



Ninepoint Alternative Health Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2020

The annual 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 annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-888-362-7172, by visiting our website at www.ninepoint.com or SEDAR at 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.

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 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 is designed to ensure that its portfolio is well diversified and to reduce the Fund’s concentration in any one security.

As part of the investment strategy, 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;
- engage in securities lending as permitted by securities regulations;
- invest in exchange-traded funds (ETFs) as permitted by securities regulations; and
- use specified derivatives, options, futures, forward contracts and swaps, for both hedging and non-hedging strategies, in a manner that is consistent with the investment objectives of the Fund and as permitted by securities regulations.

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 37.7% in 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 -13.9%.

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 the development and launch of vaccines became a focus for the reopening of the global economy.

Companies focused on cannabis benefited from being designated “essential” and allowed to stay open as other businesses were closed. This increased the perceived legitimacy of the industry in the United States, which may assist with federal legalization efforts. In the November election, five states approved ballot initiatives legalizing cannabis. Arizona, Montana and New Jersey legalized adult use, Mississippi legalized medical use, and South Dakota legalized medical and adult use.

The Fund’s sector allocation and geographical focus contributed to performance in the period. Holdings in top U.S. multi-state cannabis operators, including Trulieve Cannabis Corp., Green Thumb Industries Inc., TerrAscend Corp. and Curaleaf Holdings Inc., contributed to performance. These companies benefited from a friendlier regulatory environment as well as solid financial performance.

Individual detractors from performance included holdings in Merck & Company Inc. and AstraZeneca PLC.

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Merck's share price declined in response to concerns that its sales are concentrated in Keytruda, a cancer immunotherapy drug that comes off patent in 2028. The Manager believes, however, that Merck has a strong pipeline of drugs for renal and lung cancer and is trading at attractive levels. AstraZeneca underperformed despite developing a COVID-19 vaccine that was approved in the U.K.. Poor communication regarding the results of the vaccine trials led to negative investor sentiment. In addition, the shares experienced some pressure following AstraZeneca's US\$39 billion purchase of Alexion Pharmaceuticals Inc. in December.

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, with a modestly reduced exposure to cannabis. As lockdowns ended, in July the Manager re-allocated back to cannabis, and then in September shifted toward an overweight allocation to U.S. cannabis stocks.

The Fund's net asset value increased by 17.4% during the year, from \$54.0 million as at December 31, 2019 to \$63.4 million as at December 31, 2020. This change was predominantly due to unrealized gains on investments of \$21.2 million, offset by realized losses on investments and derivatives of \$4.3 million and net redemptions of \$7.3 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 year ended December 31, 2020, the Fund incurred management fees of \$958,501 (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	55%	45%
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 \$3,893 during the year ended December 31, 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 year ended December 31, 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 years ended December 31 shown, unless otherwise indicated.

The Fund's Net Assets per Unit¹

	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017 ⁴
	\$	\$	\$	\$
Series A				
Net assets, beginning of period	14.73	15.79	14.08	10.00
Increase (decrease) from operations:				
Total revenue	0.35	0.27	0.12	0.04
Total expenses	(0.50)	(0.58)	(0.57)	(0.17)
Realized gains (losses) for the period	(1.33)	(0.37)	1.93	0.71
Unrealized gains (losses) for the period	6.56	(1.88)	(1.63)	8.51
Total increase (decrease) from operations²	5.08	(2.56)	(0.15)	9.09
Distributions:				
From capital gains	–	–	0.66	0.24
Total annual distributions³	–	–	0.66	0.24
Net assets, end of period	20.29	14.73	15.79	14.08

	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018 ⁵	
	\$	\$	\$	
Series D				
Net assets, beginning of period	9.67	10.30	10.00	
Increase (decrease) from operations:				
Total revenue	0.23	0.17	0.05	
Total expenses	(0.28)	(0.31)	(0.23)	
Realized gains (losses) for the period	(0.89)	(0.17)	0.69	
Unrealized gains (losses) for the period	4.31	(1.24)	(0.83)	
Total increase (decrease) from operations²	3.37	(1.55)	(0.32)	
Distributions:				
From capital gains	–	–	0.54	
Total annual distributions³	–	–	0.54	
Net assets, end of period	13.39	9.67	10.30	

