Ninepoint Alternative Health Fund

August 2020 Commentary

Investment Team

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Introduction

The month of August saw continued strength in the US Cannabis sector while Canadian producers continued to suffer from over supply and pricing pressures at the retail level. Following July when sentiment had improved for the Canadian cannabis industry, largely on the back of stronger financial results from one of the Fund's Top Ten holdings Aphria Inc. (APHA), that stands out in Canada as it continues to produce strong sales growth and cost efficiencies in its cultivation leading to continued positive cash flow quarter after quarter. August earnings releases from many other Licensed Producers (LPs), painted a more muted outlook for the sector that continues to present limited growth drivers, reduced margins in addition to constrained capital markets. We anticipate that increased retail distribution especially in larger provincial markets will generate top line growth, however cost controls are still a factor to watch. In addition, we continue to see lack of balance sheet strength and continued write-offs as significant issues in Canada, and hence we are underweight our exposure to Canadian LP's relative to US Multi-State Operators (MSO's).

The US cannabis market continues to provide growth opportunities for the Fund, due to financial strength and operational execution as well as forthcoming regulatory changes that act as significant tailwinds for US names. We believe three US operators continue to lead the US sector, becoming dominant market leaders. Those companies are Fund Top Ten holdings; **Curaleaf Holdings** (**CURA**), **Green Thumb Industries** (**GTII**) and **Trulieve Cannabis** (**TRUL**).

Our thesis on the Fund's overweight US positioning include continued positive regulatory state level changes; momentum for regulatory changes in the US Congress in addition to operational execution on the part of industry leaders who are able to take advantage of the bourgeoning market. Access to capital and operational scale allow market leaders in the US to efficiently transact M&A deals while also re-investing capital into facilities for larger cultivation and increased retail distribution. As a result, our cannabis weighting for the Fund as at August 31 was close to 80% US relative to Canadian names.

Performance of the Ninepoint Alternative Health Fund continues to generate positive returns. YTD, the Fund is up over 12.5% for F Class as at August 31, outperforming the passive Canadian cannabis index (HMMJ) that is -17%. It is important to note that the Fund also outperformed the passive US cannabis indexes such as (USMUS) which was -1.75% for the YTD period.

Equally impressive is the performance of the Fund since the March lows, the Fund is up 49.8% since mid-March, providing significant returns while also maintaining lower volatility than the noted indexes. Relative to passive healthcare ETFs, the fund also outperformed passive healthcare and pharma ETFs such as XPH that YTD is -3.4%

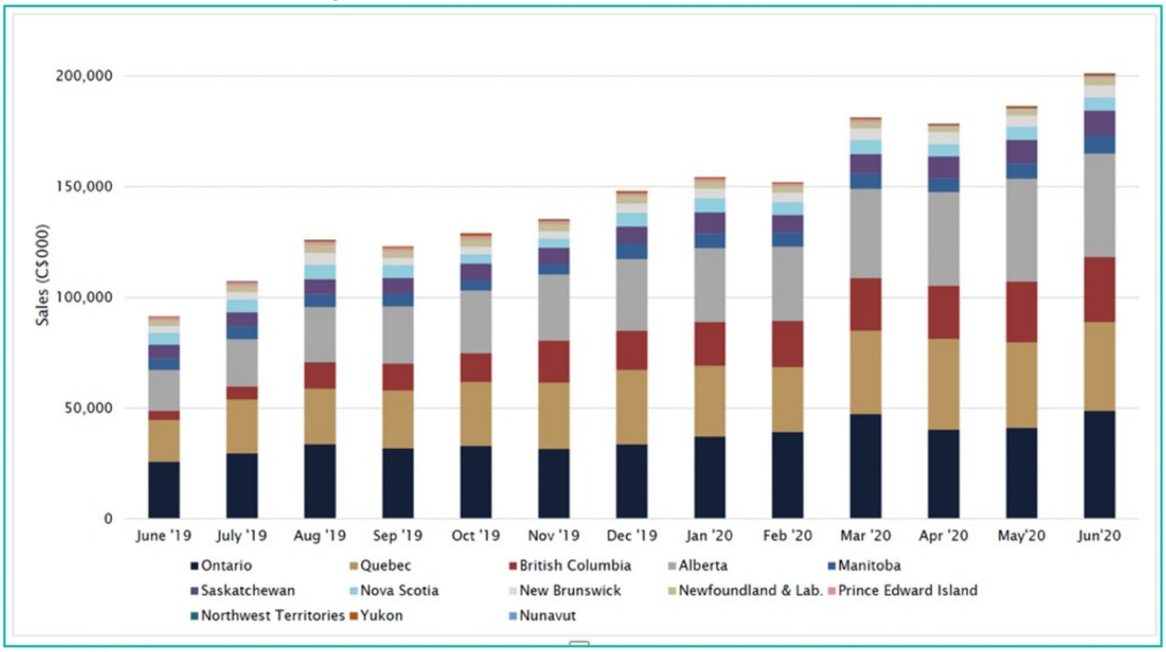
The outperformance of the fund relative to cannabis indexes as well as healthcare and pharma indexes lies in our ability to be active, gaining growth in names as they achieve positive returns, harvesting gains and adjusting weights given new opportunities and market dynamics. Top performance during August was achieved in **Trulieve Cannabis** (**TRUL**) +37.46% in the month while **Innovative Industrial Properties** (**IIPR**) also contributed strongly +18.09% in August. The Fund also gained positive returns from healthcare in **Abbott Labs** (**ABT**) that had growth +8.77% in the month.

