Team



Ninepoint / Faircourt,
Sub Advised by Faircourt Asset
Management

MSO status as a result of this deal in addition to being a leader in the US industry overall.

Despite some recent setbacks regarding custody of US Cannabis positions, from a regulatory perspective, we continue to see barriers to investment reducing as more US cannabis companies re-file financial statements based on US GAAP, and file with the SEC, all in an effort to abide by US securities laws. Combined with current federal efforts to either provide access to FDIC regulated banking participants; decriminalize cannabis at the federal level; and/or allow each State to decide on its legal status for cannabis, each of these initiatives suggest a growing awareness and more profitable open market for legal cannabis.

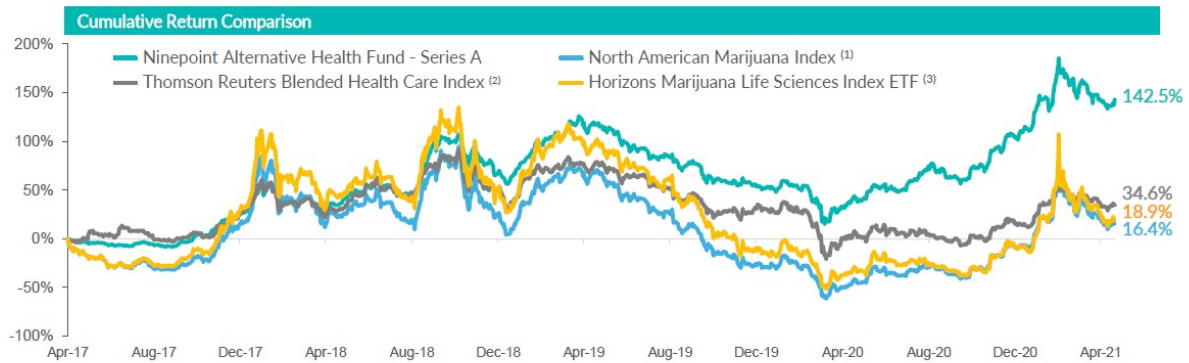
US cannabis companies are about to announce their Q1-21 financial results. Industry sales data and analyst estimates suggest that many of the leading MSO's will have strong Q1 results aided by recent acquisitions with Q1-21 being the first full quarter contributing to operations. We expect this strong performance to continue with more states legalizing there is a significant growth opportunity over the next decade as 2020 sales revenue of \$17.5 billion grows to over \$70 billion in combined legal cannabis sales by 2030.

As mentioned, the cannabis sector saw weakened equity performance in April, however, the broad diversification of the Fund provided a cushion against the short-term negative sentiment in cannabis. As mentioned in our 2021 Forecast, health and wellness are areas that could benefit from the re-opening of the US economy, and April saw sound returns from the portfolio's leading health and wellness names. Portfolio names such as **UnitedHealth Group (UNH)** returned +8.64% in April while **Pfizer (PFE)** was +6.47%, while **Jamieson Wellness (JWEL)** generated a return of +2.74% in the month. If investors are searching for growth in the healthcare or pharmaceuticals sectors, yet frustrated with the few names they have selected, the Fund's diversified approach as seen in its long-term performance (below) provides a great alternative for those investors that want exposure to healthcare, pharma as well as cannabis. Also important for investors to know, that given the conviction we have in the names in our portfolio, in a period when markets are weaker such as what we have witnessed recently, we have been selectively adding to the names we believe in such as **PFE** and **Johnson & Johnson (JNJ)**.

Active management, and a more diversified approach has provided better risk adjusted returns. Below is a since inception comparison of the Fund relative to its benchmark, indexes and ETFs that we are compared to. We are proud that we are able to protect the downside while positioning the Fund for outsized long-term returns.

Ninepoint Alternative Health Fund

Cumulative Returns (As at April 30, 2021)



Inception date: March 26, 2017. Chart shows period between April 11, 2017 and April 30, 2021

Period between April 11, 2017 and April 30, 2021	Annualized Return	Annualized Std Dev	Downside Deviation	Sharpe Ratio	Sortino Ratio	Max Drawdown
Ninepoint Alternative Health Fund - Series A	25.1%	28.9%	18.6%	0.83	1.35	-39.8%
Thomson Reuters Blended Health Care Index ⁽¹⁾	7.8%	38.2%	25.2%	0.18	0.31	-58.7%
Horizons Marijuana Life Sciences Index ETF	4.5%	63.7%	38.8%	0.05	0.12	-71.51%
North American Marijuana Index ⁽²⁾	3.9%	57.9%	37.1%	0.05	0.11	-80.3%

Performance and fund statistics are based on daily observations.

Effective April 23, 2018, Ninepoint Partners became the Manager of Ninepoint Alternative Health Fund (formerly UIT Alternative Health Fund)

(1) For illustrative purposes only. North American Marijuana Index is computed by Ninepoint Partners LP based on publicly available index information.

(2) The index is 70% Thomson Reuters Canada Health Care Total Return Index and 30% Thomson Reuters United States Healthcare Total Return Index and is computed by Ninepoint Partners LP based on publicly available index information.

(3) HMMJ (Horizons Marijuana Life Sciences Index ETF) is computed by Ninepoint Partners LP based on publicly available index information.

Regulatory

The US House of Representatives passed the SAFE Act for the 2nd time with a vote of 321-Yes vs 101-No. The last vote was held in 2019 where the result was 321-Yes vs 103-No. The SAFE Act would allow US cannabis companies to access banking services including credit facilities from FDIC banking institutions. As SAFE does not legalize cannabis but does offer public safety and money laundering angles, it has some bipartisan appeal.

