Ninepoint Alternative Health Fund

March 2021 Commentary

Investment Team

Ninepoint / Faircourt,
Sub Advised by Faircourt Asset Management

New York State of Mind

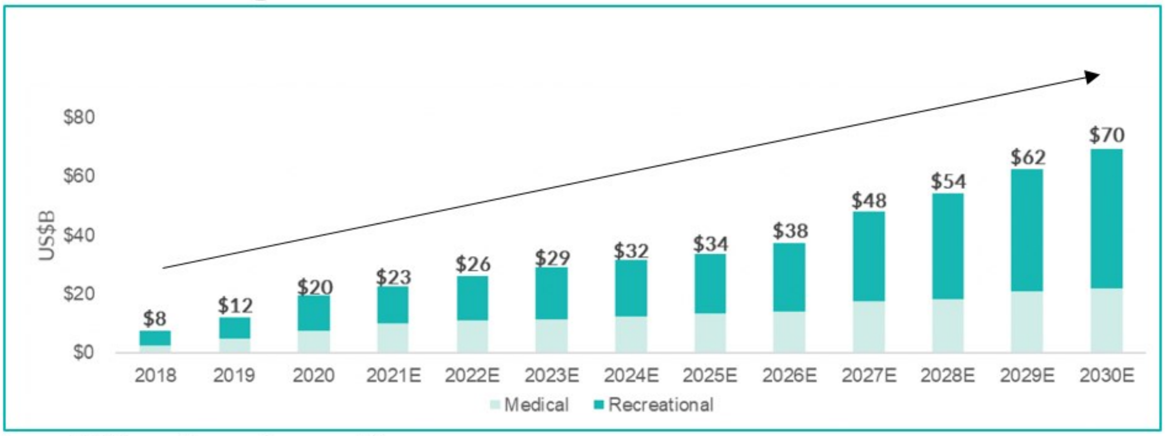
The month of March was led by very strong Q4/20 financial results from many of the Multi-State Operators (MSOs) that form the core of the Fund's portfolio. After a strong year in 2020, it was also encouraging to see solid guidance for FY-21 from many of the MSOs. We also witnessed significant M&A activity in key cannabis state markets such as Arizona, Pennsylvania and Ohio, described below.

With the legalization of adult use cannabis in New Jersey, it was widely expected that elected officials from New York would find a way to reach agreement on legalization bill. This proved to be the case as on March 31st, Governor Cuomo signed into law the rules and regulations for adult use cannabis in the state of New York. On day later New Mexico's state legislature also approved adult use cannabis laws, the two states becoming the 16th and 17th states to legalize adult use cannabis continuing the regulatory momentum that we have witnessed in state by state growth of legal cannabis since November. Now more than 40% of the U.S. population live in states with full legalization.

While cannabis use has been federally illegal for over 50 years, 328 million of America's total of 335 million residents live in states that have adopted some form of cannabis legalization. More than 120 million people live in adult-use states, or territories (including D.C.). Then there are 117 million that reside in medical-use only states. There are then another 89 million people that are in more strictly limited-access states, those states such as Texas that has very limited conditions available to be treated with low THC levels. That brings the total of more than 328 million people who live in a state or territory where marijuana is legal to some degree. And the numbers continue to grow.

As a result of the growing footprint of state by state legal cannabis, we believe that the US cannabis industry has the potential to grow from its current revenue rate of $17.5 billion generated in 2020 to over $20 billion in 2021 to $70 billion in 2030.

US Legal Cannabis Total Addressable Market Growth



Source: U.S. Census Bureau, Cowen and Company

During this time of new state legalization and growth of the total addressable market (TAM) in the US, the positive announcements were met with temporary weakness in equity markets. During the pullback, we saw great opportunities to add to various US multi-state operator (MSO) positions. We wanted to provide some colour on what we believe transpired to cause the weakness?

Going back to just after New Years', Jan 5th was a milestone date when the US Senate changed hands to the Dems. Investors saw investment opportunities de-risking in US cannabis and the Fund appreciated significantly to the end of February.

March had investors taking a pause in cannabis as no federal legalization bills had been filed in Congress in the 60-90 days since the Democrats took control of the Senate. To us, this appears to be anxious momentum investors not realizing that legislation takes time, especially at a time of vaccine rollout and economic re-building. The history of cannabis legislation has been and should continue to be incremental. Combined with that lack of patience, equity markets, in general, saw a renewed threat of higher interest rates hampering "growth stocks" including cannabis and tech because of a perceived weakness during rising rate environments. Markets also had to deal with the volatility of a family office hedge fund fiasco that caused further weakness in growth stocks as the Archegos collapse caused ripple effects as US prime brokerage desks and related firms had to adjust books and force liquidations. Shortly thereafter, Credit Suisse issued a directive to all its clients stating that they would no longer accept trades or holdings of US cannabis companies. That seemed odd given the sense across the US is that federal legislation was moving in a friendlier fashion. To add to the negative tone facing US cannabis, on March 29th the Chicago Tribune printed a story negatively portraying **Green Thumb Industries (GTII)** and its executives. An interesting note about the short report that was issued on **GTII**, came from a hedge fund that also owns the Chicago Tribune. Putting further pressure on cannabis stocks as the quarter ended, was a suggestion that many compliance departments weren't as excited with US cannabis holdings and asked fund managers to remove names from top holdings, avoiding quarterly financial statement disclosure.

