



Ninepoint Alternative Health Fund Market View

December 4 2018

Aphria's stock traded down approximately 30% on concerns regarding the company's recently acquired Latin American assets. We believe there will be considerable uncertainty surrounding the stock and the sector over the next few days.

The concerns surround the value of the assets acquired and whether the companies were in fact operating as they had represented. In addition, although disclosed at the time of the acquisition, a group of Aphria directors and senior management had a combined 2% interest in Scythian, which was the selling entity of the Latin American assets.

There is also heightened investor concern surrounding Aphria's international acquisitions due to the company's previous purchase of Nuuvera, early in 2018. The transaction value was about \$450mm and a number of senior officers and directors of Aphria were shareholders of Nuuvera (combined stake of under 1%).

At the time, Aphria announced several steps that it took to both disclose related party interests as well as avoid conflicts.

Vic Neufeld, CEO of Aphria stepped down as Chairman of Scythian in April to avoid any conflicts and as a result of his resignation forfeited \$2 million of equity based compensation in the process. In addition, Directors of Aphria who held shares in Scythian, recused themselves from the Aphria board meeting when the deal to acquire the assets was held.

The Board of Directors of Aphria received a fairness opinion from Cormark Securities that, as of July 16, 2018, and subject to the assumptions, limitations and qualifications on which such opinions are based, the consideration to be offered by Aphria in respect of the Transaction is fair, from a financial point of view, to Aphria. The eligible directors of Aphria, after receiving legal and financial advice, have unanimously approved the Transaction.

Stikeman Elliott LLP acted as legal counsel to Aphria. Cormark Securities Inc. provided a fairness opinion and acted as financial advisor to the Board of Directors of Aphria.

Gowling WLG (Canada) LLP acted as legal counsel to Scythian. Haywood Securities Inc. provided a fairness opinion and a valuation under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions and Clarus Securities Inc. acted as financial advisor to the Board of Directors of Scythian and provided a fairness opinion.

This is only one of several companies that have had short reports released on them. TLRy, Cronos and Aurora have also had short reports.

The sector is vulnerable to these reports because of its early stage, and that so much of the value is

Investment Team



Charles Taerk,
President & Chief Executive Officer, Faircourt Asset Management - Sub-Advisor



Douglas Waterson, CA, CFA
Chief Financial Officer & Portfolio Manager, Faircourt Asset Management - Sub-Advisor

based on future promises.

Risk management is an important part of our portfolio process. One aspect of risk management is managing portfolio position size and it is important to know that our APHA position is less than 4% relative to the HMMJ that maintains a 7.32% weight.

In a press release this morning, executives of Aphria have stated that they were in the market yesterday purchasing over \$3 million of shares. The press release from the company today reiterates support for the due diligence undertaken on the operations.

We will continue to monitor the situation and bring you updated news as we know it.

The Alternative Health Fund Team

Compounded Returns¹

	1MTH	YTD	3MTH	6MTH	1YR	INCEPTION
FUND	-1.9	27.9	-0.2	21.9	48.2	62.61
INDEX	-1.2	11.8	-8.8	8.5	27.3	37.51

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 November 30, 2018. 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: commodity risk; concentration risk; credit risk; currency risk; derivatives risk; exchange traded funds risk; foreign investment risk; inflation risk; interest rate risk; liquidity risk; market risk; securities lending, repurchase and reverse repurchase transactions risk; series risk; short selling risk; small capitalization natural resource company risk; small company risk; tax risk.

Ninepoint Partners LP is the investment manager to the Ninepoint Funds (collectively, the "Funds"). Commissions, trailing commissions, management fees, performance fees (if any), and other expenses all may be associated with investing in the Funds. Please read the prospectus carefully before investing. The indicated rate of return for series F shares of the Fund for the period ended November 30, 2018 is based on the historical annual compounded total return including changes in share value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Fund may be lawfully sold in their jurisdiction.

The opinions, estimates and projections ("information") contained within this report are solely those of Ninepoint Partners LP and are subject to change without notice. Ninepoint Partners makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, Ninepoint Partners assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this

information. Ninepoint Partners is not under any obligation to update or keep current the information contained herein. The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Please contact your own personal advisor on your particular circumstances. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Ninepoint Partners. Any reference to a particular company is for illustrative purposes only and should not to be considered as investment advice or a recommendation to buy or sell nor should it be considered as an indication of how the portfolio of any investment fund managed by Ninepoint Partners is or will be invested. Ninepoint Partners LP and/or its affiliates may collectively beneficially own/control 1% or more of any class of the equity securities of the issuers mentioned in this report. Ninepoint Partners LP and/or its affiliates may hold short position in any class of the equity securities of the issuers mentioned in this report. During the preceding 12 months, Ninepoint Partners LP and/or its affiliates may have received remuneration other than normal course investment advisory or trade execution services from the issuers mentioned in this report.

Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: RBC Investor & Treasury Services: Tel: 416.955.5885; Toll Free: 1.877.874.0899