Despite this greater bipartisan support in the House, clearing the Senate will be more challenging as there are competing interests among Democrats in the Senate pushing for additional cannabis reform that could jeopardize bipartisan support. The version of the Bill in the Senate currently has 32 co-sponsors, including 7 Republicans. Both the American Bankers Association and 51 state bankers associations have stated that they support the SAFE Act.

Senate Banking Committee Chair Sherrod Brown (D - Ohio) has indicated he would support SAFE Banking if it came with sentencing/expungement reform. However, current Senate rules require support from 60+ Senators to end debate on a bill and put it to a vote, with the minority party having the option of a filibuster. The SAFE Banking Act would essentially need support from all 50 Senate Democrats and at least 3 additional Republicans (in addition to the 7 that have already signed on). Senator Cory Booker, one of the lead Democrats supporting cannabis legislation in the Senate has suggested that President Biden supports decriminalization since decriminalizing marijuana at the federal level would remove it from the list of controlled substances and would then let states set their own rules. This difference between decriminalization/ legalization at federal/state level is also consistent with recent comments made by Senate Majority Leader Chuck Schumer stating, "at the federal level you call it decriminalization as that lets the states legalize".

It continues to be difficult to predict the path for cannabis reform federally. Extreme partisanship in the

current environment means that political compromises that might have been struck in prior periods are less likely to pass. While federal cannabis reform would be a game-changer for cannabis, we are confident that it is not required for the exceptional growth in the sector to continue. We have talked about State by State legalization being of key importance and this continues to be the case. At some point in the near future, a tipping point will be reached where so many States have legalized that it is simply untenable for cannabis to be federally illegal. Until that time, we will continue to allocate capital to MSO's that are executing on their plans and posting strong, profitable growth.

State Level Updates

Montana

This state was one of the five states to approve adult use legalization in a ballot initiative during the November federal election. It has finalized the state bill to Implement adult use marijuana legalization. In the MT state House of Representatives, the vote was 67-32, approving Bill 701, legislation that implements the recreational marijuana program. Retail sales of recreational marijuana are slated to begin in January of next year.

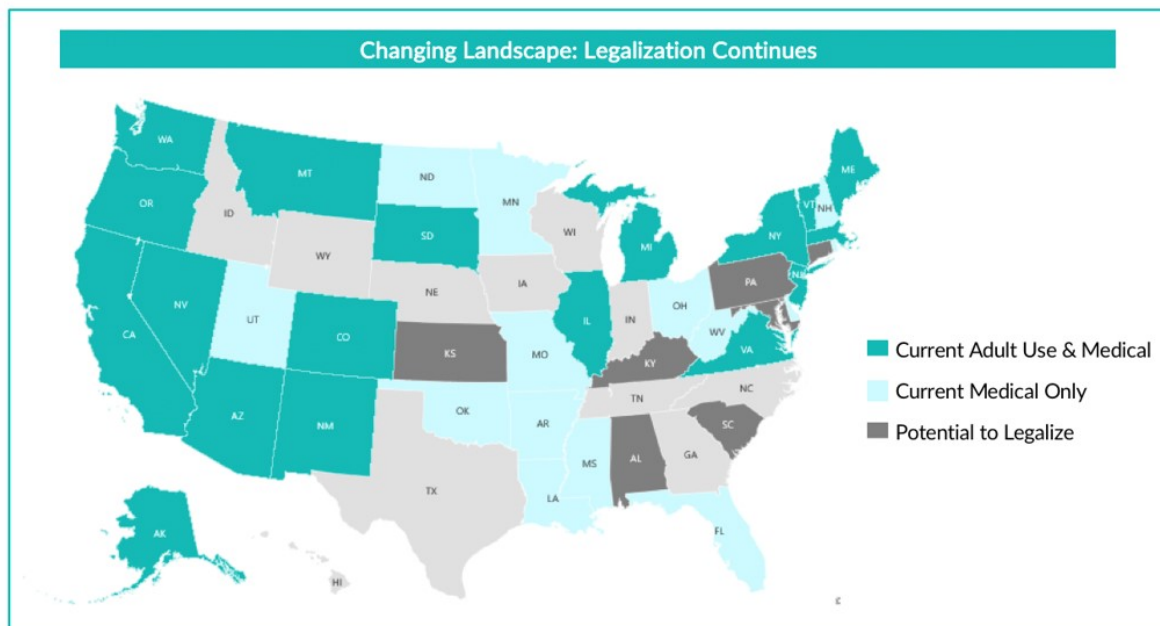
Alabama

Medical legislation, sponsored by Sen. Tim Melson (R), would allow people with qualifying conditions to access cannabis for therapeutic purposes. The Senate approved the proposal, and now the House Judiciary Committee has advanced it in a vote. The measure will now head to the House Health Committee before moving to the floor.

Texas

Despite its current very restrictive cannabis medical laws, the State government is moving towards legalization expansion and has established committee hearings on cannabis reform on multiple bills including decriminalization, a proposal to expand the state's medical cannabis program and another piece of legislation concerning hemp regulations. The bills were separately scheduled for discussion in three House committees, raising hopes for advocates that lawmakers may still advance cannabis reform this year despite setbacks from the pandemic and the state's ice storm earlier in Spring. Members of the House Judiciary Committee didn't vote on any of the proposals, but members discussed them at length.

The Texas House Committee on Public Health passed a bill during the month that would allow more patients in the Texas Compassionate Use Program (TCUP) for medical cannabis. House Bill 1535, authored by Rep. Stephanie Klick (R), would increase the Texas Compassionate Use Program by including patients with any type of cancer, as well as PTSD in veterans in addition to chronic pain that would otherwise be treated with opioids. This is a large move forward for the State as it has been very restrictive with medical cannabis use.