Regulatory

Canada

Statistics Canada released cannabis retail sales data for the month of June 2020 of $201 million up 8% from the previous month on a total sales basis and up 11% on a sales per day basis. This implies a $2.5 billion annual run-rate for the Canadian adult-use market. On a YoY basis sales in June were up 2.2x from June 2019. Sales were up MoM in ALL provinces, notable gainers include: ON (+19%), BC (+7%), MB(+18%), NFLD (+18%), and PEI (+99%).

Monthly Provincial Sales June 2019-June 2020



Source: VIII Capital

In BC, June was the 6th straight month of growth in the province's legal cannabis industry with a record $29.4 million in cannabis products sold. The province lists 264 licences granted for retail cannabis stores and B.C. ranked fourth among provinces for cannabis sales in June with Ontario leading sales of $48.8 million; Alberta at $46.7 million and Quebec at $39.9 million.

Ontario's 19% sequential growth came alongside 31 new retail store license approvals in June. As at the end of August, the province had 150 stores open with 164 store licenses completed, still lagging substantially behind Alberta with 509 stores with 1/3 the population of Ontario. As a way to increase the store count and assist the Province in gaining much needed tax revenues, the Alcohol and Gaming Commission of Ontario announced that it will increase the monthly license approval limit from 20 to 40 licenses. To understand the gap in licensing, Ontario with a population of 14.7 million people, offers roughly 1.1 cannabis store licenses per 100,000 people. In contrast, the province of Alberta leads the market in terms of cannabis stores per capita, with 517 licenses to date or approximately 11.7 licenses per 100,000 people. It is important to note that the national average in terms of the number of stores per capita is an average of 2.8. Increasing the number of stores in Canada's largest market is seen as removing a significant bottleneck in distribution, enhancing retail sales potential for many producers.

There have been mergers announced to create large cannabis retailers in Ontario and we believe further consolidation is likely to result with a rush to gain market share. We see several companies competing for dominance in Ontario. Although we believe retail is a difficult market, particularly in Canada we do see some opportunities. One that we believe will succeed in gaining market share is **Fire & Flower** (**FAF**) with +~$60mm in cash, strong strategic support from Couche-Tard (ADT) and technology and distribution investments to support a large network.

United States

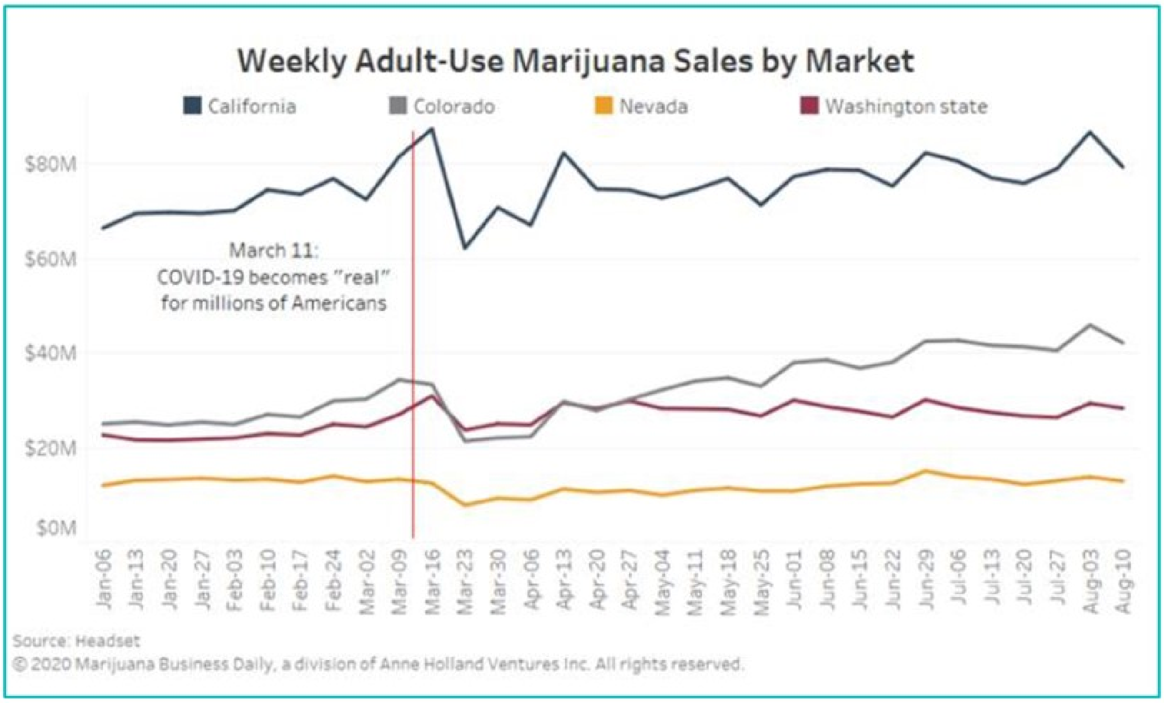
The US Congress has begun a debate on **The MORE Act**, originally sponsored by Dem. Vice Presidential candidate Kamala Harris, that seeks to federally de-schedule cannabis, expunge criminal records for those with prior convictions and tax the sale of cannabis at the federal level. Given the House has already voted through the SAFE Act, a vote on another cannabis reform piece in the House is not surprising, however it does provide momentum ahead of the Nov US elections, which along with state level ballot initiatives on legalization is a significant catalyst for the cannabis industry since Canadian legalization in 2018. While we don't believe the MORE Act will be passed this year, the importance of the MORE Act is not about passing the legislation in 2020.Similar to Canadian legalization which took 3 years to pass after Prime Minister Trudeau took office, these initiatives continue to build support and serves to derisk the industry as a whole.

