Ninepoint Alternative Health Fund

February 2021 Commentary

Investment Team

Ninepoint / Faircourt,
Sub Advised by Faircourt Asset Management

The month of February witnessed continued growth for the Fund with our NAV up over 10% for the month, and over 22% YTD. We are proud of the short term performance as well as the long term performance of our Fund.

Performance as of February 28th, 2021 (Series F)

MTD	YTD	1 YR	3 YR	Inception (Annualized)
10.1%	22.3%	88.5%	24.5%	33.6%

The end of February and early March period witnessed general market uncertainty that has caused some investors to exit equity markets. Below, we provide some insight into what we believe has caused this temporary uneasiness. First, there has been increased concern with rising Treasury yields and the possibility that the US Federal Reserve may tighten monetary policy to contain a rise in inflation. Fed Chairman Jerome Powell acknowledged that "some upward pressure on prices" could occur as the economy reopens, but he expects the central bank to be "patient" on policy action even if the economy sees "transitory increases in inflation." There has also been a suggestion that some sectors that worked in 2020 are facing the possibility of a rotation towards sectors favoured in the re-opening such as industrials and energy. Investors focused on and worried about day to day volatility (equity VIX) are likely to miss a powerful dynamic affecting US cannabis. We monitor cross asset volatility (treasury, bond, equity, high yield) and daily trading volume to determine if equity volatility spikes are trending. To date, from our day to day monitoring, this is not the case. When volatility spikes and stays elevated for a few days, over-levered funds and hedge fund institutions are forced to de-gross crowded momentum longs and simultaneously buy protection on the narrative the market has topped. Forced liquidations wash out these over levered funds. Our current interpretation of cross asset volatility indicators and daily trading volume metrics indicate to us to re-gross while hedge funds and over levered funds are forced to cover their large drawdowns.

As can be seen in our sector allocation, in February we increased our cash weighting to over 13% in anticipation of market based profit taking after a very strong 3 month period. At this time, some names in our portfolio are on sale and we are selectively adding to some of those positions and we are also gaining entry points to new names that are now available at better prices. What is important is the confidence in the long term financial performance of the equities that form the core of the portfolio. We are confident given the fundamentals surrounding the US cannabis sector.

Tailwinds continue to support growth in the core portfolio with leading US cannabis names continuing to enter new State markets with increased operational efficiencies. Added to the fundamental strength in US cannabis names is the changing regulatory and political environment in the US that favours further legislation that is friendly to the sector. Since November, the Democrats won the White House, the Senate converted to Democrat control and momentum has increased on pro-cannabis reform in the United States. Given this backdrop, there has been significant appreciation in the value of many cannabis companies. Despite these moves, we continue to see great opportunities for investment with US MSO's.

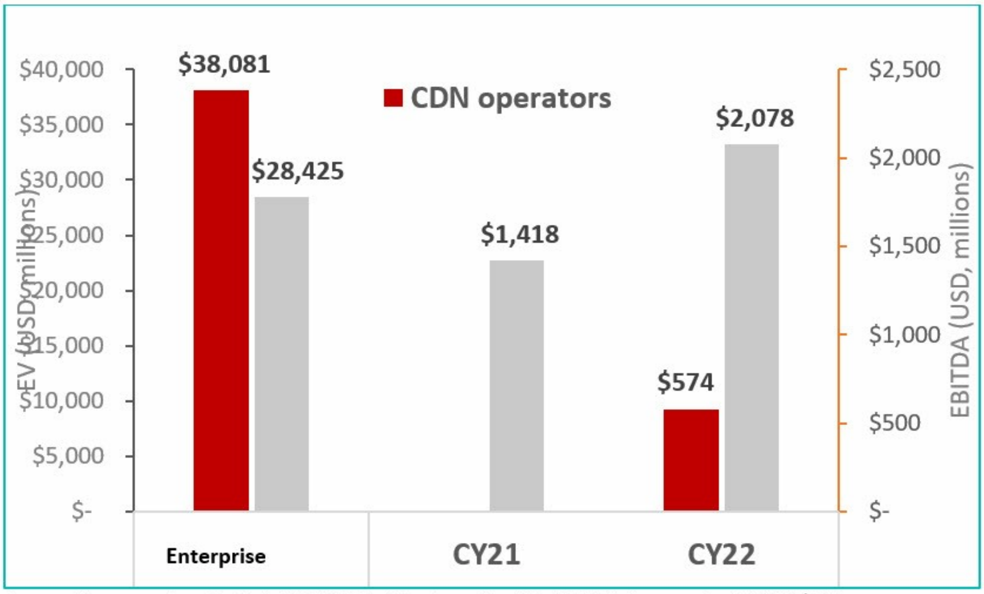
US vs Canadian Cannabis Stocks: YTD Performance

