



# Ninepoint Alternative Health Fund

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2020

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The interim management report of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. This report contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-888-362-7172, by visiting our website at [www.ninepoint.com](http://www.ninepoint.com) or SEDAR at [www.sedar.com](http://www.sedar.com) or by writing to us at: Ninepoint Partners LP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario M5J 2J1. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

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## Management Discussion of Fund Performance

### Investment Objective and Strategies

The objective of the Ninepoint Alternative Health Fund (the “Fund”) is to achieve growth by investing primarily in equity securities of companies engaged in nutrition, nutraceuticals and new forms of medicines and pharmaceutical solutions.

The Fund will invest in a portfolio of companies that are listed on North American exchanges that have a business strategy focused on new and alternative health and wellness related themes that are growing in acceptance and importance in North America. The Fund may hold cash and/or short-term debt securities in anticipation of, or in response to, unfavourable market conditions and/or for liquidity purposes. As part of its investment strategy, the Fund is designed to ensure that its portfolio is well diversified and to reduce the Fund’s concentration in any one security.

On April 24, 2018, Ninepoint Partners LP (the “Manager”) acquired the management rights for the Fund from Redwood Asset Management Inc. Information prior to the acquisition by the Manager is presented in this report, as required.

Faircourt Asset Management Inc. is the sub-advisor of the Fund.

### Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. The Fund is suitable for those investors who have a long-term investment horizon and high risk tolerance, own, or plan to own, other types of investments to diversify their portfolio and want exposure to the Canadian and U.S. equity markets with a focus on alternative health and wellness. There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period.

### Results of Operations and Recent Developments

The Fund, Series A, returned -3.0% in the first half of 2020, while its blended benchmark, 70% Thomson Reuters Canada Health Care Total Return Index and 30% Thomson Reuters US Health Care Total Return Index, returned -19.5%.

The global spread of COVID-19 dominated headlines in the period. Measures to contain the pandemic essentially halted economic activity at the end of March, affecting unemployment, consumer confidence and spending. Governments and central banks provided fiscal and monetary stimulus to support individuals and businesses.

For companies with a focus on health care and pharmaceuticals, the pandemic provided stability and growth opportunities as global priorities shifted to the development of new antiviral drugs, lab testing and vaccine research.

Companies focused on cannabis benefited from being designated “essential” and allowed to stay open as other businesses were closed. Sales initially believed to result from customers stocking up showed continued strength even after regions began to reopen. Overall, the perceived legitimacy of the industry increased in the United States, which may assist with federal legalization efforts.

The Fund’s focus on U.S. health care and pharmaceuticals companies contributed to performance in the period.

Individual contributors to the Fund’s performance included Jamieson Wellness Inc., GW Pharmaceuticals PLC and Gilead Sciences Inc. Jamieson benefited from strong demand for its wide range of supplements and nutraceuticals as people ordered to “shelter in place” focused on health and wellness. U.K.-based biotech company GW Pharmaceuticals benefited from sales of Epidiolex, the first cannabis drug approved by the U.S. Food and Drug Administration. Gilead Sciences experienced strong returns after its drug remdesivir was shown to be effective against COVID-19 in some circumstances.

The Fund also benefited from large holdings in top U.S. multi-state cannabis operators, including Trulieve Cannabis Corp. and Green Thumb Industries Inc. These companies were able to capitalize on strong demand in key U.S. markets with good execution. The Fund’s position in U.S.-based cannabis REIT Innovative Industrial Properties Inc. also generated strong returns.

Individual detractors from performance included Village Farms International Inc. and Valens Co. Inc. Despite rallying towards the end of the second quarter, the share price of Village Farms declined as the company suffered from the general negative perception of Canadian cannabis companies in the market, driven by poor results from Canopy Growth Corp. and Aurora Cannabis Inc. Village Farms executed well and took market share from the larger cannabis companies, but this was not sufficient to distinguish it in the market. Similarly, specialty cannabis extraction company Valens Co. posted negative returns despite positive financial results.

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To provide stability to the portfolio and respond to consumer trends driven by the COVID-19 outbreak, the Fund held a greater percentage of assets in large-capitalization pharmaceuticals during the early part of the year. The Manager took a defensive posture, modestly reducing the Fund's cannabis exposure and adding an allocation to consumer staples companies, such as The Kroger Co., that distribute wellness-oriented products.