Demand Strong Despite No-Extension of PPP

There was suggestion that once federal stimulus and PPP cheques stopped that cannabis sales would reduce. It is important to note that adult-use cannabis sales remain strong.

Recall, the $600-a-week unemployment benefit ended July 31, and Congress failed to pass an extension before leaving for its August vacation. During August, sales in key markets remained stable. We have stated previously that cannabis, similar to alcohol and tobacco, exhibits demand inelasticity; its a product that experiences sales increases during negative economic cycles. And unique to the COVID period, with fewer outside-the-home entertainment options, consumers have adjusted discretionary spending to activities that can be done at home, including cannabis.

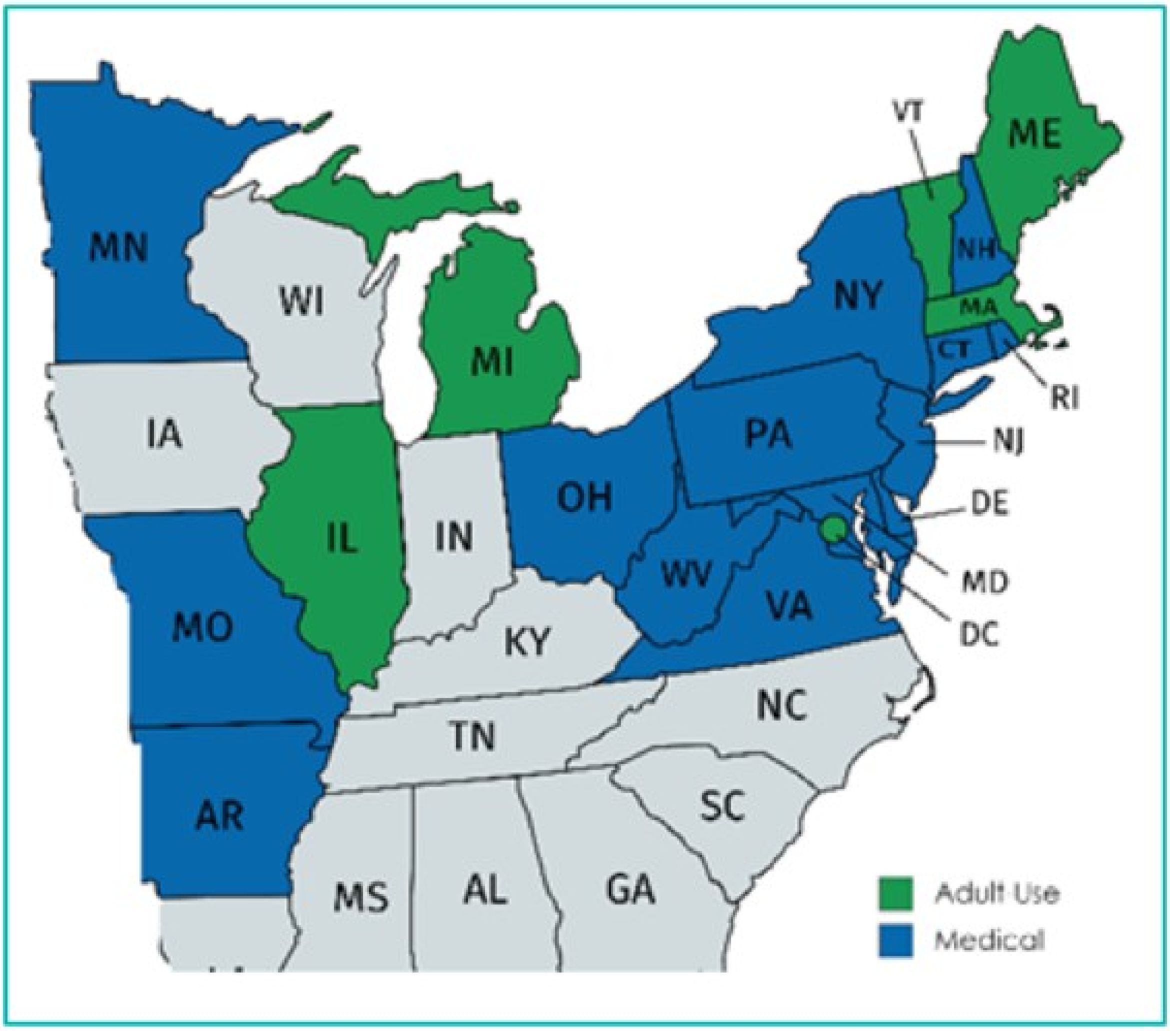
Weekly Sales Chart



New Jersey Ballot Initiative

As stated in our August report the adult-use cannabis ballot initiative for NJ will likely cause a domino effect across neighbouring states such as NY, CT, PA, MD and potentially others (marked in blue) as Governors and State governments figure out how to deal with COVID-19 lockdown related budget deficits. The fear on the part of neighbouring states is losing out on substantial tax revenues as they look at Illinois, where approximately 25-30% of IL adult-use sales have been out-of-state buyers.

North East Map of the US



Source: Mapchart & VIII Capital

If we assume the noted medical states transition to adult-use, it would result in an additional 20% of the US population living within an adult-use legal framework. At present, 70% of the US population has access to either medical or adult-use cannabis.

Arizona Ballot Initiative

Patient growth has jumped in the last four months, adding 38,040 patients over that period, well above the monthly average of 2,685 based on the previous 64 months of data. Total patients in AZ is over 260,000, a penetration rate of 3.6%. The state has officially qualified its adult-use rec initiative for the November ballot. We note that a recent survey showed that over 60% of respondents are in favour of legal cannabis. The prior rec initiative in AZ in 2016 was defeated by a margin of only 3%. There are 122 active dispensaries in the state (out of the state maximum of 130). **Harvest Health & Recreation** (**HARV**) and **Curaleaf CURA** have the two largest networks of dispensaries in AZ with 14 and 8 active locations, respectively.

Florida's Market Continues to Show Strong Growth

FL has added 36,846 new medical patients to its cannabis program in Q2. Averaging over 5,200 new patients per week for last seven weeks, 2x the last twelve month average.

Total registered patients is at 394,898, a 1.84% penetration rate, roughly half the penetration rate of AZ. As more product formats continue to hit the FL market, we anticipate higher penetration rates in this very lucrative State.