US Companies	Total Return	Canadian Companies	Total Return
Curaleaf Holdings Inc.	40.02%	Canopy Growth Corp.	42.17%
Green Thumb Industries	41.30%	Aurora Cannabis Inc.	32.73%
Trulieve Cannabis Corp.	52.98%	Aphria Inc	174.77%
Terrascend Corp	37.24%	Tilray Inc	217.79%
Cresco Labs Inc	52.82%	Village Farms International	59.27%

as at February 26th, 2021

What is surprising, and frankly not supported by the fundamentals, is that the changing regulatory and political environment in the US has led to a run in Canadian cannabis companies over US cannabis companies. This is interesting given Canadian cannabis companies are currently prevented from entering the growing US market, and the names are among the most shorted equities on NASDAQ, targets given their continued weak financial results. However, in current equity markets, retail investors have found Canadian names are running, thanks to the "Reddit craze" supporting out of favour equities this year. Reddit discussion boards have been promoting Canadian names as a way to create short squeezes against hedge funds and other institutional investors that have a different view on a stock, given the weak fundamentals that exist for many of these names. We are not here to debate short selling or to opine on Reddit discussion boards, but merely want to suggest that cannabis is an information rich sector that requires diligence and discussion boards should not be the only source of information that investors use to determine entry points for investments. We continue to be underweight Canadian cannabis as we continue to see strong fundamentals in the US multi-state operators as well as up and coming companies building single or dual state businesses. It is important to note (as can be seen below) that when we analyze the top 5 US cannabis companies relative to the top 5 Canadian cannabis licensed producers, we see the US group undervalued and mis-understood with significant upside. As stated at the top, with a friendly federal government, we believe US cannabis legislation will continue to be a catalyst for those incumbent companies that have licenses to operate in the expanding US market.

Canadian LP Valuation vs US MSO Valuation



Source: Company docs, Factset, Stifel GMP, Priced as of Jan 28, 2021, Exchange rate 1.3 CAD/USD

One such company we wish to highlight is Top Ten holding **Green Thumb Industries (GTII)**. A leader in the MSO space, GTII continues to build a strong base of new US investors and during the month announced the first SEC-registered public sale of securities valued at $100 million USD ($32.03/share) with a single US institutional buyer. The deal was done at a ~5.5% discount to the prior day closing price. This transaction follows a secondary offering that GTII did in the Fall, where an institutional investor invested ~$135m at ~$16.80/share in two separate purchases. Both sales were made to large institutional investors in the US under Form S-1 registration statement with the SEC, further supporting our view that US institutions are entering the space.