Source: National Conference of Legislatures. Jefferies. As at April 30, 2021

Minnesota

Minnesota has continued its process towards legalization with a legalization bill clearing its ninth house committee on a path to a full legislative vote, however this time included House Majority Leader Ryan Winkler and Speaker Melissa Hortman. The Public Safety and Criminal Justice Reform Finance and Policy Committee passed a vote to legalize marijuana in an 11-7 vote. The bill would allow adults 21 and older to purchase and possess up to 1.5 ounces of cannabis and cultivate up to eight plants, four of which could be mature. House Majority Leader Ryan Winkler (D) recently said that he expects the legislation to go through any remaining panels by the end of April, with a floor vote anticipated in May where it may face a challenge in the Republican controlled State Senate, where lawmakers have signaled that they're more interested in revising the state's existing medical cannabis program rather than enacting legalization of adult use.

Louisiana

During the month of April, the state House of Representatives approved a series of bills expanding the current medical cannabis regime as well as putting forth bills to legalize adult use marijuana. The House has also approved a separate decriminalization proposal that is now in committee votes, with additional cannabis reform proposals slated for consideration. On the medical front, the state House approved a bill that would expand the current limited medical marijuana program by allowing patients to purchase whole-flower cannabis. The House Administration of Criminal Justice Committee also advanced the adult use legalization legislation in a 7-5 vote and the decriminalization bill with a 6-5 vote. The bills are now headed to the full chamber for consideration. The current proposed legislation would allow adults 21 and older to purchase and possess marijuana from licensed retailers. Gov. John Bel Edwards (D) has previously been an anomaly among Democratic governors, not ready to endorse cannabis legislation. Historically, when asked about adult-use legalization, he has tended to express opposition. But this time, as lawmakers in the Republican-led legislature are advancing the reform, the governor seemed to leave the door open.

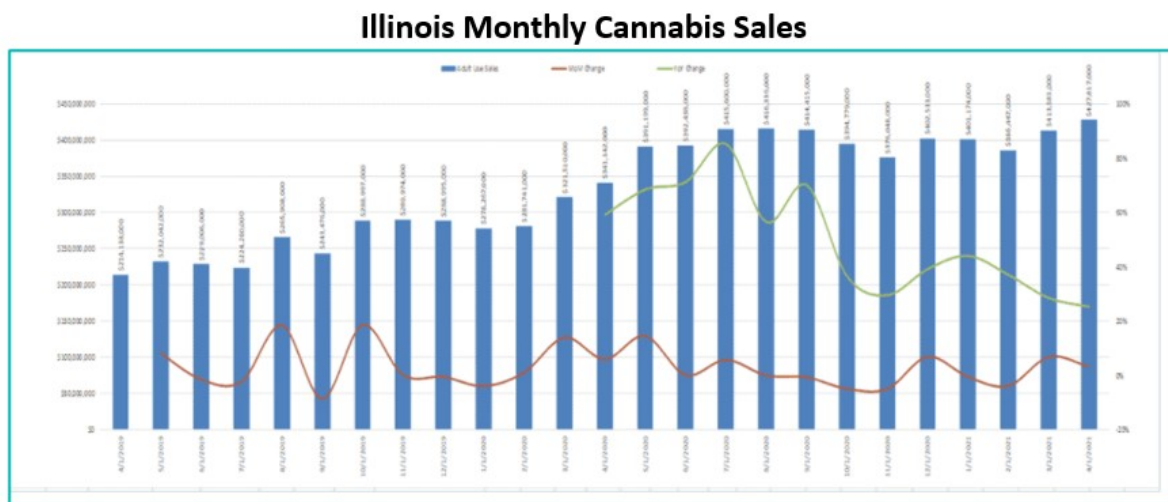
State by State Sales Growth

We have stated in previous reports that regardless of the pace of federal legislative changes, growth at

the state level is driving value in the US cannabis sector. Below we provide updates provided by Headset Analytics of key states that continue to drive monthly sales growth.

Illinois

Cannabis sales for the month of April grew 120% YoY, a new record high of \$150 million. Adult-use sales reached \$115 million, growing 31% MoM and 209% YoY, while medical sales reached \$35 million. The report also indicates that about 70% of cannabis sales came from in-state residents, while 30% of sales came from out-of-state residents. The increase was volume driven, with units purchased up 6% MoM while the average spend per item was trimmed 1% (but still averaging \$47/purchase). April's sales generate a run-rate for the state of \$1.8 billion, making IL one of the top three cannabis markets in the country. Portfolio companies with operations in IL include Cresco Labs (CL), Curaleaf Holdings (CURA), Green Thumb Industries GTI, Curaleaf (CURA), Verano Holdings (VRNO).