While we doubt that the last few days of the quarter will be the least volatile period in the sector, we continue to believe the environment for US cannabis is improving. With NY and NM moving to adult use, soon most of the population of the northeast will reside in adult use states. The momentum and the direction are clear. The only question is timing.

We remind investors that federal legalization is not the short term driver, the state by state legalization of new markets is a significant driver as the TAM increases. Importantly, this state by state progression while federal legalization is deferred strongly favours the incumbent US MSOs over non-US companies. US MSOs and single state operators (SSOs) are taking advantage of the growing market, building brands, cultivation and distribution as now over 300 million Americans live in a state where there is some form of medical and or adult use legal cannabis industry.

During the month, and as mentioned above, the cannabis sector in Canada and the US generated slightly negative performance. The Fund was able to cushion the weakness in cannabis through our diversified approach including health and wellness and healthcare. We have stated previously that catalysts exist in health and healthcare, as the re-opening of the economy allows people to visit their doctors and deal with overdue health concerns. In March, we highlight the performance of **Jamieson Wellness (JWEL)** +6.65%, **UnitedHealthGroup (UNH)** +10.79%, **Humana (HUM)** +9.04% and **AmeriCold (COLD)** +8.84% as key performers for the fund.

For March, the Ninepoint Alternative Health Fund performance was -3.9% while key underlying indexes and benchmarks also witnessed reversals. The US Cannabis sector index suffered -11.46% in March, while the Canadian LP focussed HMMJ was down -3.5%. On the positive side of the ledger was the US

Healthcare Index that generated a +3.89%.

We continue to stay overweight US cannabis while adding names in health and wellness and healthcare that are seeing continued growth as the US and global economies re-open. A major lesson that seems to be permeating throughout consumer markets is a new found awareness in proactive healthy lifestyle choices, a key theme when we launched the Fund four years ago. As the lockdowns subside, we have seen a transition to healthier eating habits; organics, plant based, sustainable foods; vitamins and supplements; as well as a resumption of regularly scheduled visits to the doctor. These societal changes are all captured in the Fund, and we believe will all contribute to positive NAV growth in the months to come.

US Regulatory

The Safe Banking Act has been reintroduced in the current Congress and more importantly has been tabled for review in the US Senate. SAFE would ensure that financial institutions could take on cannabis business clients without facing federal penalties. Fear of sanctions has kept many banks and credit unions from working with the industry, forcing marijuana firms to operate on a cash basis that makes them targets of crime and creates complications for financial regulators. In its current form, the American Bankers Association is in favour of passing SAFE. A benefit to US cannabis companies in addition to reducing the cash sitting at dispensaries is that their cost of capital should be reduced as lending rates are adjusted, working with traditional lenders instead of private lenders and hedge funds. It is interesting to note that at a time when rising rates are potentially hurting growth stocks, SAFE would be a catalyst, leading to lower cost of capital regardless of where interest rates go for the foreseeable future.

The Bill has also been introduced in the Senate with primary sponsor GOP Sen. Steve Daines (R-MT) and Sen. Jeff Merkley (D-OR). It appears that Daines is becoming the lead Republican in the Senate for cannabis reform taking over for Corey Gardiner who lost his Sen seat in Nov. Other Sponsors include Sen. Bill Cassidy (R-MA), while the other is Sen. Cynthia Lummis (R-WY). Of note is that they are both supportive of SAFE but not legalization as SAFE deals with public safety rather than expanding laws in support of cannabis. To pass the SAFE Act, the Senate needs 60 Senators in favour, which require further Republican support.

New York

As mentioned above, New York announced a legislative agreement to legalize adult-use cannabis. Gov. Cuomo announced the agreement to legalize adult-use cannabis, based on the bill proposed by Sen. Liz Krueger (D), the lead Senate sponsor of the Marijuana Regulation and Taxation Act (MRTA). The Act establishes an Office of Cannabis management, significantly expanding the indication list for the current medical program, while also establishing a new licensing system in addition to social and economic equity programs. The NY legislation goes farther than any adult use state market to date in creating strong social equity measures, with a stated goal to award 50% of licenses to social and economic applicants.