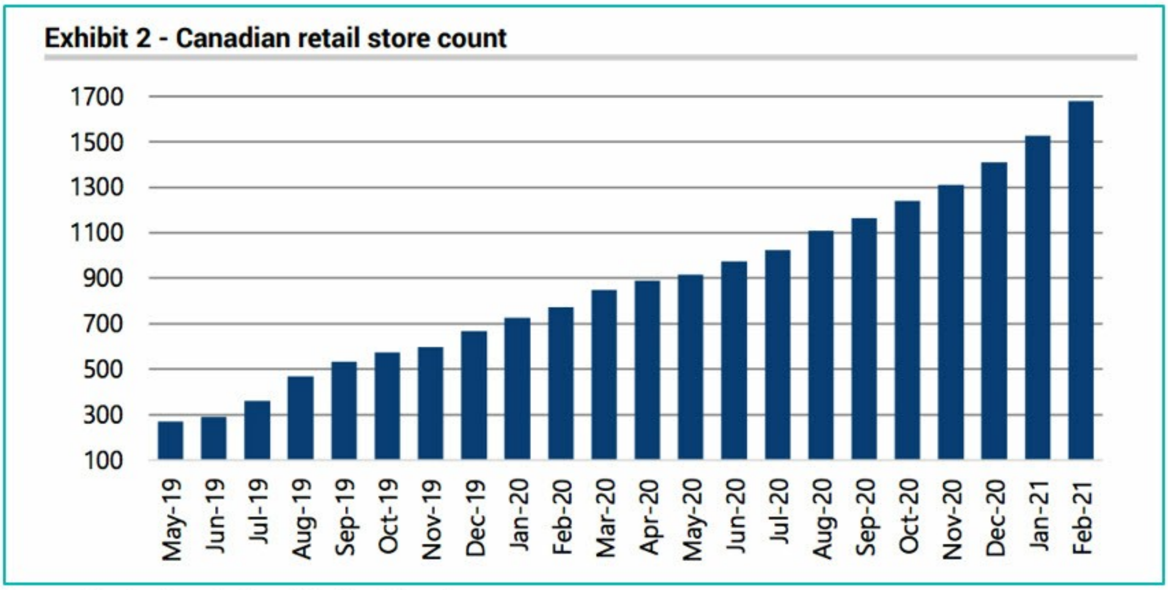
GTII was able to undertake these transactions after filing SEC documentation beginning in the first half of 2020. The key take away here is that US institutional investors are finding ways to access the US cannabis market despite US operators' shares being traded on the CSE and US OTC markets. In addition, it seems the perceived risk profile stemming from the conflict between federal and state laws, which has also narrowed the availability of custodians that deal in the industry, has not deterred investor enthusiasm.

Topics Covered

1. Canada & US- Cannabis Market Updates
2. Company Announcements & Quarterly Financials
3. Options Strategy

1.1 Canada

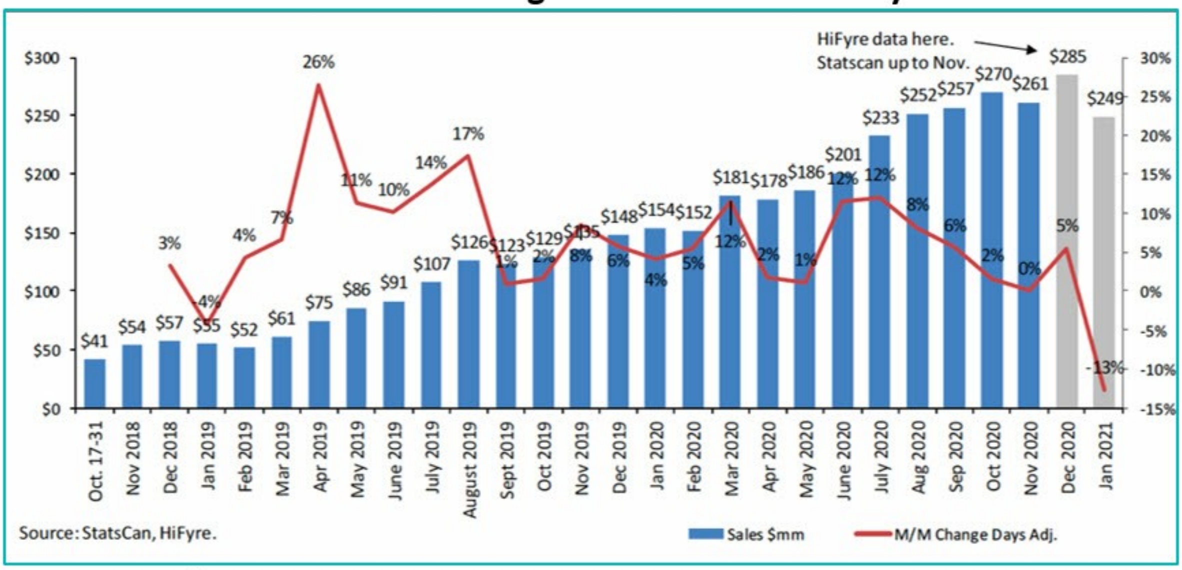
The Alcohol and Gaming Commission of Ontario (AGCO) announced an increase to its rate of authorizations for dispensaries from 20/week to now authorizing 30/week. The announcement comes less than three months after the province doubled its weekly authorizations from 10/week to 20/week. As a result of the previous decision, Ontario now has authorized 430 cannabis retail stores with a pipeline of 940 applications currently in various stages of approval. To date, the AGCO has received >1,630 applications.