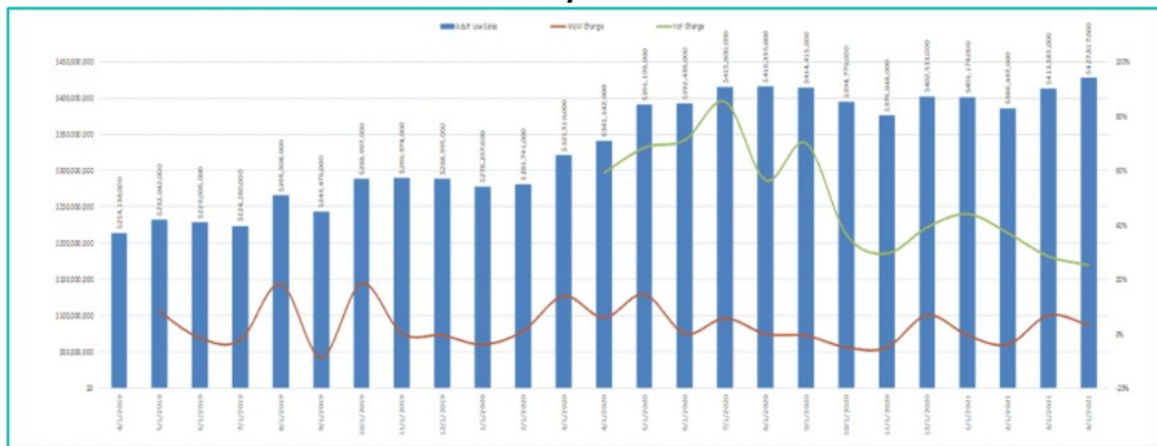


Source: HedgeEye, Headset

California

California is a large potential legal cannabis market with its population of 39 million people and has finally begun to generate legal market sales that are commensurate with expectations. In April, the state set a record with sales of \$349 million growing 22% sequentially and 27% from a year ago. The run rate for California based on April results implies an approx. \$4 billion legal market in 2021. Flower grew 32%, while pre-rolls surged 54%, concentrates increased 21%, and ingestible expanded by 11% compared to a year ago. Portfolio companies with operations in CA include **Cresco Labs (CL)**, **GTI**, **Curaleaf Holdings (CURA)**, **Planet 13 (PLTH)** and **Terrascend (TER)**.

California Monthly Cannabis Sales

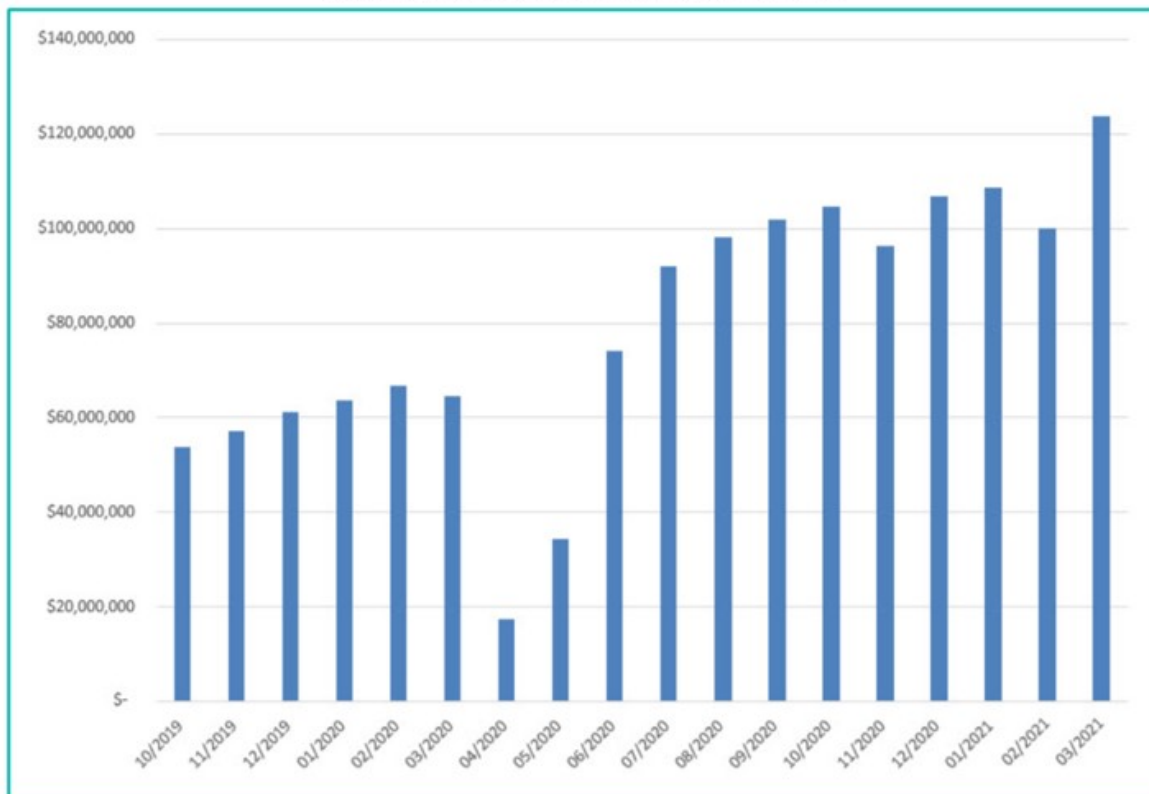


Source: HedgeEye, Headset

Massachusetts

Massachusetts also witnessed strong sales growth generating a record \$124 million in legal cannabis sales, up 24% sequentially and 92% from a year ago. We recall that in March-April of 2020, the state was one of only a few states that halted adult use sales during the early stages of the pandemic. On a run rate basis, MA is on course to be a \$1.5 billion legal cannabis market. Companies in the portfolio that operate in MA include **AYR Wellness (AYR)**, **Columbia Care (CCHW)**, **Cresco Labs (CL)**, **Curaleaf Holdings (CURA)**, **Green Thumb Industries (GTI)** and **Trulieve Cannabis (TRUL)**.