NY is the 4th most populated state in the US, with almost 20 million residents, so the potential growth of this market to maturity is significant, regardless of how you measure that growth. We see the first year of cannabis sales reaching over $1 billion. By analyzing mature state cannabis market comparisons (CO or CA) of per capita consumption, NY could be a **$4 billion** annual cannabis market at maturity. If alcohol penetration rates are used as a proxy for mature market size, then the potential for New York, even after reducing the medical market, could increase from **the current rate of ~$150 million/year to ~$8-12 billion**.

We have discussed the benefits of adult use cannabis for Governors generally to get on board in earlier commentaries and NY is no different. There are 30,000 potential jobs, additional state and local tax revenue to be generated as well as many ancillary business opportunities. In addition, adding to the importance of New York for federal legislative discussion is the fact that New York is the financial capital of the world and could help expedite potential legalization for adult-use laws at the federal level. At the very least, the SAFE Act has a greater chance of passing.

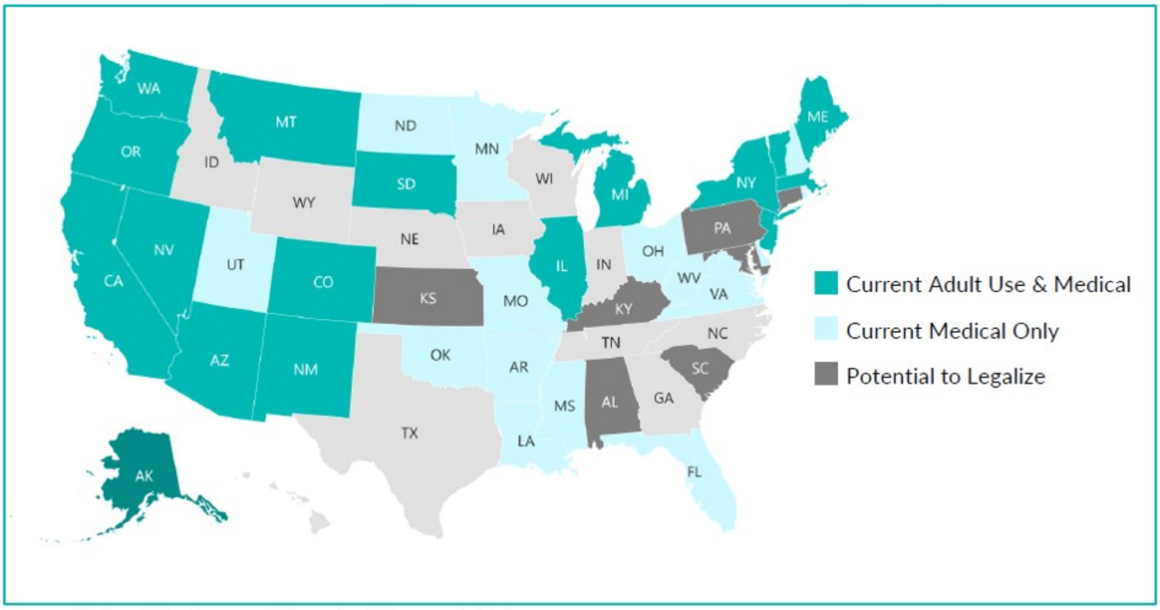
We believe the legislation provides incumbent operators with a significant advantage. The incumbents will have the ability to increase their retail store count from 4 to 8 medical dispensaries, along with an option to co-locate 3 dispensaries with adult-use. Existing medical operators will be the only operators permitted to be vertically integrated, unlike new license holders that will be prevented from owning all phases of cultivation, manufacturing, wholesale and retail operations. This will result in the incumbent MSO's generating significant EBITDA from wholesale distribution. Finally, similar to what was seen with the introduction of flower as an allowed format in Florida, those cultivators will be able to take advantage of further sales growth as the program will now include the sale of flower as an approved form and the expansion of qualifying conditions. Companies in the portfolio that will benefit from this dynamic and large state include; **Columbia Care (CCHW)**, **Cresco Labs (CL)**, **Green Thumb Industries (GTII)** and **Vireo Health (VREO)**.

New Mexico

Gov. Michelle Lujan Grisham (D) had called lawmakers into a special session of the legislature to finish work on a bill to legalize marijuana as the bill didn't pass by the end of the normal 60-day session of state congress. In that special session at month's end, the New Mexico House and Senate passed a bill to legalize, regulate and tax cannabis for adults 21 and older. The bill also approves the removal of prior non-violent marijuana convictions. The state will issue licenses and have the authority to limit production from major producers in order to ensure a fair market. The Governor supports the bill and has indicated she will sign it. New Mexico will become the 17th state to legalize adult-use cannabis and only the 4th to do so through the legislative process rather than by voter or ballot initiative. Legal retail sales of cannabis are scheduled to begin by April 1st, 2022.

