



Ninepoint Alternative Health Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2021

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 -6.1% in 2021, while its blended benchmark, 70% Thomson Reuters Canada Health Care Total Return Index and 30% Thomson Reuters US Health Care Total Return Index, returned 0.1%.

In the beginning of the year, the global economy anticipated the re-opening with the prospect of initial distribution of vaccines from Pfizer Inc., Moderna Inc., Johnson & Johnson and AstraZeneca PLC. Further assistance for increased economic activity was felt in the form of government support including the Biden Administration and the Trudeau government providing stimulus cheques to those hardest hit by loss of jobs and lockdowns. Stimulus created strong demand for goods and services in the first half of the year and into the summer. A change in the White House and control of the Senate initially led to significant excitement and anticipation of federal changes in the US with respect to cannabis legislation.

Vaccine roll outs contributed positively to our mandate as the pharmaceutical component of the fund performed very well. Pfizer Inc. generated a strong return for the year, generating over 40% of its revenue in Q2 and Q3 from the distribution of its COVID-19 vaccine. We anticipate further growth from the distribution in 2022 of Paxlovid, Pfizer Inc.’s antiviral pill that reduces COVID hospitalizations and death by 85%. On the cannabis side of the portfolio, by March end, it was evident that even with a Democrat controlled Senate, there was not enough support to pass sweeping cannabis legislation, which would require all Democrat senator’s support along with 9 Republicans. As a result of the lack of cannabis reform at the federal level in the US, equity performance in both Canadian LPs and US MSO’s was lacklustre for the balance of the year.

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The Fund continued to allocate more capital to pharma/healthcare and other wellness categories that were part of the re-opening trade. Factors such as increased patient visits to doctors versus 2020; increased surgeries versus 2020; increased demand for medical devices versus 2020; continued demand for medical services and practitioners were all positive factors leading to growth in the sector. Companies that were positively impacted by this included, Johnson & Johnson, AstraZeneca PLC and UnitedHealth Group Inc. Fund performance was positively impacted by Asset Allocation and Sector Allocation, by increasing the Fund's weighting to pharma/healthcare vs cannabis, with the result being that the Fund outperformed the North American Marijuana Index significantly.

Key names that contributed positively to the Fund's performance include Pfizer – as the global roll out of COVID-19 vaccines aided revenues and earnings based on being the first pharma company to be able to offer vaccines to all age groups. The Fund also had support from UnitedHealth Group Inc. with the re-opening of health care services and launch of its Optum services with pharmacies and telehealth, continued meeting of patient needs across all platforms. Another position that contributed positively was Innovative Industrial Properties Inc., the largest cannabis focused REIT. With capital markets challenging for MSO's, many operators monetized operational assets signing sale lease backs with Innovative Industrial Properties Inc. Finally on the healthcare side the Fund benefitted from its position in AMN Healthcare Services Inc. a leader in healthcare staffing and telehealth services. As labour disruptions continue and demand for healthcare workers continues to grow, AMN Healthcare Services Inc. is well positioned to provide staffing solutions to hospitals, HMO's and other organizations.

Top positions that did not generate positive returns included Green Thumb Industries Inc. and Trulieve Cannabis Corporation. Both experienced negative returns for the year, despite posting solid financial results, as disappointment over the pace of federal cannabis reform pushed the entire cannabis sector lower. As mentioned above, as a way to risk manage the portfolio, our sector allocation strategy involved a reduction of Cannabis in favour of healthcare and the broader health and wellness sector.

The Fund's net asset value increased by 8.4% during the year, from \$63.4 million as at December 31, 2020 to \$68.8 million as at December 31, 2021. This change was predominantly due to net subscriptions of \$12.0 million, offset by realized and unrealized losses on investments of \$6.5 million.

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Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager an annual rate of 2.25% for Series A units, 1.25% for Series D, Series F and ETF Series 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, 2021, the Fund incurred management fees of \$1,508,112 (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	56%	44%
Ninepoint Alternative Health Fund – Series D	88%	12%
Ninepoint Alternative Health Fund – Series F	100%	–
Ninepoint Alternative Health Fund – ETF Series	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$5,293 during the year ended December 31, 2021 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, 2021.