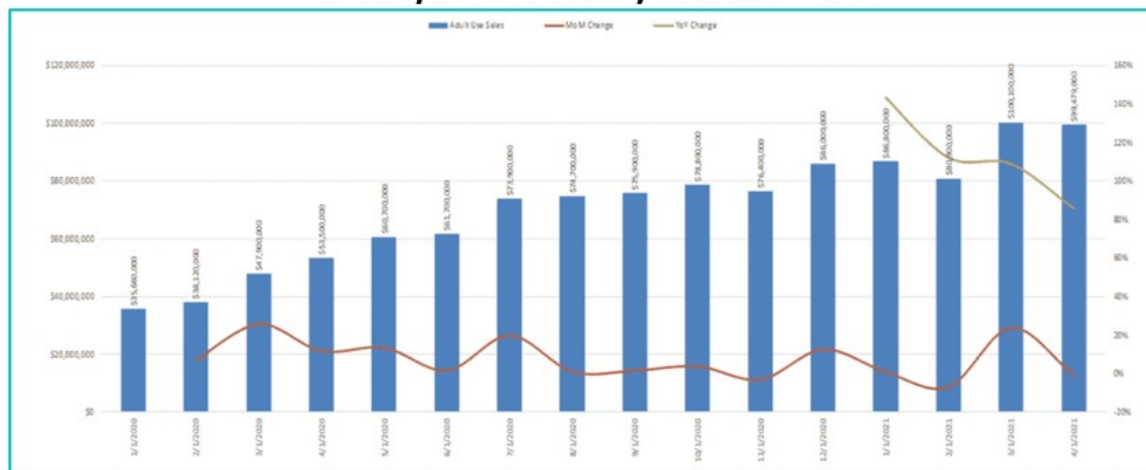
Massachusetts Cannabis Sales



Source: New Cannabis Ventures

Data provided by Headset illustrates the strength of the **Pennsylvania** medical market with sales having increased approximately 110% since March 2020. For the last twelve months PA's medical cannabis sales brought in \$909.4 million and is on pace to have 2021 medical sales of \$1.07 billion and could surpass this number, making it one of the largest medical-only markets in the US. Also supporting the focus of many MSOs with a presence in the state is that PA has one of the largest average basket sizes (individual purchases) at \$123 compared to Oregon with \$79/customer visit; and Michigan with a basket size of \$62/customer visit. Portfolio companies most benefitted by these large sales increases are **AYR Wellnes (AYR)**, **Cresco Labs (CL)**, **Curaleaf Holdings (CURA)**, **Green Thumb Industries (GTI)**, **Harvest Health & Recreation (HARV)** and **Trulieve Cannabis (TRUL)**.

Pennsylvania Monthly Cannabis Sales

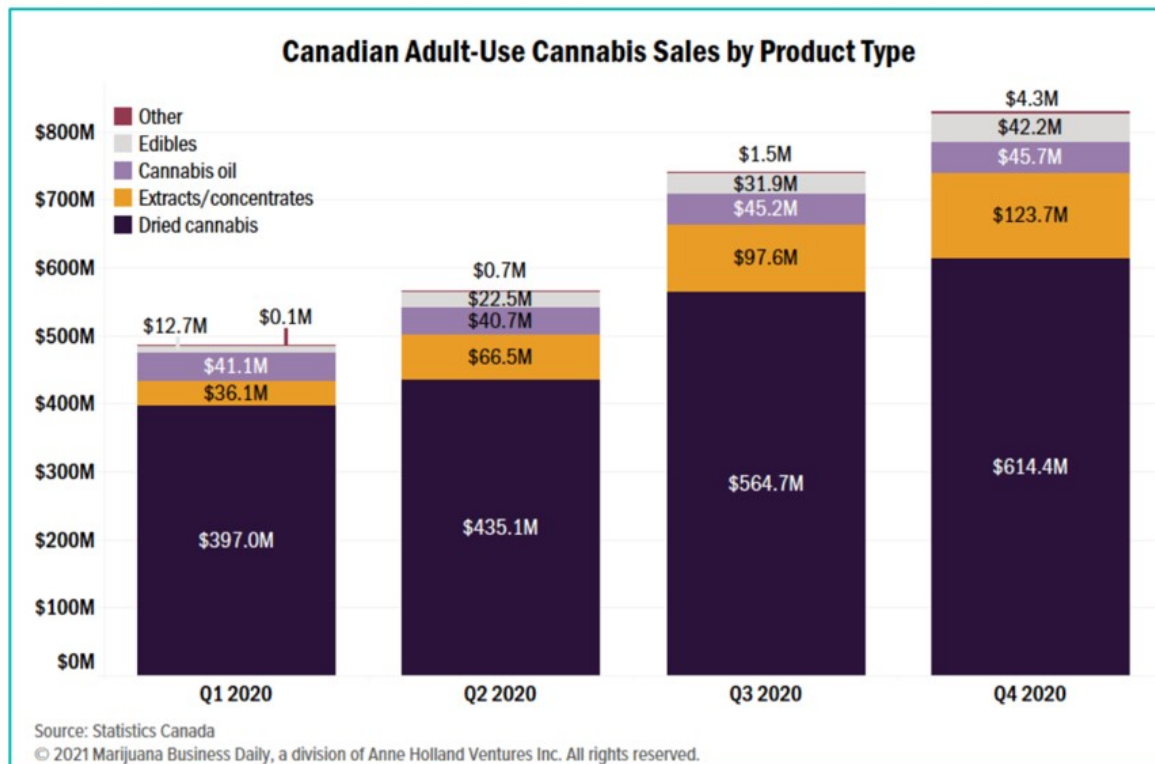


Source: HedgeEye, Headset

Canada

Statistics Canada released retail sales data for the month of February 2021, reporting an overall revenue decline of ~7.0% month over month to C\$263 million. It's the second consecutive monthly decline after sales reached an all-time high of CA\$297 million in December. The decrease reflects seasonal colder weather, combined with lockdown measures that dampened brick and mortar sales as only curbside pickup was available. On a trailing 3-month basis, Canada is currently operating at an annualized revenue run-rate of C\$3.4 billion. Larger reporting provinces that saw lower sales from the preceding month include; **Ontario** with sales decreasing 2.4% MoM to \$87 million; **Quebec** decrease of 10% to \$43 million; **Alberta** where sales were down dropped 8.6% and **British Columbia** where sales came in at \$37 million down 8.9% MoM.