The Fund's net asset value decreased by 15.4% during the period, from \$54.0 million as at December 31, 2019 to \$45.7 million as at June 30, 2020. This change was predominantly due to net redemptions of \$6.4 million, and realized and unrealized losses on investments of \$2.0 million.

## Related Party Transactions

### MANAGEMENT FEES

The Fund pays a management fee to the Manager an annual rate of 2.25% for Series A units, 1.75% for Series D units, 1.25% for Series F and Series PTF units and as negotiated by the unitholders for Series I. The management fee is calculated and accrued daily and is paid monthly based on the daily net asset value of that series of the Fund. For the period ended June 30, 2020, the Fund incurred management fees of \$451,650 (including taxes). The breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Ninepoint Alternative Health Fund – Series A	44%	56%
Ninepoint Alternative Health Fund – Series D	71%	29%
Ninepoint Alternative Health Fund – Series F	100%	–
Ninepoint Alternative Health Fund – Series PTF	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$2,100 during the period ended June 30, 2020 to Sightline Wealth Management, an affiliate of the Manager.

### OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, trustee, filing and administrative expenses as well as unitholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of certain Funds. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions are at the Manager's discretion and can be terminated at any time without notice. The Manager did not absorb any expenses during the period ended June 30, 2020.

### OTHER RELATED PARTY TRANSACTIONS

The Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee with respect to any related party transactions.

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## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period ended June 30, 2020 and each of the previous years ended December 31 shown, unless otherwise indicated.

The Fund's Net Assets per Unit<sup>1</sup>

	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017 <sup>4</sup>
	\$	\$	\$	\$
Series A				
Net assets, beginning of period	14.73	15.79	14.08	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.18	0.27	0.12	0.04
Total expenses	(0.23)	(0.58)	(0.57)	(0.17)
Realized gains (losses) for the period	(1.07)	(0.37)	1.93	0.71
Unrealized gains (losses) for the period	0.57	(1.88)	(1.63)	8.51
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(0.55)</b>	<b>(2.56)</b>	<b>(0.15)</b>	<b>9.09</b>
<b>Distributions:</b>				
From capital gains	–	–	0.66	0.24
<b>Total annual distributions<sup>3</sup></b>	<b>–</b>	<b>–</b>	<b>0.66</b>	<b>0.24</b>
<b>Net assets, end of period</b>	<b>14.29</b>	<b>14.73</b>	<b>15.79</b>	<b>14.08</b>

	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018 <sup>5</sup>
	\$	\$	\$
Series D			
Net assets, beginning of period	9.67	10.30	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.12	0.17	0.05
Total expenses	(0.13)	(0.31)	(0.23)
Realized gains (losses) for the period	(0.71)	(0.17)	0.69
Unrealized gains (losses) for the period	0.34	(1.24)	(0.83)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(0.38)</b>	<b>(1.55)</b>	<b>(0.32)</b>
<b>Distributions:</b>			
From capital gains	–	–	0.54
<b>Total annual distributions<sup>3</sup></b>	<b>–</b>	<b>–</b>	<b>0.54</b>
<b>Net assets, end of period</b>	<b>9.42</b>	<b>9.67</b>	<b>10.30</b>

	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017 <sup>4</sup>
	\$	\$	\$	\$
Series F				
Net assets, beginning of period	14.91	15.80	14.11	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.19	0.28	0.11	0.02
Total expenses	(0.16)	(0.39)	(0.42)	(0.13)
Realized gains (losses) for the period	(1.10)	(0.49)	2.03	1.01
Unrealized gains (losses) for the period	0.52	(1.82)	(0.50)	6.88
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(0.55)</b>	<b>(2.42)</b>	<b>1.22</b>	<b>7.78</b>
<b>Distributions:</b>				
From capital gains	–	–	0.78	0.29
<b>Total annual distributions<sup>3</sup></b>	<b>–</b>	<b>–</b>	<b>0.78</b>	<b>0.29</b>
<b>Net assets, end of period</b>	<b>14.54</b>	<b>14.91</b>	<b>15.80</b>	<b>14.11</b>