The new state industry would be overseen by a newly created Cannabis Control Division. The bill allows the state to force licensed cannabis producers to reserve up to 10 percent of their products for patients in the event of a shortage or grow more plants to be used in medical products. The legislation also includes certain social justice provisions and procedures meant to encourage communities that have been disproportionately impacted by the war on drugs to participate in the new industry. With respect to state taxes, there will be a 12% excise tax on top of the state's normal 8% sales tax. Beginning in 2025, the excise rate would climb by 1% each year until it reaches 18% in 2030, allowing for a gradual approach to tax collection so as to not hamper cannabis demand in the early days of the new market. While tax collection is geared to the adult use market, medical marijuana products, available only to patients would be exempt from taxes. Although New Mexico's population is relatively small, at just over 2 million, of note is that it shares a long border with Texas, a state with very limited access to cannabis.

The Growing Total Addressable Market (TAM)



Source: National Conference of State Legislatures, Jefferies

Virginia

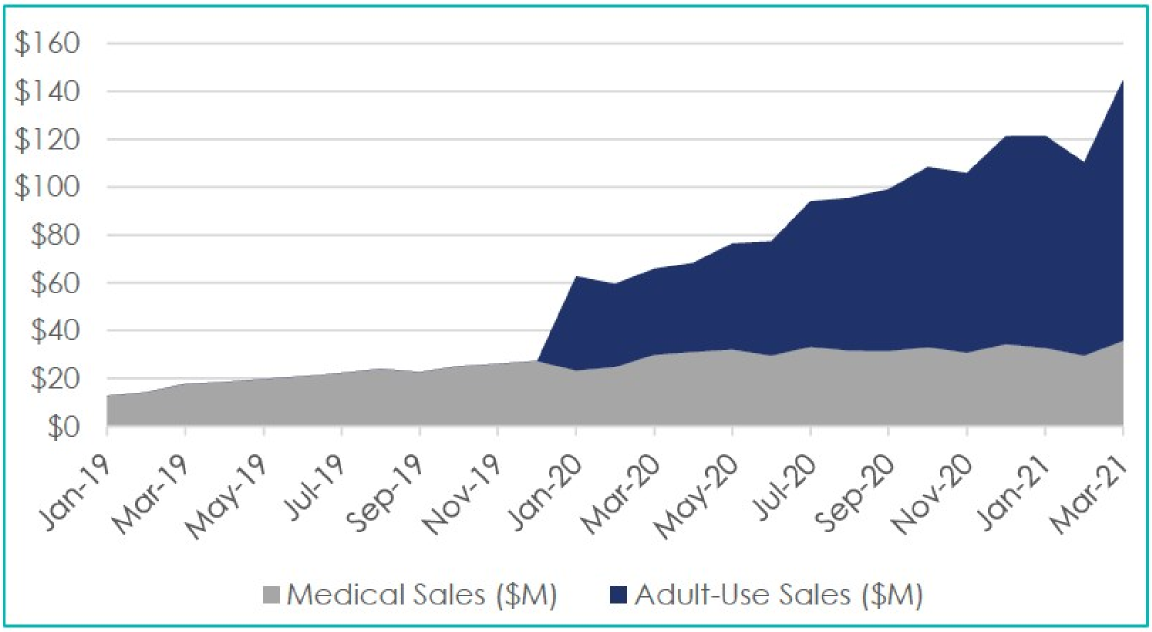
Gov. Ralph Northam (D) was sitting with a bill proposed by the State House of Delegates and Senate for adult use cannabis legalization to begin Jan 2024. The GOV WANTED AMENDMENTS wanting an earlier start, given many of the changes taking place in the north east (**NJ**, **NY** and other states). The state government did sign a bill allowing smokable flower sales for medical use but adult use was still deferred to Jan 2024.

Advocates have sharply criticized VA legislation that would delay legalization until 2024. Other amendments include calls for people who are currently incarcerated for nonviolent marijuana-related offences to have an opportunity for resentencing as well as amending legalizing private cultivation of marijuana plants for personal use.

Finally, in early April, the VA House of Delegates and Senate accepted the governor's requested changes, with possession of cannabis by adults 21+ being legal on July 1st, 2021, rather than on January 1st, 2024 as the measure originally stipulated. No changes have been made yet to change the date when commercial sales can start yet but we believe a change will be negotiated in due course. Top ten holding **CCHW** will benefit from changes taking place in VA, potentially the first southern state to legalize adult use cannabis.

