



Ninepoint Alternative Health Fund: Market View

June 18, 2019

In a technical briefing Friday, Health Canada confirmed a two-month rollout of new cannabis edibles to mid-Dec. 2019 before products from the rollout of Cannabis 2.0 can be sold.

There is a 3 step process before the first sales can occur:

1. LPs must amend their existing sales license to be able to sell Cannabis 2.0 products, with the application period opening on July 15th, 2019. This does not prevent producers from manufacturing and building up inventory of these products currently.
2. On Oct. 17, 2019, the regulations surrounding Cannabis 2.0 products come into effect. As of this date, Health Canada will accept notice applications from LPs detailing the Cannabis 2.0 products those LPs intend to sell.
3. There is a 60-day notice period, from the date which an LP sends a notice application to Health Canada (October 17, 2019), that LPs may begin selling their Cannabis 2.0 products assuming there was no objection from Health Canada. This means that the first day for product sales can be no earlier than December 17th, 2019.

Edibles dosage is limited to just 10mg per package

This is very different from US edible products that have a 100mg limit yet are sub-divided into 5mg or 10mg dosage pieces within the product. (see below). "Legal in Canada" packages will essentially be 1 square of the chocolate bar, or two chocolate covered mints within the can, resulting in increased expense in packaging.

Investment Team



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There has been no further rules or decisions separating hemp derived CBD products out of the cannabis dispensary network.

This is similar to what we have been suggesting over the last few months, that Health Canada will slow down the rollout of edibles and thus cause both a slower ramp-up in sales for Cdn LPs as well as reduced margin expectations as value added products will be delayed in getting into the market.

Charles Taerk & Douglas Waterson

Portfolio Team

Ninepoint Alternative Health Fund

Compounded Returns¹

	1MTH	YTD	3MTH	6MTH	1YR	INCEPTION
FUND	-6.82	23.00	-1.87	13.05	37.82	115.12
Index	-9.56	17.43	-7.12	2.34	11.08	52.36

Statistical Analysis

	FUND	Index
Cumulative Returns	115.12	52.36
Standard Deviation	31.84	34.57
Sharpe Ratio	1.61	0.73

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 May 31, 2019. 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.

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