Source: Provincial websites, Jefferies Estimates

Hyfire, the sales and inventory management software system owned by **Fire & Flower (FAF)**, which many analysts use as a proxy for overall market data suggests a significant drawdown in demand in Jan. Estimate is Jan sales of $249 million, a 13% decline from Dec. Much of the decline is blamed on lockdowns however this weakness has been suggested for some time. There are a combination of issues that are causing the downturn including the very competitive value segment by producers, combined with Jan flower prices that are down 27% below 1Q/20 as well as a lack of product availability that continues to hurt the growth of the Canadian market. While supply shortage and limited product formats is a challenge at the retail level, the majority of Canadian producers continue to announce capacity shutdowns and headcount reductions in order to stop cash flow burn and achieve cash flow sustainability.

Retail Sell Through Weakness in January



Source: Statscan, Hifyre, BMO

Many investors ask us how the Canadian market has matured since Oct 2018 benchmarking against similar time periods to State markets in the US where adult use legalization has occurred.

The overall success of the Canadian market can be measured relative to some mature US state markets. Canada is now 26 months past recreational legislation and is generating a run rate of $3.2 billion in annual sales. This implies a per capita sales level of $74. Comparing that amount to Colorado after 26 months, CO was generating sales at $120 per capita, almost double the rate in Canada. California legalized recreational Jan 2018, roughly 10 months prior to Canada, and now generates sales of $94 per capita with a run rate of $3.7 billion. Illinois after just 13 months is at $84 per capita or 1.6 times greater than Canada. We see a combination of factors hampering the roll out across Canada. Lack of coordinated dispensary roll-out, lack of vertical integration from cultivation to the retail sales level, product and packaging limitations, and very strict constraints on marketing result in a lack of awareness on the part of consumers.

1.2 Update on US Federal Cannabis Policy Initiatives

There has been a lot of discussion about the timing of federal legislative changes related to cannabis. We have stated previously that we would not invest based on the expectation of a specific time period for federal legislation. We continue to see growth in the ground game at the State by State level continuing to open new lucrative markets, with the incumbent leaders continuing to gain revenues, positive free cash flow and ultimately earnings. An area that cannabis industry watchers have been interested in is President Biden's Attorney General pick, Judge Merrick Garland. His views on cannabis policy have been getting clearer, recently stating that cannabis law enforcement at the federal level is "a question of prioritization about resources and discretion," signaling that the Justice Department would adopt a hands-off policy for most cannabis cases, similar to what was implemented under President Barack Obama.

A slight change to a short term change in cannabis policy at the national level occurred this month as The Biden administration weighed in on a U.S. Supreme Court marijuana petition, arguing that state-legal cannabis businesses can be investigated by the Internal Revenue Service for potential violations of Section 280E of the tax code. Section 280E of the IRS tax code prohibits marijuana businesses from taking traditional business deductions because the plant is listed as a Schedule 1 drug under the federal Controlled Substances Act. This case is believed to be one of the first times the U.S. Department of Justice under the new administration, has filed an opinion in a marijuana court case. The attorney representing a Denver-based dispensary said he was disappointed that the Biden administration's approach to marijuana doesn't reflect a change from the past. We have cautioned that federal legislative efforts will take time and could face hurdles because of the federal tax revenue generated by the provision.