Florida Patient Growth vs Avg

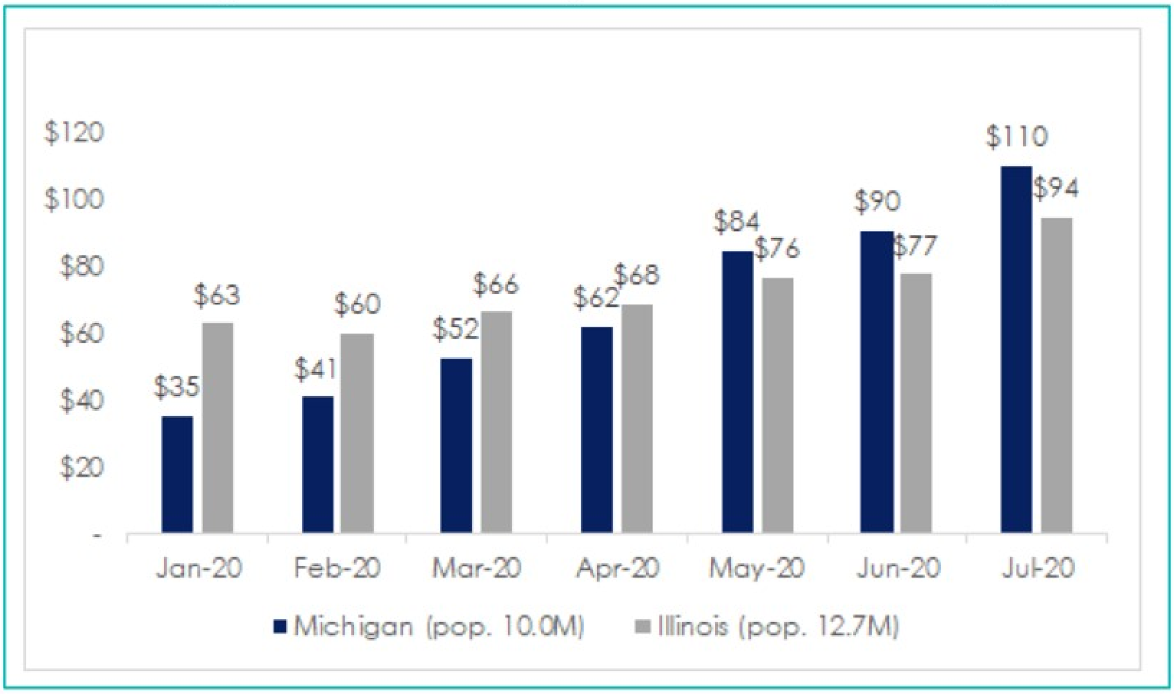
Source: Beacon Securities

The Florida Department of Health announced in August that it will now allow the production of distribution of cannabis edibles in the state. The regulations from the Florida Department of Health (DOH) allow for production and sale of lozenges, gelatins, baked goods, chocolates, and drink powders. We believe the introduction of this popular category in the Florida market will add business and cash flow to Florida's market leaders. Companies positively affected by the announcement include Top Fund holdings TRUL and CURA.

Michigan Growth Outshines Illinois

Michigan's Marijuana Regulatory Agency (MRA) released its monthly report indicating that legal market sales (adult-use + medical) totaled $110 million in July, up 21% m/m from $90M in June. Medical sales improved 14% MoM to $52 million up 14%, while adult-use sales improved 28% MoM to $57 million.YTD total cannabis sales are $474 million with adult-use sales YTD of $215 million while medical sales YTD hit $258 million. MI cannabis sales are now generating revenue on an annual run-rate basis at $1.3 billion, higher for the 3rd month in a row relative to neighbouring IL. Portfolio investments that have a focus in MI include **Curaleaf** (**CURA**) and **Green Peak** (**private)**.

Legal Market Sales (Adult-Use + Medical)



Source: Beacon Securities

Pennsylvania Leadership Examines Rec Legalization

PA is another medical cannabis market that continues to see strong demand. The number of patient visits at cannabis dispensaries has risen by more than 70%, rising from 70,000 a week in February to 120,000 each week in August. Some of the key reasons for success of the program include the number of qualified conditions at 23, ease of registry, online ordering and delivery and a growing number of dispensaries. Since February, dispensaries have sold as much cannabis as they had during the previous two years combined. Patients bought approx. $385 million in legal cannabis products from the state's 89 cannabis dispensaries, according to the state Office of Medical Marijuana. To support cannabis patients during COVID-19, the state deemed cannabis an essential service and has approved the use of telemedicine for physicians to prescribe cannabis to patients. There are 390,000 patients registered in the PA medical program (2.9% of the state's population vs. 3.6% in AZ).