2020 was the first full year for edibles and Cannabis 2.0 sales in Canada. Annual sales of 2.0 products reached \$109 million, roughly 4.2% of the overall cannabis market that continues to be dominated by dried cannabis at 76% of overall sales. Long term prospects are encouraging as we see that early results from mature states such as CO show a similar slow start, 7 years later non-smokable formats are reaching close to 50% of overall sales volume. Investors and consumers must be patient to allow new formats to be developed and distributed, along with increased retail dispensaries and more consistent quality that can lead to better product penetration. We note that a big hurdle for the Canadian market continues to be the prohibition on marketing communication that would be helpful in educating consumers but based on current Health Canada regulations it's not allowed. In addition, strict THC content limits for 2.0 products add significantly to the cost of these product formats.



Company Announcements

Green Thumb Industries (GTII) has expanded into Virginia, announcing the acquisition of Dharma Pharmaceuticals, 1 of 5 licensees in VA. Dharma is a private medical cannabis licensee, currently operating a cultivation and manufacturing facility with 1 dispensary in Abingdon. As a result of state regulations, each licensee is assigned a specific health service area (HSA), a regional monopoly on brick-and-mortar retail in that HSA with the ability to open 6 dispensaries. Dharma is in the southwest portion of the state, sharing a border with parts of Tennessee and North Carolina. This location could be seen as positive as we note Illinois sales of out of state purchases in the adult use market is roughly 30%. Virginia's medical market opened in Q4-20 and given recent legislative action adult-use possession will be legal as of July 1st, with full adult-use market slated to open in January 2024, with efforts by the Governor underway to move that date forward.

At a time that Congress debates the merits of the SAFE Banking Act, assisting US cannabis companies with access to FDIC banking, potentially reducing MSO cost of capital through reduced rates on loans, **GTI** announced a non-brokered debt offering raising \$250 million, maturing in 3 years with an option for additional 1 year extension with a 7% coupon. The financing was intended to refinance its existing May 2019 debt which had an estimated carrying cost of 15%. GTI's debt offering is a significant improvement from the previous industry low of 10.25%, and the first time a US operator achieved a single-digit cost of debt. We note this is ahead of the SAFE Act, suggesting costs of debt continue to decrease despite the lack of legislative change in access to debt facilities and could continue to see rates drop lower as company fundamentals improve.

Trulieve (TRUL) continues to build its multi-state footprint adding to its operations in the new medical market of West Virginia. **TRUL**, the largest cannabis company in Florida, announced that it acquired Solevo Wellness West Virginia and its three dispensaries for \$650,000. This is the second transaction that TRUL has done with Solevo, previously acquiring Solevo's dispensaries and related licenses in Pennsylvania in the fall of 2020. Once this transaction is completed, **TRUL** will have license for cultivation,

processing and 9 dispensaries in WV. West Virginia is a new medical market, having recently issued 10 cultivation and 10 processing licenses last fall, followed by 100 dispensary licenses issued earlier this year.

TerrAscend (TER) announced it is buying the remaining 90% equity stake it doesn't already own in a 3-store chain of dispensaries in Pennsylvania, Keystone Canna Remedies. **TER** is paying an implied enterprise value of US\$70 million (US\$63 million for the 90% stake, including US\$36 million in stock, US\$20.25 million in cash and a US\$6.75 million sellers note). There are two locations in the Bethlehem-Allentown metro area (3rd largest by population in PA with over 800,000 people) and one in the Poconos in Stroudsburg near the main statewide east-west highway (I-80). We understand **TER's** Ilera business unit in Pennsylvania has owned a 10% stake in KCR for several years. The transaction doubles **TER's** retail locations in Pennsylvania to 6 stores. They can have a maximum of 18 and can acquire the remaining 12 from other operators. We understand the stores perform in line with the state average, which would suggest these stores are likely to generate total revenue of US\$30-40 million with combined EBITDA of US\$9-12 million in 2021. The transaction is slated to close this quarter.

Columbia Care (CCHW) announced it has acquired a 34-acre cultivation site in Long Island, NY. The location offers supplemental cultivation and manufacturing capacity for **CCHW's** existing Rochester facility to meet growing demand in the current medical market and in anticipation of the new medical market beginning in early 2022. The current facility is one of the largest climate-controlled, automated greenhouses in the Northeast US. Total purchase price is \$42.5 million which includes \$15 million in cash and the remainder in equity issued by **CCHW**. The company's first harvest is expected in Q4-21. We believe this purchase to be a sound investment for **CCHW** as it invests for expansion and as NY becomes an adult use market. In addition, it is important to note that estimates on cost of construction of a facility this size would be approximately \$150 per sq ft, yet with the purchase price of \$42.5 million, this equates to \$57.43/sq ft. There may be additional capital expenditure, but by using its stock as currency, this has lowered the costs of cultivation substantially.

Verano Holdings (VRNO) has entered into two definitive agreements that add cultivation/manufacturing capacity and additional retail licensing to its Pennsylvania operations. The company is acquiring Agri-Kind, an operator with 62,000 sq ft of cultivation/manufacturing in Chester, PA for \$115.5 million (\$66 million in cash, \$49.5 million in stock) in addition to earn-outs of \$31.5 million. **VRNO** will also acquire Agronomed Biologics, a clinical registrant licensee, for \$60 million in cash and stock. This transaction involves all the equity interest in a research joint venture between Agronomed Pharmaceuticals, LLC and The Healing Center. Under the license, **VRNO** will be permitted to open a medical marijuana growing and processing facility, as well as six dispensaries, to conduct medical marijuana research in partnership with Drexel University, College of Medicine. After completion of these transactions, **VRNO** will be vertically integrated in PA with 2 cultivation/manufacturing facilities in addition to operating 9 dispensaries with licensing for 9 more, giving it a potential 9% share of PA's retail footprint upon full deployment.