State Level Updates

New Jersey

Governor Phil Murphy signed the bill to implement New Jersey's adult use cannabis program, after he and the legislature agreed on possession limits and penalties for minors and for those growing/distributing without permits. Rules for the program will be developed within 180 days or within 45 days of the state's Cannabis Regulatory Commission being appointed if that comes later than 180 days. Adult use cannabis sales can start 6-12 months from now. We estimate 37 cultivation licenses during the first two years of the program (ex-micro business permits). Just 12 companies are currently licensed to serve the state's medical program, with each assigned to 1 of 3 regions. Each licensee can open 3 dispensaries, meaning the statewide limit is 36, but only approximately 13 have been opened to date. The potential is that the existing 12 medical licensees will get licenses (co-locate dispensaries) for vertical operations (cultivation to sales) and other new entrants will only be able to apply for wholesale licenses, meaning no new retail dispensary licenses. Given the structure of these rules, we think incumbent companies with current NJ operations have upside with first mover advantage and consider portfolio holdings such as **Ayr Wellness (AYR)**, **Columbia Care (CCHW)**, **Curaleaf (CURA)**, **Green Thumb Industries (GTII)** and **TerrAscend (TER)** will all benefit.

Source: BDSA

New York

As the chart illustrates above, we believe NY begins its adult use cannabis market shortly after NJ. In NY, Gov Andrew Cuomo and the state's legislature continue to negotiate regarding the provisions of a potential adult use program. There are two paths forward in NY: include adult use reforms via the current state budget process with an April 1st deadline, the preferred option of Gov Cuomo; or through legislation. We have been interested watching the different policy choices in NY State, with the Democrats holding a super majority in the State government essentially providing a veto over the budget process. Issues to iron out between the Gov. and NY Senators include rules on delivery, on-site consumption, sales of larger quantities, underage possession laws as well as allocation of resulting tax revenue. We believe that early 2022 is the timing for NY to launch its adult use cannabis program. Current licensees in NY that are top holdings in the Fund include **Columbia Care (CCHW)**, **Cresco Labs (CL)**, **Curaleaf (CURA)** and **Green Thumb Industries (GTII)**.

Pennsylvania

In an interesting development, it has been reported that State Senator Dan Laughlin (Rep) plans to introduce the Adult Use Cannabis and Economic Recovery Bill, in partnership with State Senator Sharif Street (Dem). Under the proposed plan, the state would issue up to 100 cultivation licenses and 528 dispensary licenses, including 480 licenses allowing combined medical/adult-use (co-location) dispensaries with 48 medical-only dispensary licenses.

Governor Wolf (Dem) has called on the state legislature to legalize adult-use cannabis however Republicans control both legislative chambers and to date they have been unsupportive. It is important to note that the domino theory related to the NJ Ballot Initiative is central to the discussions in PA, as the state shares its eastern border with NJ, where Governor Murphy just signed adult-use enabling legislation into law, setting the stage for the market to open later this year. That puts PA under increasing pressure to follow suit or effectively forfeit potential tax revenue through cross-border activity. Portfolio holdings that have interests in PA include **Ayr Wellness (AYR)**, **Cresco Labs (CL)**, **Curaleaf (CURA)**, **Green Thumb Industries (GTII)**, **Harvest Health & Recreation (HARV)**, **Terrascend (TER)** and **Trulieve (TRUL)**.

Connecticut

Governor Ned Lamont (D) has included a marijuana legalization plan in his annual budget proposal. The formal budget request includes legalizing cannabis and establishing a comprehensive framework for cultivation, manufacture and sale of various adult use cannabis products. It is proposed that the legal adult use market would launch in Q2/22, supporting our view that the domino effect started in NJ will continue throughout the Northeast. According to the Connecticut Governor's budget proposal, "an estimated $33.6 million in revenue will be generated from the cannabis market, growing to $97.0 million by FY 2026." After NJ, NY, PA and CT already implementing or prioritizing cannabis legalization during their annual budget period, we anticipate similar legalization efforts in Rhode Island and New Hampshire.

Virginia

On Saturday Feb 27th Virginia lawmakers ironed out the issues surrounding slight differences in House and Senate cannabis bills legalizing marijuana for adult recreational use. Under the legislation, retail sales will begin Jan 2024. VA becomes the first southern state to legalize marijuana, joining 15 other states and the District of Columbia. Gov. Ralph Northam has supported marijuana, including urging adult-use legalization, so he's expected to sign the final bill. The bills emphasize licensing opportunities for small and minority-owned local businesses. However, unlike other recent adult-use states, the existing vertically integrated medical marijuana operators would not be able to transition first into a recreational market. Adult-use marijuana product sales would be taxed at 21% in addition to the standard state sales tax of 6%. Municipalities could charge up to an additional 3%.