Further supporting cannabis legalization is PA Governor Wolf (Democrat) calling on the Republican-controlled State legislature to legalize adult-use cannabis. The focus of his support was related to covering COVID lockdown costs, but he did add that legalization of adult-use would (through tax revenue) supplement additional spending. Multi-State Operators (MSOs) on our radar with exposure to PA include **Green Thumb Industries** (GTII), **Cresco Labs** (**CL**), **CURA** and **Terrascend TERR**.

Company Announcements

On Sept 8, **Village Farms International** (**VFF**) announced that it was acquiring the 41.3% of Pure Sun Farms (PSF) that it didn't already own, securing 100% ownership of its cannabis JV from its former JV partner, **Emerald Health Therapeutics** (**EMH**). Total purchase price of the balance that VFF didn't own was CA$79.9 million.

Purchase price will be composed of $60.0 million in cash and CA$19.9 million via promissory note due in six months from transaction closing date. VFF also announced that it would be raising US$49.8 million by a direct offering—issuing 9.4 mln units at $5.30 per share, plus half a warrant at $5.80, to cover the cash component of the transaction.

We have long believed that VFF would buy out EMH and we expect tailwinds to propel VFF once the transaction closes. There are several factors that we see that will drive the name. First is its lead as the low cost leader in the recreational cannabis market, gaining traction in the coveted value category in more provincial markets. Second, VFF's recent launch of cannabis 2.0 products, featuring vapes and edibles will be a tailwind for higher margins and stronger cash flow generation. Finally, with the transaction closing, investors will be able to get a cleaner understanding of the financial results related to the cannabis business allowing investors to get a better picture of profitability.