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	Jun 30, 2020 <sup>6</sup>	Dec 31, 2019	Dec 31, 2018 <sup>5</sup>
Series I	\$	\$	\$
Net assets, beginning of period	\$10.00	\$10.70	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.11	0.13	0.05
Total expenses	(0.00)	(0.08)	(0.09)
Realized gains (losses) for the period	(0.90)	0.88	0.80
Unrealized gains (losses) for the period	(1.16)	13.98	(1.46)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(1.95)</b>	14.91	(0.70)
<b>Distributions:</b>			
From capital gains	–	–	0.66
<b>Total annual distributions<sup>3</sup></b>	<b>–</b>	<b>–</b>	0.66
<b>Net assets, end of period</b>	<b>–</b>	10.00	10.70

	Jun 30, 2020 <sup>6</sup>	Dec 31, 2019	Dec 31, 2018 <sup>5</sup>
Series PTF	\$	\$	\$
Net assets, beginning of period	10.00	10.00	10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.06	0.00	0.00
Total expenses	(0.00)	(0.00)	(0.00)
Realized gains (losses) for the period	0.18	(0.00)	0.00
Unrealized gains (losses) for the period	(3.34)	(0.00)	(0.00)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(3.10)</b>	–	–
<b>Distributions:</b>			
From capital gains	–	–	–
<b>Total annual distributions<sup>3</sup></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net assets, end of period</b>	<b>–</b>	10.00	10.00

1 This information is derived from the Fund's interim and audited annual financial statements.

2 The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. Net assets and distributions are based on the actual number of units outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

3 Distributions were reinvested in additional units of the Fund.

4 Information provided is for the period from March 30, 2017 (launch date) for Series A, and August 4, 2017 (first issuance) for Series F, to December 31, 2017.

5 Information provided is for the period from May 25, 2018 (first issuance) for Series I, June 6, 2018 (first issuance) for Series D, and October 17, 2018 (first issuance) for Series PTF, to December 31, 2018.

6 All outstanding Series I units and Series PTF units were fully redeemed during the period ended June 30, 2020.

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## Ratios and Supplemental Data

Series A	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Total net asset value (000s) <sup>1</sup>	\$21,958	\$25,746	\$18,781	\$2,643
Number of units outstanding <sup>1</sup>	1,536,168	1,747,872	1,189,414	187,684
Management expense ratio <sup>2</sup>	3.09%	3.01%	2.97%	1.11%
Trading expense ratio <sup>3</sup>	0.13%	0.22%	0.36%	0.93%
Portfolio turnover rate <sup>4</sup>	19.47%	167.87%	130.35%	37.83%
Net asset value per unit <sup>1</sup>	14.29	14.73	\$15.79	\$14.08

Series D	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	
Total net asset value (000s) <sup>1</sup>	\$989	\$1,163	\$1,065	
Number of units outstanding <sup>1</sup>	105,033	120,204	103,351	
Management expense ratio <sup>2</sup>	2.51%	2.36%	2.90%	
Trading expense ratio <sup>3</sup>	0.13%	0.22%	0.36%	
Portfolio turnover rate <sup>4</sup>	19.47%	167.87%	130.35%	
Net asset value per unit <sup>1</sup>	9.42	9.67	\$10.30	

Series F	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Total net asset value (000s) <sup>1</sup>	\$22,775	\$27,086	\$19,900	\$5,039
Number of units outstanding <sup>1</sup>	1,566,020	1,817,197	1,259,137	357,172
Management expense ratio <sup>2</sup>	2.00%	1.92%	2.06%	1.10%
Trading expense ratio <sup>3</sup>	0.13%	0.22%	0.36%	0.93%
Portfolio turnover rate <sup>4</sup>	19.47%	167.87%	130.35%	37.83%
Net asset value per unit <sup>1</sup>	14.54	14.91	\$15.80	\$14.11

Series I	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	
Total net asset value (000s) <sup>1</sup>	–	\$–	\$12	
Number of units outstanding <sup>1</sup>	–	1	1,115	
Management expense ratio <sup>2</sup>	–	0.35%	0.80%	
Trading expense ratio <sup>3</sup>	–	0.22%	0.36%	
Portfolio turnover rate <sup>4</sup>	–	167.87%	130.35%	
Net asset value per unit <sup>1</sup>	–	\$10.00	\$10.70	

Series PTF	Jun 30, 2020	Dec 31, 2019	Dec 31, 2018	
Total net asset value (000s) <sup>1</sup>	–	\$–	\$–	
Number of units outstanding <sup>1</sup>	–	1	1	
Management expense ratio <sup>2</sup>	–	0.00%	0.00%	
Trading expense ratio <sup>3</sup>	–	0.22%	0.36%	
Portfolio turnover rate <sup>4</sup>	–	167.87%	130.35%	
Net asset value per unit <sup>1</sup>	–	\$10.00	\$10.00	