Florida

According to the release from the FL. Office of Medical Marijuana Use (OMMU) in an early March update shows over 500,000 state residents are now "qualified" patients who can receive prescriptions from 2,644 licensed physicians to purchase marijuana at 313 dispensaries statewide. There is a 55% growth in patients since March of last year. FL recorded approx. $1.2 billion in cannabis sales in 2020 according to a report posted by Leafly and Whitney Economics. To underline the overall economic benefits, the medical market in FL created approximately 15,000 new jobs in 2020 and employs an estimated 31,444 people. The FL market, a medical only State had sales that were more than every other State market except California and Colorado, where cannabis has been legal for adult use for at least two years in CA and over six years in CO. Leading this lucrative medical market are Fund holdings **Ayr Wellness (AYR)**, **Cresco (CL)**, **Curaleaf (CURA)** and **Trulieve (TRUL)**.

Increased M&A in 2021

As stated in our 2021 Forecast, we see the year offering opportunities in the M&A space. States that have legal medical cannabis markets but haven't yet legalized recreational use are attracting M&A activity as MSO's want to gain access prior to the next legal changes. Recent transactions include **Columbia Care (CCHW)** buying **The Green Solution (private)** in CO and **Project Cannabis**

(private) in CA. Then CCHW added more medical states in the Mid Atlantic, acquiring **Green Leaf**, an operator in PA, MD, OH and VA. In the early Fall, **Trulieve Cannabis (TRUL)** closed its acquisition of Solevo Wellness, an operator of dispensaries and PurePenn, with cultivation and wholesale distribution, gaining exposure to PA.

In early 2021, we have seen two different M&A transactions focussed in FL buyouts. AYR Wellness (AYR), a two state operator with operations in NV and MA is quickly becoming an MSO (mutli-state operator) with a series of acquisitions. Its most recent transaction was the $290 million all stock transaction of FL medical licensee Liberty Health Services (LHS). LHS is tied for the 4th largest dispensary network in the FL with 31 locations.

In Feb, **Cresco Labs (CL)** gained exposure to the lucrative FL market with the acquisition of **Bluma Wellness**, operator of 7 One Plant dispensaries, and owner of an additional 8 dispensary licenses. In these cases, MSO's were able to offer the capital required for these single state businesses to grow successfully. At the same time, MSO's are filling out their operational map, acquiring single state or dual state operators in key medical and or adult use markets. We believe that there will be increased attention by Investors looking to ancillary technologies that support the industry, such as logistics companies and e-commerce specialists.

Cannabinoids

One of the most interesting long term factors to watch in the cannabis industry is the science being applied to the future of product development. A number of companies are pursuing research on the compounds in marijuana plants and their effects on specific diseases and disorders. That was a central factor in the $7.2 billion acquisition of **GWPH** by **JAZZ** early in 2021. **GWPH** produces the first drug derived from the cannabis plant to win approval from the U.S. Food and Drug Administration, an epilepsy medication called Epidiolex. The acquisition wasn't just about Epidiolex, it was also about the promise of its late-stage trials for other cannabis-derived compounds to treat ailments such as multiple sclerosis, autism and schizophrenia. Accurate dosing for specialized medications and products is a central growth feature of the global cannabis industry and the ability to create rare cannabinoids is challenging when one focusses on the plant. Producing rare cannabinoids synthetically is an area that is of great importance and economic value.