VFF announced during August that it has begun its cannabis 2.0 roll out with shipments of derivative products to B.C. dispensaries. The company's initial launch will be on the largest 2.0 category, vapes, along with a CBD-dominant oils. We anticipate launch into Ontario and Alberta to follow shortly. We note that vapes are the largest 2.0 category, contributing ~$7M in monthly retail sales in Ontario. (~70% share of 2.0 sales). IF VFF is able to take market share in 2.0 the way it has been able to in dried flower, it should post strong sales growth in the coming quarters.

In early September, **Aurora Cannabis** (**ACB**) announced the hiring of Mr. Miguel Martin as its new CEO. Prior to joining ACB and after Revival CBD, the company he founded was acquired by ACB earlier this year, Mr. Martin was President of Logic Technology, a large manufacturer of e-cigarettes. Prior to that he was a senior vice president of sales and distribution at **Altria Inc.** (**MO**), now a strategic investor in **Cronos Group** (**CRON**).

In addition to the announcement of Mr Martin's appointment, the company pre released disappointing financial information involving both reduced quarterly sales and significant writedowns. Total revenue of $70-72 million vs. consensus of $77 million with cannabis revenue of $66 million. ACB sales fell at a time when the Cdn market saw rec retail sales increase by 16% in the same time period.

Cannabis gross margin was 46-50%. Significant headwinds still exist for ACB as management provided updated guidance for EBITDA, delaying the company's turning to cash flow profitability to FQ2/21. The company also announced write downs of $140 million in inventory and $1.6-1.8 billion for goodwill and intangibles. We believe the strategic re-focussing or right-sizing from the large LPs such as ACB and WEED will be challenged for some time, as they continue to look inward while there is continued aggressive behaviour from competitors to compete in the growing "value" category.

Abbott Labs (**ABT**) won U.S emergency use authorization for its $5 rapid Covid-19 test. Abbott said it plans to ship tens of millions of the tests in September and increase production to 50 million tests in October that would be roughly double the number of tests in July. Until a vaccine is widely available, rapid response testing is seen as crucial in containing infections while being key to opening up of businesses and schools.

Merck Inc. (**MRK**) positive topline results from the Phase 3 KEYNOTE-590 trial in locally advanced or metastatic esophageal cancer, ahead of expected data in 2021. We think this underscores the leadership Keytruda has maintained in oncology, as it continues to produce positive data in new indications and earlier lines of settings. This supports our belief that peak sales for Keytruda are still underappreciated.

Johnson & Johnson (**JNJ**) announced the acquisition of **Momenta Pharma** (**MNTA**) that has strength in immune disease. This is a $6.5 billion all cash offer, that will expand Janssen's leadership in novel treatments for autoimmune diseases. **MNTA's** lead asset, nipocalimab, a clinically validated anti-FcRn antibody has the potential to be a best in class auto-immune treatment. Most treatments today block immune activation, including some of JNJ's largest products such as, Stelara, Tremfya, Remicade and Simponi. Nipocalimab recently received a rare pediatric disease designation from the U.S. FDA. The deal underscores our positioning in these top pharma names that have multiple business lines, that are maybe underappreciated by the equity market.

Financials

US MSO Results

Top Ten Fund Holding **Trulieve Cannabis** (**TRUL**) delivered Q220 financial results that provided significant outperformance relative to consensus estimates. During the COVID lockdowns, FL based TRUL implemented their disaster play book that had been developed for operations for hurricane season and implemented industry leading health and safety protocols in response to the COVID threat. As a result, TRUL was able to transition to home delivery and curbside pick-up faster than its competition, generating 2Q20 revenue of $120.8 million, an increase of 26% QoQ, relative to consensus of $106 million. The company also maintained strong cost controls with adjusted EBITDA of $60.5 million, or 50% of revenue, representing the 10th quarter of consecutive growth and profitability. **TRUL** continues to have strong operational execution with its 6th consecutive quarterly beat and 10th quarter of positive EBITDA, despite headwinds from adapting to a new operating environment due to COVID. The company generated ~$40m of free cash flow (FCF), which helps the management team as it now holds capital towards M&A in an attempt to meaningfully expand outside of FL.

Further solidifying our belief in **TRUL** is managements positive adjusted 2020 guidance during the Q2 earnings call, with revenue guidance increasing from $380-$400 million to $465-485 million. In addition, cash flow guidance has also been positively adjusted from $140-$160 million to the new range of EBITDA of $205-225 million, while consensus for FY20 results have sales at ~$435 million and EBITDA at ~$193 million. Company trades at a discount to other MSO’s due to its singular focus in FL, however management discussed increased license application activity in regions of the country where **TRUL** can exert its expertise.