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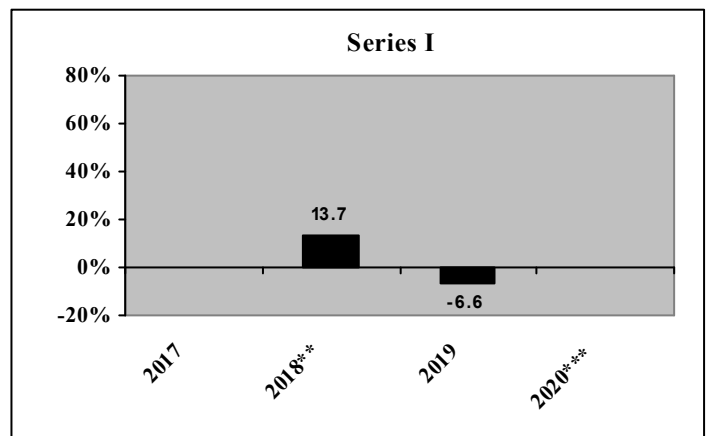
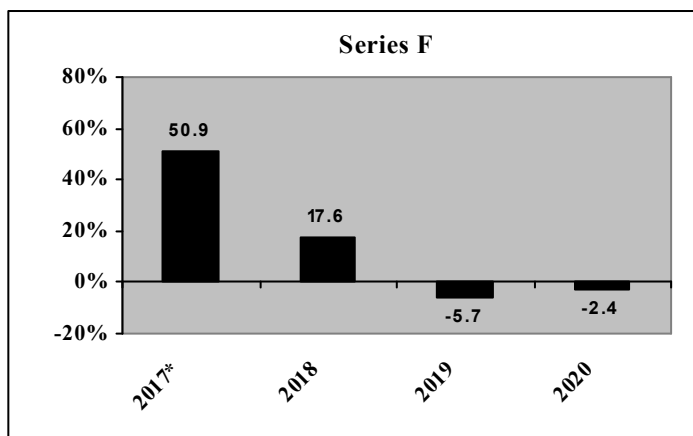
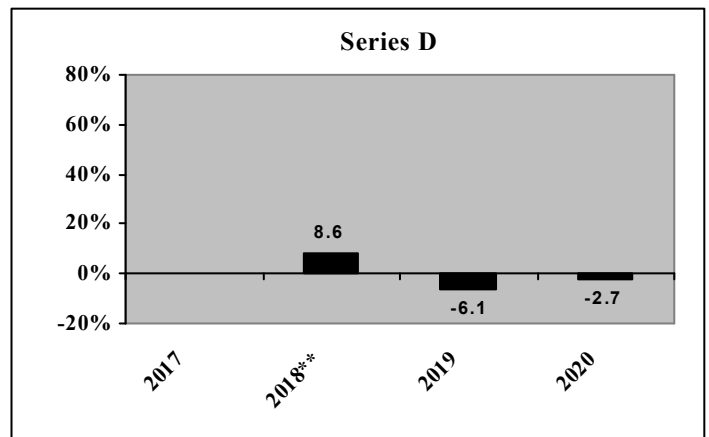
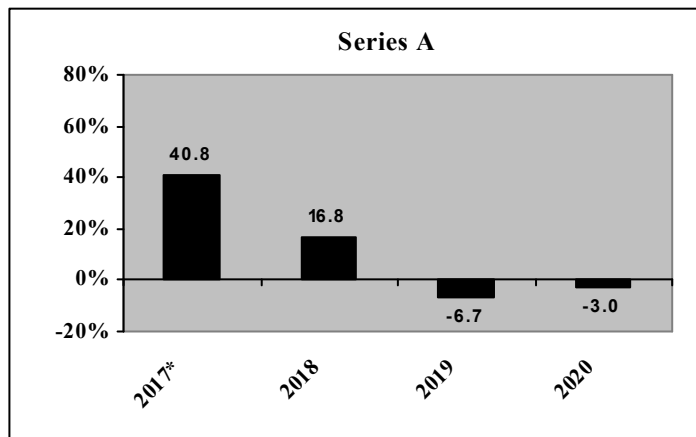
- 1 The information is provided as at June 30, 2020 and December 31 for the years shown prior to 2020.
- 2 Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.
- 3 The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER includes dividend expense and securities borrowing expense paid by the Fund in connection with securities sold short.
- 4 The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover is expressed as a non-annualized percentage.