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, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017 ⁴
Series A	\$	\$	\$	\$	\$
Net assets, beginning of period	20.29	14.73	15.79	14.08	10.00
Increase (decrease) from operations:					
Total revenue	0.29	0.35	0.27	0.12	0.04
Total expenses	(0.65)	(0.50)	(0.58)	(0.57)	(0.17)
Realized gains (losses) for the period	1.37	(1.33)	(0.37)	1.93	0.71
Unrealized gains (losses) for the period	(2.70)	6.56	(1.88)	(1.63)	8.51
Total increase (decrease) from operations²	(1.69)	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	19.06	20.29	14.73	15.79	14.08

	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018 ⁵
Series D	\$	\$	\$	\$
Net assets, beginning of period	13.39	9.67	10.30	10.00
Increase (decrease) from operations:				
Total revenue	0.20	0.23	0.17	0.05
Total expenses	(0.29)	(0.28)	(0.31)	(0.23)
Realized gains (losses) for the period	0.92	(0.89)	(0.17)	0.69
Unrealized gains (losses) for the period	(1.83)	4.31	(1.24)	(0.83)
Total increase (decrease) from operations²	(1.00)	3.37	(1.55)	(0.32)
Distributions:				
From capital gains	–	–	–	0.54
Total annual distributions³	–	–	–	0.54
Net assets, end of period	12.70	13.39	9.67	10.30

	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017 ⁴
Series F	\$	\$	\$	\$	\$
Net assets, beginning of period	20.75	14.91	15.80	14.11	10.00
Increase (decrease) from operations:					
Total revenue	0.30	0.35	0.28	0.11	0.02
Total expenses	(0.42)	(0.34)	(0.39)	(0.42)	(0.13)
Realized gains (losses) for the period	1.42	(1.33)	(0.49)	2.03	1.01
Unrealized gains (losses) for the period	(3.08)	6.71	(1.82)	(0.50)	6.88
Total increase (decrease) from operations²	(1.78)	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	19.71	20.75	14.91	15.80	14.11

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	Dec 31, 2021	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, 2021	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

	Dec 31, 2021 ⁷
	\$
ETF Series	
Net assets, beginning of period	20.00
Increase (decrease) from operations:	
Total revenue	0.18
Total expenses	(0.23)
Realized gains (losses) for the period	0.45
Unrealized gains (losses) for the period	(3.45)
Total increase (decrease) from operations²	(3.05)
Distributions:	
Total annual distributions³	–
Net assets, end of period	16.99

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.

7 Information provided is for the period from May 12, 2021 (first issuance) to December 31, 2021 for ETF Series.

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Ratios and Supplemental Data

	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Series A					
Total net asset value (000s) ¹	\$30,368	\$30,405	25,746	\$18,781	\$2,643
Number of units outstanding ¹	1,593,621	1,498,854	1,747,872	1,189,414	187,684
Management expense ratio ²	2.83%	3.01%	3.01%	2.97%	1.11%
Trading expense ratio ³	0.08%	0.13%	0.22%	0.36%	0.93%
Portfolio turnover rate ⁴	44.81%	43.09%	167.87%	130.35%	37.83%
Net asset value per unit ¹	\$19.06	\$20.29	\$14.73	\$15.79	\$14.08
Series D					
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Total net asset value (000s) ¹	\$1,168	\$1,247	1,163	\$1,065	
Number of units outstanding ¹	91,912	93,136	120,204	103,351	
Management expense ratio ²	1.87%	2.51%	2.36%	2.90%	
Trading expense ratio ³	0.08%	0.13%	0.22%	0.36%	
Portfolio turnover rate ⁴	44.81%	43.09%	167.87%	130.35%	
Net asset value per unit ¹	\$12.70	\$13.39	\$9.67	\$10.30	
Series F					
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Total net asset value (000s) ¹	\$34,730	\$31,751	27,086	\$19,900	\$5,039
Number of units outstanding ¹	1,762,393	1,530,203	1,817,197	1,259,137	357,172
Management expense ratio ²	1.75%	1.91%	1.92%	2.06%	1.10%
Trading expense ratio ³	0.08%	0.13%	0.22%	0.36%	0.93%
Portfolio turnover rate ⁴	44.81%	43.09%	167.87%	130.35%	37.83%
Net asset value per unit ¹	\$19.71	\$20.75	\$14.91	\$15.80	\$14.11
Series I					
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
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, 2021	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

Series ETF	Dec 31, 2021
Total net asset value (000s) ¹	\$2,549
Number of units outstanding ¹	150,000
Management expense ratio ²	1.70%
Trading expense ratio ³	0.08%
Portfolio turnover rate ⁴	44.81%
Net asset value per unit ¹	\$16.99
Closing market price	\$16.96