Willow Biosciences (WLLW) a company involved in the development and commercialization of synthetic cannabinoids announced scientific data for a unique cannabinoid, CBG, on human skin. The studies demonstrate that Willow CBG is safe when applied to skin and eye areas and can act as a more potent antioxidant and anti-inflammatory for certain skin applications when compared to plant derived cannabidiol. Willow CBG shows no signs of skin irritation, eye irritation or phototoxicity, paving the way for its use in skin care. Management of the company is presenting the full results of its findings at the upcoming Society for Investigative Dermatology (SID) meeting in early May.

Valens (VLNS) announced it had entered into an agreement to purchase Florida based **Green Roads**, the largest privately-owned CBD company in the U.S., providing **VLNS** with a sizeable portfolio of hemp-

derived wellness products. Green Roads operates a cGMP certified production facility producing a large product portfolio of oils, ingestible, topicals, pet products, capsules, and soft gels including specially formulated coffees and gummies that target consumer need states such as sleep, stress and immune support. The company boasts a strong distribution platform of 7,000 doors including major retail chains, an e-commerce platform with 30,000+ 5-star reviews and penetration into over 7 countries. In addition to selling its own products, the company has already secured B2B manufacturing relationships. Terms of the US \$40 million purchase include US\$25.4 million in stock with the balance in cash.

Canopy Growth (WEED/CGC) announced the acquisition of **Supreme Cannabis (FIRE)** for \$435 million CAD. The transaction provides WEED with additional strength in the Canadian market as it continues to hold the leading market position. FIRE adds a critical element for WEED, adding premium products to WEEDS mid-market and value position. The 7ACRES brand holds Canada's number one premium flower brand position; is #1 in PAX vapes, and in the top-5 in pre-rolls. The premium and super-premium cannabis segments are important segments in the Canadian and international cannabis market, and FIRE will give WEED additional strength and more shelf space across the country and into the international market where premium and super premium flower are highly coveted. In Canada, it is estimated the combined pro forma market share of WEED/FIRE is estimated to be 23.3% of the premium flower segment in Ontario and 21.4% in British Columbia.

Johnson & Johnson (JNJ) announced a temporary setback on its COVID-19 vaccine distribution as U.S. health officials recommended a pause in the use of J&J's vaccine on concerns about rare and severe blood clotting side effects. A type of brain blood clot called cerebral venous sinus thrombosis was seen in combination with low levels of blood platelets in six women between the ages of 18 and 48. The U.S. Centers for Disease Control and Prevention and Food and Drug Administration stated that as of April 12, more than 6.8 million doses of the vaccine have been administered, and despite that only 6 women were affected. Similar to the Astra-Zeneca vaccine, further review will be required before the resumption of distribution. AZN vaccine continues to be shut out of the US, while the EU, Canada and other countries have resumed its approval and use, despite the rare cases of blood clotting described above.

Financials

Pfizer (PFE)

Reported Q1-21 revenues of \$14.6 billion versus consensus of \$13.5 billion while adjusted diluted EPS of \$0.93, \$0.16 was higher than consensus. PFE raised its 2021 sales and EPS guidance to \$70.5-\$72.5 billion and \$3.55-\$3.65 respectively. The company anticipates revenues of ~\$26B for BNT162b2 (its COVID-19 vaccine) reflecting 1.6 billion doses to be delivered in 2021 under signed contracts as of mid-April 2021. BNT162b2 contributed \$3.5B in revenues in Q1, while other key medications included Vyndaqel/Vyndamax, a medication used to treat a type of heart failure. This medication was approved in the US in May 2019 and February-2020 in the European Union and has seen significant use in the US and Japan.

UnitedHealth Group (UNH)

Complimenting the cannabis focus in the Fund is our allocation to healthcare and pharma names that we are see producing solid returns with the re-opening of the US and global economy. UNH is a diversified health care company, offering health care coverage and benefits services as well as information and technology-enabled health services through its various business entities. For Q1-21, UNH revenue reached \$70.2 billion ahead of the consensus of \$69.1 billion, with premium and services revenue slightly above consensus estimates. Adjusted EPS were \$5.31 vs. consensus of \$4.39. On a segment basis, we highlight UnitedHealthcare (health benefits) grew revenue by almost 8% while Optum

revenue increased over 11% with strong growth in OptumHealth (providing care directly through local medical groups) and OptumInsight (managed solutions). OptumRx is the pharmacy benefit manager and care services group operating across 150 cities in North America, South America, Europe, Asia Pacific and the Middle East. The UNH results illustrate the resurgence of activity in the healthcare space, with our view that UNH is well positioned to take advantage of re-opening.

Johnson & Johnson (JNJ)

Despite the temporary setback with respect to its COVID-19 vaccine, the company's wide range of medical devices, consumer segment as well as pharmaceuticals and healthcare solutions resulted in a Q1-21 EPS that beat consensus. JNJ reported Q1-21 revenue of \$22 billion meeting consensus while adjusted earnings per share hit \$2.59, \$0.25 above consensus. The strong Q1-21 performance was led by the above market growth of its Pharma business and recovery in Medical Devices. Pharma worldwide grew 7.4% led by Darzalex and Stelara while medical devices worldwide grew 8.8% and reflects the benefit of market recovery from last year's COVID-19 impacts. JNJ noted in its quarterly release that its COVID-19 vaccine roll-out will resume in Europe following an EMA review and is maintaining its guidance on the number of doses it plans to ship. JNJ also raised guidance for 2021 with Revenues and EPS to \$90.6 billion and to \$9.42-\$9.57.