Psychedelics: Our View

We see retail investors allocating capital to the psychedelics sector and we have been asked our opinion. We consider that perhaps because some investors missed the cannabis run since the early days of the Fund in 2017 or even since the lows of March 2020, there is a feeling to get in to this new sector as it is "the new cannabis", the sector offering similar potential in a short period of time. The psychedelics market is quite interesting, but we believe that investors need to understand that it is fundamentally different from the cannabis market. There is no legal adult use market expected in the foreseeable future. There are, however, some exciting potential medical applications and treatments, but investors must understand the time that clinical trials take, usually a minimum of 3 years to 7 years. Also important is that that drug development is binary, trials present an all or nothing pay off as investors await trial results. Fundamentally, our concern with the sector right now is that current "fast-money" investors may not have the patience to stick with the sector for the years of development that will likely be required. We continue to monitor the sector and would be prepared to participate when valuations are favourable.

A key consideration when investing in drug development or biotech is focussed on the experience of the drug development team. What is their previous experience in other drug discovery programs? We see a key difference overall between psychedelics and cannabis in the way the products or medications are dispensed. Psychedelics are dispensed over a number of hours in the presence of medical practitioners, that must watch the patient in a clinic or medical office. This is very different from cannabis, where states/countries have legislated medical conditions that were allowed to be treated with cannabis, that could be accessed with a medical card and dispensed easily through legal dispensaries. This is critical because it has led to early medical sales, awareness, broad market acceptance, and state by state opening of various markets. This is very different from psychedelics that are more aligned with traditional drug dispensing. As a result, we have not invested to date in these drug development companies because we do not see the same trajectory of sales and marketing support. We also note that the companies in the psychedelic sphere that focus on dispensary clinics only face price compression and no barriers to entry. So, the preferable route would be to invest in the biotech aspect of this business, however remembering that we see drug development taking 3 to 5 years or more. At the same time we see better opportunities with growth in the cannabis sector.

2. Financals

Despite the run in Canadian cannabis producers since the beginning of the year, financial results continue to illustrate weakness in the core Canadian cannabis market, and as a result, we continue to remain underweight Canada. **Canopy Growth (WEED)** reported F3Q21 net revenues of $152.5 million in February, slightly above consensus of $149.8 million, driven by higher-than-expected non-cannabis, non- Canadian revenue. **WEED's** Canadian recreational sales were up a modest ~3% over the prior period while its domestic medical sales remained generally flat. The company reported an adjusted EBITDA loss of ($68.4million), a reduced loss relative to analyst estimates of ($74.8 million). Other (non-cannabis) revenue was driven by Storz & Bickel, This Works, and BioSteel. The company also announced an asset impairment of $400 million during the quarter that resulted in a net loss of $829 million for the quarter.

Aurora Cannabis (ACB) continues to work through significant cost saving initiatives and is focused on better execution and building a broader portfolio strategy. During the quarter, the company announced further operational reductions. **ACB** reported F2Q21 net revenues of $67.7 million, slightly below consensus of $68.8 million. **ACB's** adjusted gross margin before fair value adjustments was 42%, down from 48% last quarter while EBITDA resulted in a loss of ($13.9 million), below consensus estimates that were forecasting a loss of ($5.4million). The challenge continues to be its core Canadian recreational market sales as **ACB** experienced a notable decrease of sales QoQ down ~17% to $28.6 million due to lost market share in its value branded flower products ("Daily Special") and higher sales returns/price adjustments in the period. **ACB** booked ~$232 million in asset impairments in the quarter after announcing plans to shut down its Aurora Sun Facility while reducing the utilization at its flagship facility Aurora Sky facility to ~25%. The result and the efforts to reduce cash flow burn still puts the company far from break-even EBITDA, which it was supposed to reach by this quarter based previous bank covenants that no longer apply.

Contrasting the results of two of Canada's leading cannabis producers, we highlight three of the Fund's Top Ten holdings that released preliminary Q4 results that were very positive.

TerrAscend (TER) was the first US MSO to announce Q4/20 and annual financial results. The company preannounced revenue of $198 million USD and Adj EBITDA was $60 million USD for the year while announcing Q4/20 revenue of $65 million and adjusted EBITDA $26 million. Most impressive is the growth in Adj EBITDA margin up to 40% margin from 35% in Q3 and 24% in Q2. 2021 guidance for revenue of $360-$380 million and adjusted EBITDA of $140-$160 million a 41% margin which looks conservative based on the Q4 results. Full financial results are to be released on March 23rd. These Q4 results come after cultivation and production expansion in PA during Q2-Q3 and the opening of its first medical dispensary in NJ mid Q4, where the company has established the largest production footprint in the state.