Illinois combined sales of medical and adult-use sales continue to grow on a monthly and quarterly basis. For the month of March, adult use cannabis sales reached $109 million, representing 35% MoM growth (22% on a daily basis) from February at $81 million. The increase was volume-driven, with the average price paid per item up 1% to $47. Sales to out-of-state residents improved 46% m/m vs. 31% growth for sales to state residents. Also showing signs of continued growth was IL based medical sales that totaled $36 million, up 21% MoM or 9% on per day basis. Total legal market sales in IL for March totaled $145 million, a $1.7 billion run rate. For Q1/21, total sales reached $377 million, up 12% QoQ from $336 million from Q4/20, and up 100% vs Q1/20. Top Ten portfolio holdings that continue to do well in **IL** include **CL**, **GTII Curaleaf (CURA)** and **Verano Cannabis (VRNO)**.

Illinois Monthly Sales Increases: Medical & Adult Use

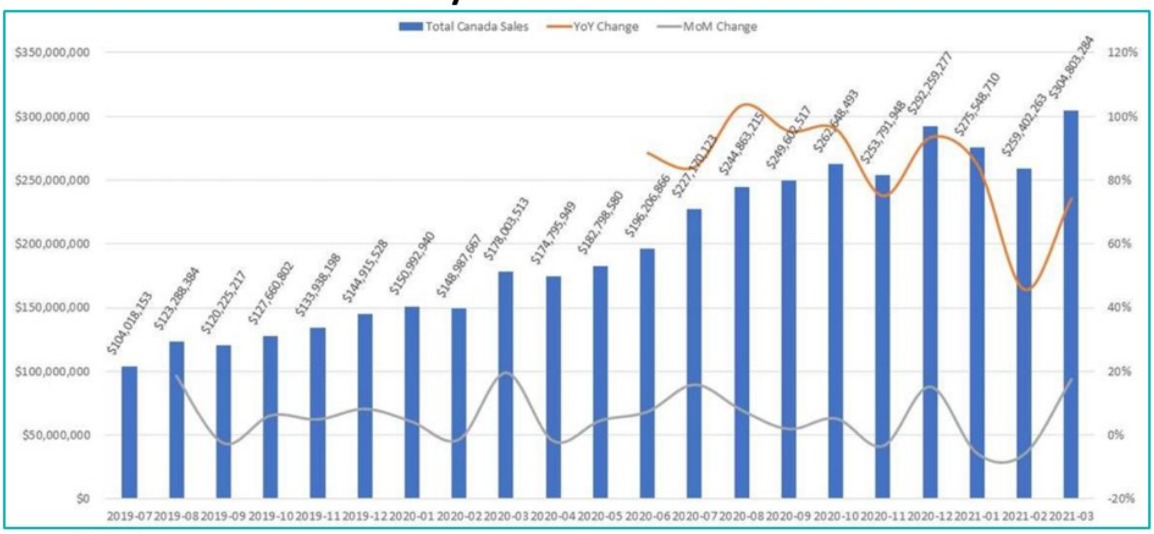


Source: Beacon Securities

Canada

StatsCan issued its report for cannabis sales that showed a drop of 5.6% in January with blame focussed on COVID lockdowns and winter weather weighing on retail. In addition to the seasonal and one-time issues, we are also seeing efficiency changes at the provincial level, with many provincial boards cutting inventories and reducing the number of SKUs they wish to maintain for distribution. As a result, sales for Q1/21 may be weaker than Jan as the provinces implement various cuts. LPs have reported that industry shipments fell 15-17% MoM in Jan in Ontario; BC shipments could be down 7% while AB sales could see a reduction of 10-13%. We continue to see industry headwinds remain as provinces progress through this SKU rationalization and bloated inventory levels cause continued pricing pressure. We are also beginning to see pricing in the 2.0 segment (oils, edibles, beverages) decline as cultivators tried to convert excess flower to distillate, which has created a similar inventory situation to flower.

Monthly Canadian Retail Sales



Source: HedgeEye

After the very slow start to 2021, March proved to be a stronger month with 19% sequential growth vs February. March sales data suggests a $3.36 billion annual run rate. An interesting dynamic that is taking place while provinces look at reducing SKU's is a broadening of companies with leading market share. In 2019, the largest cannabis companies were Canopy Growth (CGC), Organigram (OGI) and Aphria (APHA) combining to be 49% of total sales. Fast forward to early 2021 where the largest cannabis companies in terms of sales are APHA, CGC, followed by private company Redecan. These three LPs make up approximately 33% of Canada's total cannabis sales with newer entrants gaining sales traction. Pure Sunfarms, now owned 100% by Village Farms (VFF), has gained significant market share. In 12/20, PSF/VFF was the 10th largest LP by sales while one quarter later they are now the 4th largest.