	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017 ⁴
	\$	\$	\$	\$
Series F				
Net assets, beginning of period	14.91	15.80	14.11	10.00
Increase (decrease) from operations:				
Total revenue	0.35	0.28	0.11	0.02
Total expenses	(0.34)	(0.39)	(0.42)	(0.13)
Realized gains (losses) for the period	(1.33)	(0.49)	2.03	1.01
Unrealized gains (losses) for the period	6.71	(1.82)	(0.50)	6.88
Total increase (decrease) from operations²	5.39	(2.42)	1.22	7.78
Distributions:				
From capital gains	–	–	0.78	0.29
Total annual distributions³	–	–	0.78	0.29
Net assets, end of period	20.75	14.91	15.80	14.11

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	Dec 31, 2020 ⁶	Dec 31, 2019	Dec 31, 2018 ⁵
	\$	\$	\$
Series I			
Net assets, beginning of period	\$10.00	\$10.70	10.00
Increase (decrease) from operations:			
Total revenue	0.00	0.13	0.05
Total expenses	(0.00)	(0.08)	(0.09)
Realized gains (losses) for the period	(0.00)	0.88	0.80
Unrealized gains (losses) for the period	(0.00)	13.98	(1.46)
Total increase (decrease) from operations²	(0.00)	14.91	(0.70)
Distributions:			
From capital gains	–	–	0.66
Total annual distributions³	–	–	0.66
Net assets, end of period	–	10.00	10.70

	Dec 31, 2020 ⁶	Dec 31, 2019	Dec 31, 2018 ⁵
	\$	\$	\$
Series PTF			
Net assets, beginning of period	10.00	10.00	10.00
Increase (decrease) from operations:			
Total revenue	0.00	0.00	0.00
Total expenses	(0.00)	(0.00)	(0.00)
Realized gains (losses) for the period	0.00	(0.00)	0.00
Unrealized gains (losses) for the period	(0.00)	(0.00)	(0.00)
Total increase (decrease) from operations²	(0.00)	–	–
Distributions:			
From capital gains	–	–	–
Total annual distributions³	–	–	–
Net assets, end of period	–	10.00	10.00

1 This information is derived from the Fund's 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 year ended December 31, 2020.

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Ratios and Supplemental Data

	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Series A				
Total net asset value (000s) ¹	\$30,405	25,746	\$18,781	\$2,643
Number of units outstanding ¹	1,498,854	1,747,872	1,189,414	187,684
Management expense ratio ²	3.01%	3.01%	2.97%	1.11%
Trading expense ratio ³	0.13%	0.22%	0.36%	0.93%
Portfolio turnover rate ⁴	43.09%	167.87%	130.35%	37.83%
Net asset value per unit ¹	\$20.29	\$14.73	\$15.79	\$14.08
Series D				
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	
Total net asset value (000s) ¹	\$1,247	1,163	\$1,065	
Number of units outstanding ¹	93,136	120,204	103,351	
Management expense ratio ²	2.51%	2.36%	2.90%	
Trading expense ratio ³	0.13%	0.22%	0.36%	
Portfolio turnover rate ⁴	43.09%	167.87%	130.35%	
Net asset value per unit ¹	\$13.39	\$9.67	\$10.30	
Series F				
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Total net asset value (000s) ¹	\$31,751	27,086	\$19,900	\$5,039
Number of units outstanding ¹	1,530,203	1,817,197	1,259,137	357,172
Management expense ratio ²	1.91%	1.92%	2.06%	1.10%
Trading expense ratio ³	0.13%	0.22%	0.36%	0.93%
Portfolio turnover rate ⁴	43.09%	167.87%	130.35%	37.83%
Net asset value per unit ¹	\$20.75	\$14.91	\$15.80	\$14.11
Series I				
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	
Total net asset value (000s) ¹	–	\$–	\$12	
Number of units outstanding ¹	–	1	1,115	
Management expense ratio ²	–	0.35%	0.80%	
Trading expense ratio ³	–	0.22%	0.36%	
Portfolio turnover rate ⁴	–	167.87%	130.35%	
Net asset value per unit ¹	–	\$10.00	\$10.70	

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

1 The information is provided as at December 31 for the years shown.

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. The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

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.