Columbia Care (CCHW) released preliminary Q4/20 results and 2021 guidance. Q4/20 Revenue of $81.8 million slightly above consensus of $81.3 million. Pro forma revenue that includes full contribution from the acquisition of Project Cannabis that closed in early December was $87 million. Strong operating metrics were disclosed with adj. gross margin of 42% vs. consensus estimates of 39%. Adj. EBITDA of $9.4 million beat consensus estimates of $7.6 million. Pro forma adj. EBITDA including full contribution from Project Cannabis was $12 million. The company has provided its 2021 Outlook that includes the closing of the Green Leaf acquisition in Q3/21 however does not add any contribution from adult use sales in NJ, NY or VA. Forecast revenues are $500-$530 million vs. consensus of $485 million while forecast adj. gross margins are projected to reach 47% vs. consensus estimates of 44%. Cash flow growth is also stronger in the company forecast with adj. EBITDA of $95-$105 million vs. consensus of $94 million. CCHW is positioned well given the transition from traditional medical-use sales to adult-use with operations in 13 medical states and 4 adult use/medical states. Recent acquisitions solidify CCHW's position as a leader in the expanding U.S. cannabis market.

GW Pharma (GWPH) reported Q4/20 and full year 2020 results with revenue of $148.2 million ahead of consensus estimates at $144.5 million. The company generated an operating loss of -$22.8 million in line with the consensus -$21.4 million. Sales of GWPH's FDA and EU approved drug Epidiolex increased 70% YoY during 2020, and the company continues to expand the global reach of the drug, expecting to launch in France, Spain and Italy in H1/21. Reminder that Jazz Pharmaceuticals (JAZZ) announced an agreement to acquire GWPH, closing is expected to occur in Q2/21.

3. Options Writing

During February 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. 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 $3.67 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 options strategy to assist in rebalancing the portfolio in favor of names we prefer while generating approximately $94,000 in options 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 **Amazon (AMZN)**, **United Health (UNH)** and **Village Farms (VFF)**. 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 **Johnson & Johnson (JNJ)**, **Pfizer (PFE)**, **AMN Healthcare (AMN)**, **Jamieson Wellness Inc. (JWEL)**, and **Sunopta Inc. (STKL)**, with cash secured puts on STKL having been especially rewarding. We have been able to take advantage of both the recent price correction, and positive media coverage surrounding the Oatly IPO and elevated volatility to write cash secured puts on **STKL**, a leading global company focused on plant-based foods and beverages, fruit-based foods and beverages, and organic ingredient sourcing and production.

We established our core position in the low teens but look to take advantage of both the recent price correction and elevated volatility to write cash secured puts to accumulate further shares. On February 25th STKL was trading at USD $15.05 and we wrote a 22-day cash secured put by selling a March 19th expiry at the volatility level of 87% with strike price USD$15.00 and earning USD$1.35. That equates to a strike yield of 9.0% for 22 days outstanding or the equivalent of 149% for a year. The breakeven for being assigned would be USD$13.65 or 9.30% lower than the reference point when the trade was placed. As of the date of writing, after equity markets paused in first week of March, **STKL** trades between USD $13 and $14/share (as at 30-05-21) and we are happy to continue this strategy at these levels.

Charles Taerk & Douglas Waterson

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

Ninepoint Alternative Health Fund - Compounded Returns[1] as of February 28, 2021 (Series F NPP5421)

	MTD	YTD	3MTH	6MTH	1YR	3YR	INCEPTION(ANNUALIZED)
FUND	10.1%	22.3%	24.9%	51.4%	88.5%	24.5%	33.6%
INDEX	4.1%	26.4%	18.2%	41.3%	27.1%	2.3%	8.9%

Statistical Analysis

	FUND	INDEX
Cumulative Returns	180.9%	35.5%
Standard Deviation	30.1%	33.9%
Sharpe Ratio	1.1	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 February 28, 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

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 February 28, 2021 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

Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: CIBC Mellon GSSC Record Keeping Services: Toll Free: 1.877.358.0540