We continue to be cautious in our overall Canadian allocation, however, continue to believe that low-cost producer **Village Farms (VFF)** is uniquely positioned as the largest low-cost producer with significant growth in key provincial adult use markets. Of note on VFF is that effective March 21st, it was added to the S&P/TSX Composite Index. We also believe that of the Canadian LP's attempting to position a US presence, we remind investors that VFF continues to operate 5 million sq ft of cultivation in Texas that can be converted to cannabis cultivation for either Texas medical cannabis demand or to meet future US market demand post federal legalization.

Company Announcements

A theme that continues to persist in the US cannabis sector is M & A activity. With MSOs taking advantage of buoyant equity markets from Nov 20 to Feb 21, MSO's took the opportunity to raise capital to ensure strong balance sheets with a readiness to transact when opportunities present themselves.

Cresco Labs (CL) announced the acquisition of Cultivate, a Massachusetts-based vertically integrated operator, for $158 million, with $75 million of the purchase in **CL** shares. This is the second acquisition CL announced thus far in 2021, the other being the acquisition of **Bluma Wellness** announced in January. The transaction for Cultivate is suggested to be accretive to **CL** with the purchase done at an EBITDA multiple of 4.0-4.5x, well below **CL's** 19x EBITDA multiple (as at 03/17/21). Upon closing, CL will have a leading market position in MA, with three adult-use and three medical dispensaries as well as 100,000 square feet of total cultivation establishing industry-leading operations in the MA market. Important in the expansion of MA, is that the state is not only a large state with 6.9 million people, but the state has one of the highest per-gram pricing models in the US adult-use markets with a supply-constrained market, similar to what the company maintains in Illinois and Pennsylvania. Wholesale pricing in the state remains around $4,000/lb and we believe the market continues to be underserved, setting up well for CL to build its wholesale business in MA.

During March, **Verano Holdings (VNRO)** announced acquisitions in 3 different states (AZ, PA and OH). First it announced its acquisition of Local Joint, a dispensary in Phoenix AZ. The purchase price is $17M leaving **VRNO** will have a total of 6 dispensaries in AZ, giving it the 3rd largest retail footprint in the state after **Harvest Health & Recreation (HARV)** currently with 15 open of its 18 total dispensaries and **Curaleaf (CURA)** at 8 with a total of 9 dispensaries. In addition, **VRNO** has 110,000 sq ft of indoor/greenhouse cultivation/manufacturing footprint to supply its stores. **VRNO** also has announced plans to acquire The Healing Center, operator of 3 Pittsburgh-area dispensaries, for $110M (split 50/50 cash and stock). The dispensaries are located in Cranberry Township, Washington and Monroeville. The Healing Center's management team will remain with the Company. Closing on the transaction is subject to state regulatory approval.

VRNO also announced plans to acquire Mad River Remedies, a dispensary operating in Dayton, Ohio. OH, has the 7th largest population base in the US, and its medical market still has significant growth potential. The program has 176,000 patients in 03/21, the patient count growing 100% YoY since 02/20. Pending completion of this and other transactions, **VRNO** will operate the maximum of 5 dispensaries in OH, including locations in Bowling Green, Canton, Cincinnati and Newark. The company is already vertically integrated in OH, with a cultivation/manufacturing facility in Johnstown. We note that VRNO management has a significant amount of integration ahead, but we believe that when considering all its recent transactions, the fact that recent market weakness gave us a great opportunity to enter a position, we see the potential for VRNO mature into a 12 state market MSO, including its core of IL, NJ, FL, AZ, PA, MD and OH.

Trulieve Cannabis (TRUL) continues to expand outside its core FL market, announcing the acquisition of Mountaineer Holding in West Virginia. WV is a new medical market so **TRUL** is a first mover into the State. The company holds a cultivation license and 2 dispensary licenses and when we Include **TRUL's** licensing wins, the company now has a vertically integrated operation with 1 cultivation license, a manufacturing license and 6 dispensaries. The purchase price is $6M, including $3M in cash and $3M in stock, and it is expected to close in Q2/21. **TRUL** now operates in six states, with current operations in four (FL, PA, CA, CT) and construction/recent license approvals in MA/WV respectively. **TRUL** will have 3 dispensaries and ~93,000 sq. ft. of cultivation to come online in MA and ~90,000 sq. ft. in PA to be complete in 1H21 which should significantly change the company's footprint outside FL. Of some concern in Florida and a few other states is legislation being discussed that would introduce THC limits in medical programs. It is unclear how much support these initiatives have but they represent a new tactic for cannabis opponents that have generally been on the losing side of limiting cannabis sales, state after state.