Innovative Industrial Properties (IIPR)

The sole real estate company listed on the NYSE focused on the US cannabis industry, announced strong Q1-21 financial results. Revenues of approximately **\$42.9 million** in the quarter, representing a 103% increase from the prior year's first quarter. IIPR recorded net income of approximately **\$25.6 million** for the quarter, or \$1.05 per diluted share, and adjusted funds from operations ("AFFO") of approximately **\$38.4 million**, or \$1.47 per diluted share. Since January 1, 2021 IIPR has made four acquisitions for properties located in California, Florida, Michigan and Texas; and executed three lease amendments to provide added tenant improvements at properties located in Michigan, New York and Pennsylvania. In these transactions, the company established a new relationship with Harvest Health & Recreation Inc. (HARV), while expanding existing relationships with Green Peak Industries, LLC (Skymint), Holistic, Jushi Holdings Inc. (JUSH), Kings Garden Inc., LivWell Holdings, Inc., Parallel and PharmaCann Inc. With operations generating strong cash flows, the company paid a quarterly dividend of \$1.32 per share, representing a 32% increase over Q1-20 quarter dividend and an approximately 6% increase over the Q4-20 dividend.

Fire & Flower (FAF)

Reported Q4-20 results which were encouraging for Canada's retail cannabis dispensary business relative to the results witnessed by many licensed producers. Revenue for FAF came in at \$43.2 million vs the consensus of \$38 million, retail revenue increasing to \$19.5 million from the prior year and \$6.6 million from the previous quarter. Adjusted EBITDA met consensus of \$1.5 million and marks FAF's second consecutive quarter of positive adjusted EBITDA.

Aphria (APHA-now TLRY)

Announced quarterly financial results that may be a harbinger of financial releases to come from Canadian LPs, reflecting weaker quarterly performance. Effective May 2nd under the ticker symbol TLRY, the company reported FQ3-21 results with revenue C\$153.6 million falling short of consensus estimates at C\$161.5 million. Although adjusted EBITDA met expectations at C\$12.7 million vs consensus at C\$12.5 million when we analyze sales volumes vs production, we see that there is weakness in the Canadian market. The company sold 18,695 kg, down from 26,730 kg in FQ2 while "all-in" cost of goods sold / gram

increased to C\$1.54 vs C\$1.30 in FQ2. The company noted sizable headwinds particularly in certain provinces including Ontario, related to the decision of most provincial buyers to reduce SKUs and lower their overall inventory levels in addition to lockdown protocols as primary drivers for the reduced top-line compared to FQ2-21. International medical market sales also declined QoQ, with revenues of C\$7.8 million down ~40% sequentially. Total gross cannabis sales fell 21% to \$69.1 million with Canadian adult use rec sales falling 17% QoQ with volumes down 6% and avg prices down -12% to \$3.82 per gram.

Options Writing

During April the Fund continued using its options strategy to enhance risk adjusted returns. With the above average volatility in the cannabis sector, we are able to generate option premium, while lowering the overall volatility of the Fund relative to its underlying benchmark. Since inception of the option writing program in September 2018, the Fund has generated significant income from options premium of approximately **\$3.77 million**. We will continue to utilize our options program to look for attractive opportunities given the above average volatility in the sector as we strongly believe that option writing can continue to add incremental value going forward.

During the month we used our options strategy to assist in rebalancing the portfolio in favor of names we prefer while generating approximately **\$28,000** in options income. We continue to write cash secured puts out of the money at strike prices that offered opportunities to increase our exposure, at more attractive prices, to names already in the Fund including **Village Farms (VFF)** and **Johnson & Johnson (JNJ)**, with weekly cash secured puts on JNJ having been especially rewarding. JNJ received some negative press on its vaccine effectiveness and safety although the market proved to overreact as the shares have since rebounded off its lows having recovered and proceeded its bullish trend. We continue to write covered calls on names we feel are range bound near term and from which we could receive above average premiums. Examples of such trades for the month include **Amazon (AMZN)**.

The Ninepoint Alternative Health Fund, launched in March of 2017 is Canada's first actively managed mutual fund with a focus in the cannabis sector and remains open to new investors, available for purchase daily. Utilizing our actively managed approach we are able to generate industry leading risk adjusted returns.

Charles Taerk & Douglas Waterson

The Portfolio Team
Faircourt Asset Management
Sub-Advisor to the Ninepoint Alternative Health Fund

Ninepoint Alternative Health Fund - Compounded Returns¹ as of April 30, 2021 (Series F NPP5421)

	MTD	YTD	3MTH	6MTH	1YR	3YR	INCEPTION(ANNUALIZED)
FUND	-1.9%	15.2%	3.7%	42.4%	74.2%	22.7%	29.7%
INDEX	-4.8%	19.5%	-1.5%	38.3%	28.8%	1.0%	6.9%

Statistical Analysis

	FUND	INDEX
Cumulative Returns	164.5%	28.1%
Standard Deviation	29.5%	33.3%
Sharpe Ratio	0.9	0.2

¹ All returns and fund details are a) based on Series F units; b) net of fees; c) annualized if period is greater than one year; d) as at April 30, 2021. The index is 70% Thomson Reuters Canada Health Care Total Return Index and 30% Thomson Reuters United States Healthcare Total Return Index and is computed by Ninepoint Partners LP based on publicly available index information.

The Fund is generally exposed to the following risks. See the prospectus of the Fund for a description of these risks: Cannabis sector risk • Currency risk • Cybersecurity risk • Derivatives risk • Exchange traded fund risk • Foreign investment risk • Inflation risk • Market risk • Regulatory risk • Securities lending, repurchase and reverse repurchase transactions risk • Series risk • Specific issuer risk • Sub-adviser risk • Tax risk

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