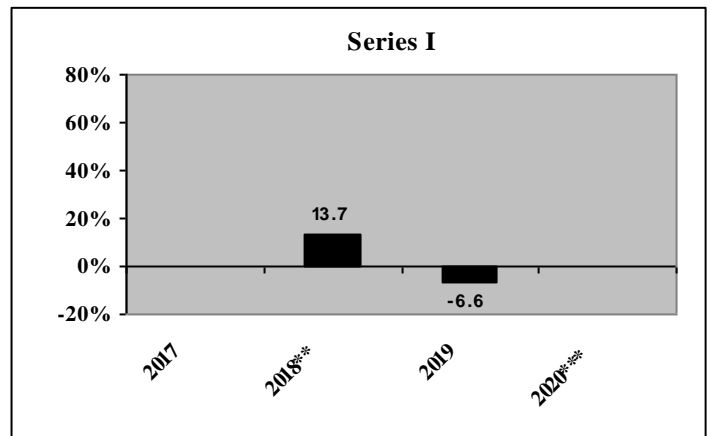
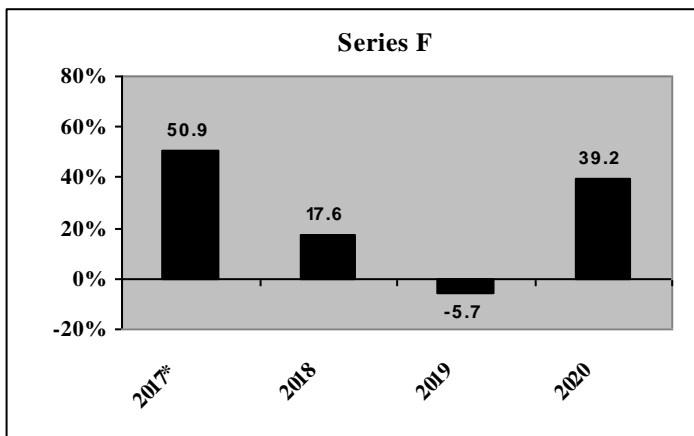
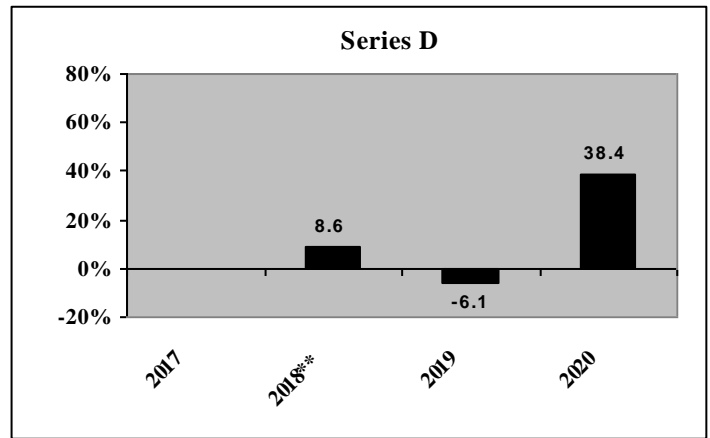
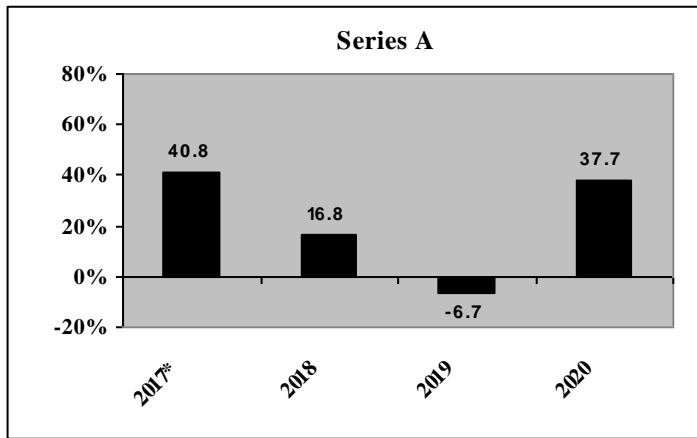
4 The Fund’s portfolio turnover rate indicates how actively the Fund’s Portfolio Manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund’s portfolio 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.