## Past Performance

The indicated rates of return are the historical total returns including changes in unit values and assume reinvestment of all distributions in additional units of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of return are calculated based on the Net Asset Value of the particular Series of the Fund.

### Year-by-Year Returns

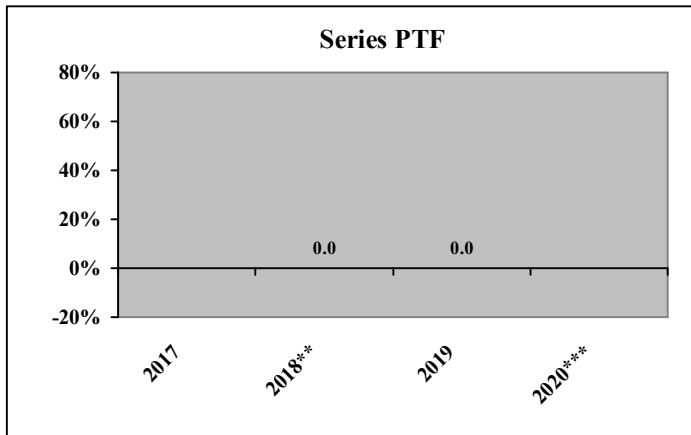
The following chart indicates the performance of each Series of the Fund for the period ended June 30, 2020 and each of the previous years ended December 31 shown, unless otherwise indicated. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period. Returns are not shown for a Series in any period in which there were zero outstanding shares as at the end of the period.





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\* Return from March 30, 2017 (launch date) for Series A, and August 4, 2017 (first issuance) for Series F, to December 31, 2017 (not annualized).

\*\* Return from May 25, 2018 (first issuance) for Series I, June 6, 2018 (first issuance) for Series D, and October 17, 2018 (first issuance) for Series PTF, to December 31, 2018 (not annualized).

\*\*\* There were no Series I units and Series PTF units outstanding as at June 30, 2020.

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## Summary of Investment Portfolio

As at June 30, 2020

Portfolio Allocation		Top 25 Long Positions	
	% of Net Asset Value	Issuer	% of Net Asset Value
Long Positions		Green Thumb Industries Inc	9.1
Cannabis	40.2	Cash	9.0
Pharmaceuticals & Health Technology	26.7	Curaleaf Holdings Inc.	7.1
Other Wellness	14.1	Trulieve Cannabis Corp.	6.5
Funds	5.0	Ninepoint High Interest Savings Fund, Series I	5.0
Organics, Supplements & Nutraceuticals	3.4	UnitedHealth Group Inc.	4.6
Loans	1.8	GW Pharmaceuticals PLC	3.8
<b>Total Long Positions</b>	<b>91.2</b>	Innovative Industrial Properties Inc.	3.7
Cash	9.0	Procter & Gamble Co. (The)	3.7
Other Net Liabilities	(0.2)	Abbott Laboratories	3.6
<b>Total Net Asset Value</b>	<b>100.0</b>	Merck & Company Inc.	3.6
		Pfizer Inc.	3.6
		Aphria Inc.	3.5
		Americold Realty Trust	3.4
		Jamieson Wellness Inc.	3.4
		Village Farms International Inc.	3.3
		Johnson & Johnson	3.3
		Gilead Sciences Inc.	3.2
		Valens Co Inc. (The)	2.5
		Cresco Labs Inc.	1.7
		CB3 Life Sciences Ltd.	1.5
		Maple Leaf Foods Inc.	1.4
		OrganiGram Holdings Inc.	1.4
		Astrazeneca PLC	0.9
		Leef Holdings Inc., 9.000%, Jun 6, 2022	0.9
		<b>Total 25 long positions as a percentage of net asset value</b>	<b>93.7</b>

The Fund held no short positions as at June 30, 2020.

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available on the Internet at [www.ninepoint.com](http://www.ninepoint.com). In addition, the simplified prospectus and other information about the underlying funds are available on the internet at [www.ninepoint.com](http://www.ninepoint.com) or [www.sedar.com](http://www.sedar.com).

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## Corporate Information

### Corporate Address

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Call our mutual fund information line for daily closing prices:

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