At the beginning of April, **TRUL** announced the acquisition of Anna Holdings LLC, a Pennsylvania-based operator with dispensaries located in Philadelphia, Devon, and King of Prussia operating as the Keystone Shops. Total consideration for the deal is $60 million, with $40 million in shares and $20 million in cash. The increase into PA gives the company more exposure to a growing medical cannabis market for the next 18-24 months. These dispensaries are among the oldest medical dispensaries in PA, having been among the earliest licenses issued. By adding these 3 dispensaries the company’s national footprint reaches 83 dispensaries nationally.

Unique among recent US cannabis transactions, **Curaleaf (CURA)** announced the international acquisition of Europe's largest vertically integrated independent cannabis company, EMMAC. The purchase price is $286 million, including $236 million in **CURA** shares and $50M in cash, $57million is structured as contingent consideration based on performance milestones, based on revenue growth in the UK, Germany, adult-use sales in the EU, and volume targets in Portugal. The transaction is expected to close in early Q2/21, pending regulatory approvals,

With a total European population of nearly 748 million, the potential addressable market is more than twice the size of the U.S. market. Although it is in the early stage of development and focused on pharmacy delivery channels vs cannabis dispensaries, CURLF is moving early into the international market.

Financials

For the Fund’s core holdings in US cannabis, March witnessed a majority of Multi-State Operators (MSOs) reporting solid Q4/20 results, and in many cases, issuing strong 2021 outlooks.

Q4/20 Results

Green Thumb Industries (GTII) announced strong Q4/20 results beating analyst estimates with revenue growth of 13% QoQ or $177.2 million vs estimates of $164 million. The company also delivered Adj. EBITDA that grew 23% QoQ and 374% YoY to $65.4 million, again beating consensus estimates of $57 million for the quarter. The company now operates 54 dispensaries across the US following 3 new dispensary openings YTD. Retail dispensaries on a net basis contributed 68% of revenue vs 32% for the CPG/wholesale division. GTII exited Q4 with cash/equivalents of $84 million and total debt $245 million. Subsequent to quarter end, the company completed equity financings totaling $156 million. GTII has dry powder for additional investments/M&A in 2021. Management noted that it is ready for a US exchange listing once regulations allow for it. With a strong balance sheet and strong US institutional investors, we see GTI being able to capitalize on building out its dispensary network, expand cultivation as well as add strategic acquisitions as M&A heats up in the US.

Curaleaf Holdings (CURA) reported strong top line Q4/20 revenue growth of 26% QoQ reaching $238.8 million in sales. Top line revenue met consensus yet the strength in production with gross margins of 48% and stable operating expenses led to better than anticipated Adj. EBITDA at $53.3 million. up 27% QoQ. Interestingly when looking at consumer spending in CURA dispensaries, the average monthly spend per customer improved 5% QoQ, with the patient/customer base expanding 10% QoQ, with average basket size growth in 2020 growing from $80 to $135. CURA management was encouraged by YTD sales forecasting Q121 revenue of $250-$255 million, with 2021 revenue exceeding $1.2 billion, and EBITDA margins of 30%. We continue to see upside from consensus as guidance excludes adult use sales from New Jersey or New York as well as the acquisition in Europe.

Columbia Care (CCHW) also had a strong Q4 announcing revenues of US$81.8 million, an increase of ~51% QoQ beating consensus estimates of $79.7 million. From an operational standpoint, the company is executing well beating consensus on an EBITDA basis, generating $8.3 million in EBITDA vs $6.5 million. We have been adding to this position as we believe that its operations in 18 state markets are focussed on several medical only markets that should be flipping the switch to go adult use in the next two years including NY, PA, VA, OH, MD, and FL. CCHW opened 39 dispensaries in 2020 to now sit at 67 operational dispensaries with 19 more in development. Recent acquisitions contributed mid Q4 with The Green Solution in Colorado and **Project Cannabis** (California) both adding adult use markets to CCHW previous focus in medical only states. The **Green Leaf Medical** acquisition will add FY-21 strength adding lucrative medical markets OH, VA, and MD. With 18 States, and leverage to NJ, CO and CA retail, **CCHW** trades at a discount relative to other large MSO’s, even though it has the second largest national footprint in the US.

Cresco Labs (LB) Q4/20 results surpassed consensus estimates of $158 million in top line with revenue of $162 million which was 6% growth QoQ, split fairly evenly between its Wholesale distribution of 56% of revenue vs 44% from its retail dispensary network. Company gross margins grew from 52.6% to 54.5% QoQ however some increases in operating costs related to expansion/relaunching/rebranding were evident, resulting in adjusted EBITDA $50.0 million, growing 8% QoQ (30.8% EBITDA margin). For the year, the company’s revenue from retail dispensary reached $202 million while wholesale revenue reached $274 million for the year, $476 in revenues on a combined basis. Of note during the quarter was a BDSA report that showed CL was the #1 flower brand in several states that it monitors with CL operating in over 900 stores across 9 states.