Green Thumb Industries (**GTII**), another Top Ten holding, posted impressive Q2/20 results, beating all estimates with sales of $120 million, up ~17% QoQ, above consensus estimates of ~$103m. This is the second quarter in a row that **GTII** generated revenue in excess of $100 million. Part of the strength of **GTII’s** business is in its wholesale division that was up 21.6% QoQ, while its retail business had strong same-store-sales growth of 8.3% for its 40 store base. During the COVID impacted quarter while operating as an essential service in most of its markets, the company was able to open 6 new “RISE” branded stores in the quarter, bringing its total to 48 dispensaries nationwide. Revenue in the quarter was generated from all 12 markets (CA, CO, CT, FL, IL, MD, MA, NV, NJ, NY, OH PA) however we note that MA and NV stand out as states that restricted cannabis operations for almost 2/3rds of the quarter. Adjusted EBITDA reached ~$35 million, up ~39% QoQ, higher than consensus of ~$24 million driven by strong gross margin of ~53.2%.

We see a strong 2H20 as we anticipate completion of capacity expansions in IL and PA where capacity is being doubled, as well as added capacity coming online in OH and NJ. **GTII** ended the quarter with $82.9 MM in cash and equivalents and $95.2 MM in debt.

Curaleaf (**CURA**) also came in with strong results in Q2 exceeded expectations reaching $117million, up 22% QoQ, beating consensus of $111million. CURA with its large national footprint succeeded during the COVID lockdowns in most states. It was noted in the earnings call that despite the strong financial performance, shutdowns in MA/NV caused the company to miss a combined revenue opportunity of $25million, as both states implemented significant closures. Despite these challenges adj. EBITDA came in at $28million ~40% above Q1/20 results and significantly exceeding consensus estimates of $20million. Growth was supported through the first full quarter of contribution from its "Select" and closing state acquisitions in Connecticut and Maine. As a result, **CURA** saw its retail and wholesale revenues increase QoQ by an impressive 17% and 63%, respectively.

The company has now rolled out its debit tendering services to eight states across the US, with three additional state launches expected in the fall. The company reported that, on average, they see a ~20% increase in average basket size on debit transaction (vs. cash) and that the service is gaining a >20% adoption rate. For the second half of the year we see continued growth as the company is adding capacity at a time when some MSO's are reducing capital expenditures. This should provide more leadership in reported numbers in following quarters. **CURA** now operates in 23 states and is building national brand with its Select adult use brand and Curaleaf brand for medical patients. The company is a leader in limited license rec states (MA, IL), and limited license medical states that we see transitioning to the adult use market in the next 3 months with NJ and AZ, and then in the next 6-12 months including with NY, CT, PA, MD.

Management initiated Q3/20 guidance, calling for proforma revenues of $205-215m, representing an ~27% QoQ growth rate. This represents an acceleration from CURA's two prior quarters of ~12% sequential proforma sales growth. We believe major drivers include: 1) doubling production in AZ (Q1/20) and MD from the closing of the **Grassroots** (**GR**) acquisition in early July and, 2) penetration of Select in existing and new markets and 3) adding GR's attractive IL and PA dispensary and wholesale platforms.

We could see a slight drop in margin as CURA adds cultivation capacity during 2H20 to the early stage of PA's ramp of production in addition to ongoing investments to the IL 55,000 sq.ft. greenhouse by early 2021. We also anticipate further spending in FL to expand capacity (x2) by October and a similar footprint in expansion MA to come online in the Fall, we believe margins could be pressured in Q3 before experiencing a positive step-change in Q4 and into 2021.

Management has now guided to opening an additional 17 dispensaries across five states, in addition to >250,000 sq ft. of cultivation expansion across Arizona, Massachusetts, Illinois and Florida by year end. The company expects to open 11 new locations in Florida, one in NJ, four in Illinois, and a final in Utah, which would place the combined entity at ~98 dispensaries by year end.

Cresco Labs (**CL**) reported revenues of $94 million, up 42% QoQ, well above consensus of $77 million. The beat was driven by an est. ~45% sequential increase in wholesale revenue to $55 million with continued product penetration in CA and harvest expansion in IL and PA, that due to constraints in supply in those markets led to significant margin increases as well. Wholesale revenue growth was 44% QoQ to $55 million and retail revenue growth was 39% QoQ to $39 million while with SSS growth was 31% QoQ. Adjusted EBITDA of $16.5 million was significantly higher than consensus of $5.6 million. Management reported 30%+ q/q revenue growth in eight of its nine markets, with MA being the exception. Strong state sales was seen in IL where CL sales grew by ~37% vs the state's 18%. In PA, sales exceeded the State market's growth est. ~30%. One of the most disappointing markets, California helped CL drive 44% sequential wholesale growth in 2Q20. CA is known as a challenging market given its strong illicit market, low barriers to entry, and unfavorable tax structure.