1 This 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.

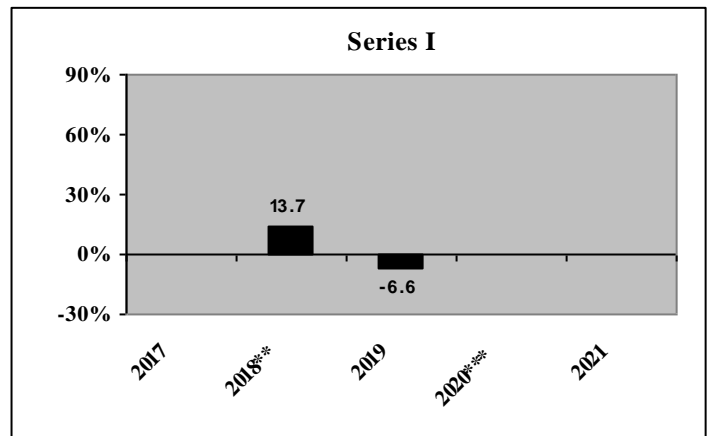
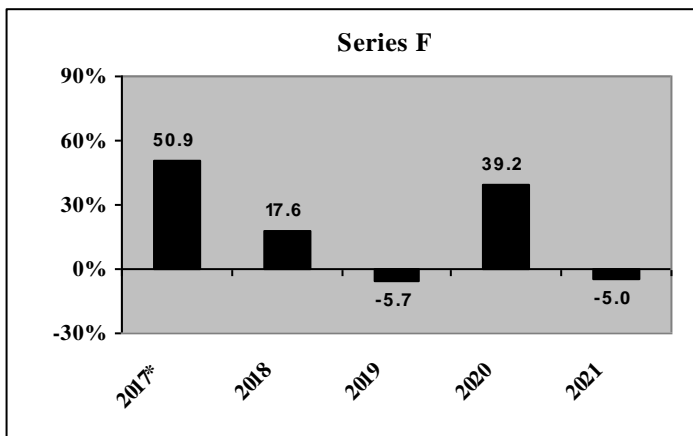
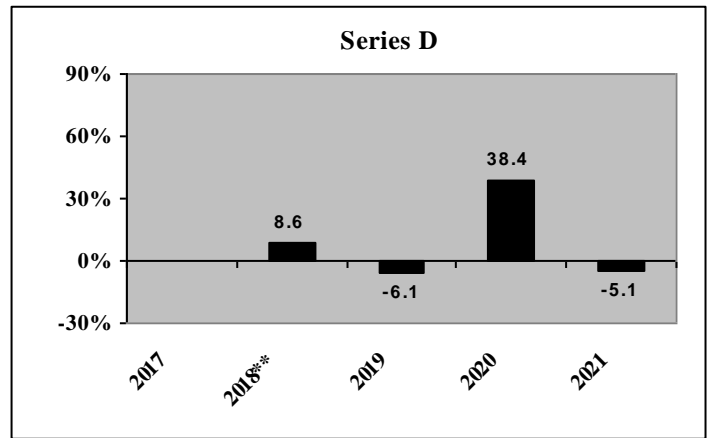
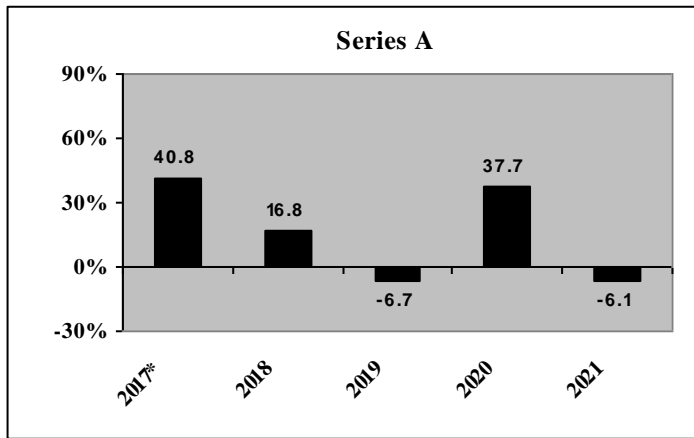
4 The Fund’s portfolio turnover rate indicates how actively the Fund’s Portfolio Manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund’s portfolio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