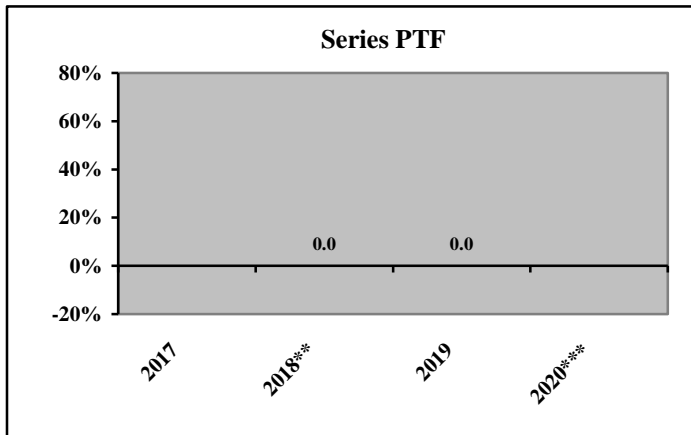
Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for the 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).

*** Series I units and Series PTF units were fully redeemed during the year-ended December 31, 2020.

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Annual Compound Returns

The following table illustrates the annual compound total return for each Series of units of the Fund for the periods shown. As a basis of performance comparison, the annual compound return of the Fund is compared to that of a blended index consisting of 70% Thomson Reuters Canada Health Care Total Return Index and 30% Thomson Reuters United States Healthcare Total Return Index (the “Blended Index”). The Thomson Reuters Canada Health Care Total Return Index includes Canadian listed companies that are assigned to the healthcare industry on the basis of the markets they serve. The Thomson Reuters United States Healthcare Total Return Index includes U.S. listed companies that are assigned to the healthcare industry on the basis of the markets they serve. Since the Fund does not necessarily invest in the same securities or in the same proportion as the Blended Index, the performance of the Fund is not expected to equal the performance of the Blended Index.

	1-Year	3-Year	Since Inception*
Ninepoint Alternative Health Fund – Series A	37.7%	14.5%	22.0%
Blended Index	-13.9%	-7.0%	2.8%
Ninepoint Alternative Health Fund – Series D	38.4%	–	14.3%
Blended Index	-13.9%	–	-10.6%
Ninepoint Alternative Health Fund – Series F	39.2%	15.6%	27.6%
Blended Index	-13.9%	-7.0%	2.8%

* Since launch date of March 30, 2017 for Series A, August 4, 2017 for Series F, and June 6, 2018 for Series D. Returns for Series I and Series PTF are not shown as there were no units outstanding as at December 31, 2020.

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Summary of Investment Portfolio

As at December 31, 2020

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Cannabis	56.2
Other Wellness	15.9
Pharmaceuticals & Health Technology	14.5
Organics, Supplements & Nutraceuticals	2.9
Loans	1.3
Funds	0.9
Total Long Positions	91.7
Cash	8.2
Other Net Assets	0.1
Total Net Asset Value	100.0

Top 25 Long Positions

Issuer	% of Net Asset Value
Green Thumb Industries Inc	12.7
Trulieve Cannabis Corporation	10.8
Curaleaf Holdings Inc.	9.5
Cash	8.2
Village Farms International Inc.	5.7
Cresco Labs Inc.	4.2
Johnson & Johnson	3.2
UnitedHealth Group Inc.	3.0
TerrAscend Corporation	3.0
The Procter & Gamble Company	2.9
Jamieson Wellness Inc.	2.9
Americold Realty Trust	2.6
AstraZeneca PLC	2.4
Abbott Laboratories	2.3
Innovative Industrial Properties Inc.	2.2
GW Pharmaceuticals PLC	2.1
Merck & Company Inc.	1.9
Harvest Health & Recreation Inc.	1.8
Grocery Outlet Holding Corporation	1.7
Humana Inc.	1.7
Pfizer Inc.	1.6
IM Cannabis Corporation	1.6
Nomad Foods Inc.	1.5
Costco Wholesale Corporation	1.5
ZYUS Life Sciences Inc.	1.1
Top 25 long positions as a percentage of Net Asset Value	92.1

The Fund held no short positions as at December 31, 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. In addition, the simplified prospectus and other information about the underlying funds are available on the internet at www.ninepoint.com or www.sedar.com.

Corporate Information

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