Canadian Cannabis Producers

Village Farms International (**VFF**) announced overall business revenue $53 million and Adj. EBITDA of $2 million vs. estimate of $46 million in revenues and $1 million of adj EBITDA. We note that the company, through its 59% joint venture **Pure Sun Farms** (**PSF**) witnessed softer cannabis sales similar to Cdn LP's during the COVID period as temporary store closures and price compression were significant headwinds during the quarter. Net Sales from PSF Cdn $13 million down 28% from the prior quarter while gross margins were 33%, down from 52% in the prior quarter. Adj. EBITDA of C$2.5 million, was also down 63% from the prior quarter. This was the 7th consecutive quarter of positive EBITDA, a record for the Canadian cannabis industry (ahead of only **Aphria Inc.** (**APHA**) which has 5 consecutive +EBITDA quarters). Encouraging however was that Adj. EBITDA was up 109% from the prior quarter testament to strong cost controls in SGA. We believe that **VFF** through **PSF** offset these challenges with strong delivery of large format high quality dry flower that continues to do well in ON and AL, leading provincial markets across the country. PSF remains the top selling dried flower brand on the Ontario Cannabis Website OCS, with YTD market share of ~14%, and two of the top four selling dried cannabis products. PSF had strong Rec cannabis volumes with growth of dry flower sales up 89% QoQ, at a low all in cost/gram of $0.84/gr. **VFF** dominates in the large-format, deep value segment of the market, with its 29 g packs retailing at <$5/g.

We continue to see strength during the 2nd half of 2020 with PSF launching Cannabis 2.0 products for the first time, which will add shelf space to the company's growing product line. In addition, Q3 will be the first full quarter that includes major markets ON, AL, BC, while adding Sask and Man to the mix providing growth for flower along with 2.0 products. The next major focus is to obtain licensing to sell in QE which would then have PSF brands in all major markets in the country.

Canopy Growth (**WEED**) announced another quarter of disappointing results with net revenues reduced by 22% to $110 million. There was growth outside of Canada, however Canadian adult use revenues were down 11% YoY, while Canadian medical was up 19%. Gross margins were a mere 7%, hit by an $18 million charge due to under-utilization at company owned facilities. The company continues to focus its operational changes on becoming more efficient while also announcing price reductions even on its Cdn medical business, with the company announcing price reductions of 25% for the second half of calendar 2020. Operational changes have improved the cash burn with headcount down by 18%; Op Ex down by 23% and an improvement of 50% on its cash burn resulting in an operational loss of $181 million.

Going forward the company has also stated it will no longer provide Average Selling Price and KG sold quarterly, which is concerning as those are key metrics to measure efficiency and sales progress. Another challenge the company faces is that its current grow facilities are large and labour intensive, with its previous focus to provide ingredients for its proposed line up of 2.0 products. The company has pivoted to focus on higher quality cultivation, and pre-rolls which we see as a challenging adjustment to make given its current operational platform.

Option Strategy

During August the Fund continued using its option strategy to enhance risk adjusted returns. With the above average volatility in the cannabis sector, we are able to generate significant option premium, while lowering the overall volatility of the Fund relative to its underlying benchmark. Where we believe we are being well compensated through the premium income earned, we are writing cash secured puts on specific names we would like to own to increase our exposure to such names in the Fund. We also write covered calls on names we feel have richer valuations; and we are writing short straddles (puts and calls written on the same name with similar strike prices) and short strangles (puts and calls written on the same name but with different strike prices) on names we feel will trade range bound. Depending on the strike price chosen, all three strategies are neutral to slightly bullish strategies that allow us to generate option premium or enter and exit positions at more attractive prices during periods of elevated volatility. Since inception of the option writing program in September 2018, the Fund has generated significant income from option premium of approximately $3.16 million. We will continue to utilize our option 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 option strategy to assist in rebalancing the portfolio in favor of names we prefer while generating approximately $60,000 in option income. 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 include GW Pharma (GWPH). We also 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 AstraZeneca (AZN), Humana (HUM), and Village Farms (VFF), with weekly cash secured puts on AZN having been especially rewarding. AstraZeneca, working with Oxford University has developed a promising COVID-19 candidate that is now in phase 3 trials (one of nine vaccines in phase 3). The EU has signed a deal for 400 million doses of the vaccine, subject to approvals.

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 on a daily basis. 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

Ninepoint Alternative Health Fund - Compounded Returns[1] as of August 31, 2020 (Series F NPP5421)

	MTD	YTD	3MTH	6MTH	1YR	3YR	INCEPTION(ANNUALIZED)
FUND	3.36	12.48	11.43	24.52	-0.19	23.82	22.25
INDEX	-4.92	-22.91	-7.87	-10.02	-27.43	0.48	-1.36

Statistical Analysis

	FUND	INDEX
Cumulative Returns	85.53%	-4.11%
Standard Deviation	29.25%	31.37%
Sharpe Ratio	0.72	-0.08

[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 August 31, 2020. 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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