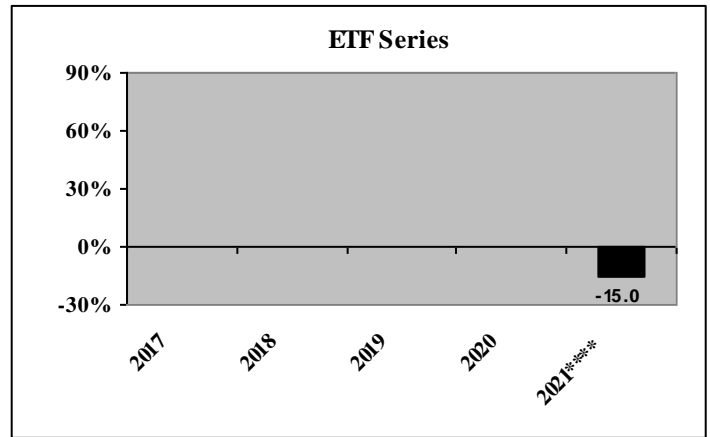
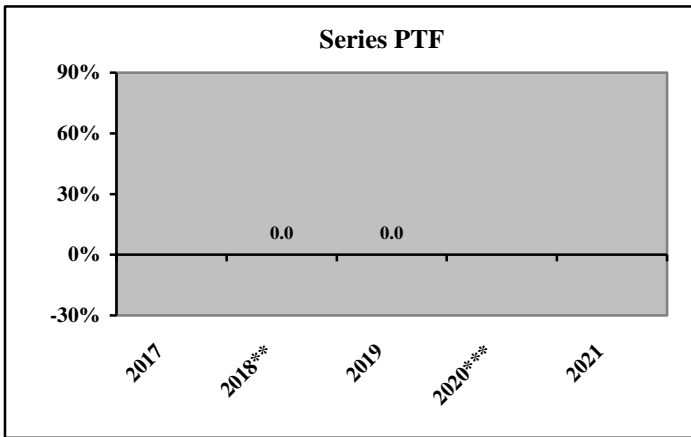
Year-by-Year Returns

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



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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.
**** Return from May 12, 2021 (first issuance) to December 31, 2021 for ETF Series (not annualized).

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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	-6.1%	6.5%	15.5%
Blended Index	0.1%	-6.1%	2.2%
Ninepoint Alternative Health Fund – Series D	-5.1%	7.2%	8.5%
Blended Index	0.1%	-6.1%	-7.7%
Ninepoint Alternative Health Fund – Series F	-5.0%	7.6%	19.3%
Blended Index	0.1%	-6.1%	2.2%
Ninepoint Alternative Health Fund – ETF Series	–	–	-15.0%
Blended Index	–	–	-8.3%

* Since launch date of March 30, 2017 for Series A, August 4, 2017 for Series F, June 6, 2018 for Series D, and May 12, 2021 for ETF Series. Returns for Series I and Series PTF are not shown as there were no units outstanding as at December 31, 2021.

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Summary of Investment Portfolio

As at December 31, 2021

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Cannabis	43.2
Pharmaceuticals & Health Technology	21.6
Other Wellness	17.5
Organics, Supplements & Nutraceuticals	5.9
Funds	2.4
Loans	0.7
Total Long Positions	91.3
Cash	7.5
Other Net Assets	1.2
Total Net Asset Value	100.0

Top 25 Long Positions

Issuer	% of Net Asset Value
Green Thumb Industries Inc.	10.1
Trulieve Cannabis Corporation	9.7
Cash	7.5
Johnson & Johnson	6.3
Pfizer Inc.	5.4
Jamieson Wellness Inc.	4.3
Curaleaf Holdings Inc.	4.1
The Procter & Gamble Company	3.5
TerrAscend Corporation	2.7
Abbott Laboratories	2.7
Innovative Industrial Properties Inc.	2.7
UnitedHealth Group Inc.	2.6
Village Farms International Inc.	2.4
AMN Healthcare Services Inc.	2.4
Ninepoint High Interest Savings Fund, Series I	2.4
Verano Holdings Corporation	2.2
Cresco Labs Inc.	2.1
Amazon.com Inc.	2.1
Columbia Care Inc.	2.1
PLBY Group Inc.	1.9
Petco Health and Wellness Company Inc.	1.7
SunOpta Inc.	1.7
Jazz Pharmaceuticals PLC	1.7
AstraZeneca PLC	1.5
IM Cannabis Corporation	1.5
Total 25 long positions as a percentage of Net Asset Value	87.3

The Fund held no short positions as at December 31, 2021.

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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