Terrascend (TER) produced solid Q4 results beating expectations with sales in the quarter reaching $65 million, up 28% QoQ and 152% YoY. Also impressive was the 46% QoQ growth in EBITDA at $26 million, a 40% margin, expanding from 35% in Q3 and 24% in Q2. For the year, TER generated net revenue of $198 million and Adj. EBITDA of $60 million. During the Q4 call, it was announced that CEO Jason Ackerman would be leaving the company immediately, so there has been some uncertainty in the trading price of the stock. We are not concerned with the departure at this time, as the leadership of the company is in good hands with Jason Wild, Chairman taking over as interim CEO, while the company also has solid bench strength with Greg Rohclin, who heads up the east coast operations and was formerly running Ilara in PA. They are supported by Keith Stauffer, CFO. The company announced guidance for 2021 that shows confidence in operations with revenues over $380 million, and updated guidance on EBITDA at over $160 million ahead of the consensus of $151 million. We see continued strength with TER as its PA business continues to produce strong wholesale business and the opening of NJ medical and adult use dispensaries providing growth in 2021. We believe TER is the most direct way to play the new NJ adult use market.

Truleive Cannabis (TRUL) produced solid Q4 results with Q4/20 revenues of $168 million easily beating consensus of $162 million and Adj. EBITDA of $78 million, beating consensus at $76 million and improving significantly from Q3/20 EBITDA of $67 million. For FY20 the company generated sales of $522 million beating guidance of $465 million. Strength continues to emanate from TRUL leading market position in FL with dried flower sales at 53% of the Fl market and 49% of statewide oil sales while FL same-store sales were up 21% in 2020. We see continued strength in the FL market with patient growth since the beginning of the year adding over 54,000 patients at a rate of over 4,500 new patients per week; TRUL operates ~24% of all actively open dispensaries in FL. With continued expansion outside its traditional core FL market, we see 21 being another solid year of growth with PA and MA adding to state markets contributing to TRUL's success.

Village Farms International (VFF) was able to include its Pure Sunfarms division being fully consolidated for the first time including almost 2 months of consolidated operations in Q4/20. VFF now owns 100% of PSF and we continue to expect market share capture through the offering of low-priced, high value products to consumers. Revenues came in at $47.4 million, up ~43% YoY, yet slightly consensus of $53.1m. **VFF** revenue contracted 11% sequentially due to seasonality on the produce side of the business, slightly offset by sequential revenue growth on the cannabis side. The company maintained the top flower market share in the Ontario Cannabis Store (OCS) by kilograms and dollars sold, while VFF continued to gain share in the adult use channel while remaining profitable, and doubling the equivalent provincial market growth rate with Headset pointing to sales for VFF growing ~28% QoQ, doubling the rate of provincial market growth (up ~14% QoQ) where VFF has exposure, driven by large format SKUs which grew ~52% QoQ and the first full quarter of cannabis 2.0/oil products which reached ~12% of Q4/20 cannabis sales. In addition, Headset indicated VFF gained QoQ market share across BC, AB, SK and ON in terms of physical store presence. We continue to believe in the combined strengths of VFF with its low-cost, quality dried flower branded business combined with its now 100% ownership of the PSF brand that continues to build market share in large provinces.

Options Strategy

During March 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 $3.74 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 **$70,000** 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 **Amazon (AMZN)**, **Humana (HUM)** and **Innovative Industrial Properties (IIPR)**. 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 **IIPR** and **SunOpta Inc (STKL)**, with cash secured puts on **STKL** having been especially rewarding for the 2nd straight month in a row. **STKL** is a leading global company focused on plant-based foods and beverages, fruit-based foods and beverages, and organic ingredient sourcing and production. In early March STKL released encouraging quarterly results and Investors now have increased visibility into the company's top-line growth and margins as management execute on their plan and the market recognizes the transformation. Also, **STKL's** peer **Oatly** is expected to IPO in the coming months. We are aware of this upcoming IPO, but it is the rumored valuation of ~$10B that excites us. **STKL's** is our way to invest in the secular growth of plant-based milk that will likely benefit from Oatly's IPO excitement.

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 Returns[1] as of March 31, 2021 (Series F NPP5421)

	MTD	YTD	3MTH	6MTH	1YR	3YR	INCEPTION(ANNUALIZED)
FUND	-3.9%	17.5%	17.5%	54.7%	92.1%	23.6%	31.2%
INDEX	-0.7%	25.5%	25.5%	49.4%	48.8%	2.1%	8.5%

Statistical Analysis

	FUND	INDEX
Cumulative Returns	169.8%	34.5%
Standard Deviation	29.8%	33.5%
Sharpe Ratio	1.0	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 March 31, 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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