



Ninepoint Alternative Health Fund

May 2023 Commentary

Summary

This month we review the announcement of the 23rd State transitioning from a medical to a recreational state in Minnesota (MN) and the economic implications of the growth anticipated in the mid-west. We also discuss the Q1 financial results of the Fund's top holdings in US cannabis. On the healthcare/pharmaceutical front, we cover the significant implications of the recent FDA announcement involving Opill and the company that controls it- Perrigo (PRGO). Opill is poised to become the first over-the-counter (OTC) oral contraceptive in the US. Finally, we analyze the Q1 results from Health and Wellness holdings the Fund holds. Important in the overall positioning of the Fund is how we offer exposure to the healthcare industry, a sector that is historically resilient during weaker economic times. As we review in Q1 results, the healthcare sector holdings in the Fund have announced strong Q1 results, with positive guidance for 2023, including increased revenue and earnings per share growth.

Year to date, the Fund continues to outperform the cannabis sector while benefiting from exposure to healthcare. It is important to remember that the Ninepoint Alternative Health Fund is a sector fund that provides exposure to cannabis, healthcare, pharmaceuticals and health & wellness companies.

Investment Team



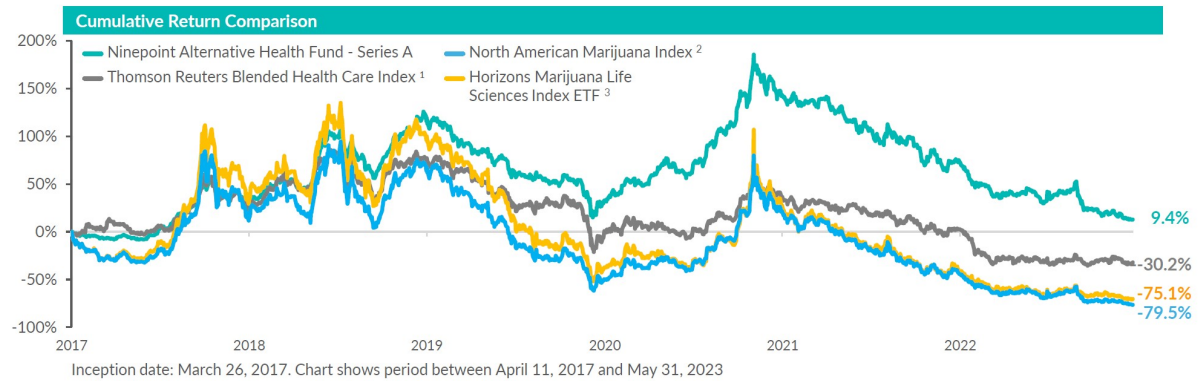
Charles Taerk,
President & Chief Executive
Officer, Faircourt Asset
Management - Sub-Advisor



**Douglas Waterson, CPA,
CA, CFA**
Chief Financial Officer &
Portfolio Manager, Faircourt
Asset Management - Sub-Advisor

Ninepoint Alternative Health Fund

Cumulative Returns (As at May 31, 2023)



Period between April 11, 2017 and May 31, 2023	Annualized Return	Annualized Std Dev	Downside Deviation	Sharpe Ratio	Sortino Ratio	Max Drawdown
Ninepoint Alternative Health Fund - Series A	1.5%	27.1%	15.1%	0.00	0.10	-57.6%
Thomson Reuters Blended Health Care Index ¹	-5.8%	36.2%	20.5%	-0.20	-0.28	-58.7%
Horizons Marijuana Life Sciences Index ETF ³	-20.7%	59.3%	31.5%	-0.37	-0.66	-88.5%
North American Marijuana Index ²	-23.3%	55.5%	30.2%	-0.45	-0.77	-80.3%

Performance and fund statistics are based on daily observations.

Effective April 23, 2018, Ninepoint Partners became the Manager of Ninepoint Alternative Health Fund (formerly UIT Alternative Health Fund)

1. 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.

2. For illustrative purposes only. North American Marijuana Index is computed by Ninepoint Partners LP based on publicly available index information.

3. HMMJ (Horizons Marijuana Life Sciences Index ETF) is computed by Ninepoint Partners LP based on publicly available index information.

As a comparison, important in reviewing performance, the underlying sectors' performance YTD is as follows:

Sector	YTD Performance
Canadian Cannabis	-23.9%
US Cannabis	-20.6%
Healthcare	-5.4%
The Ninepoint Alternative Health Fund	-11.2%

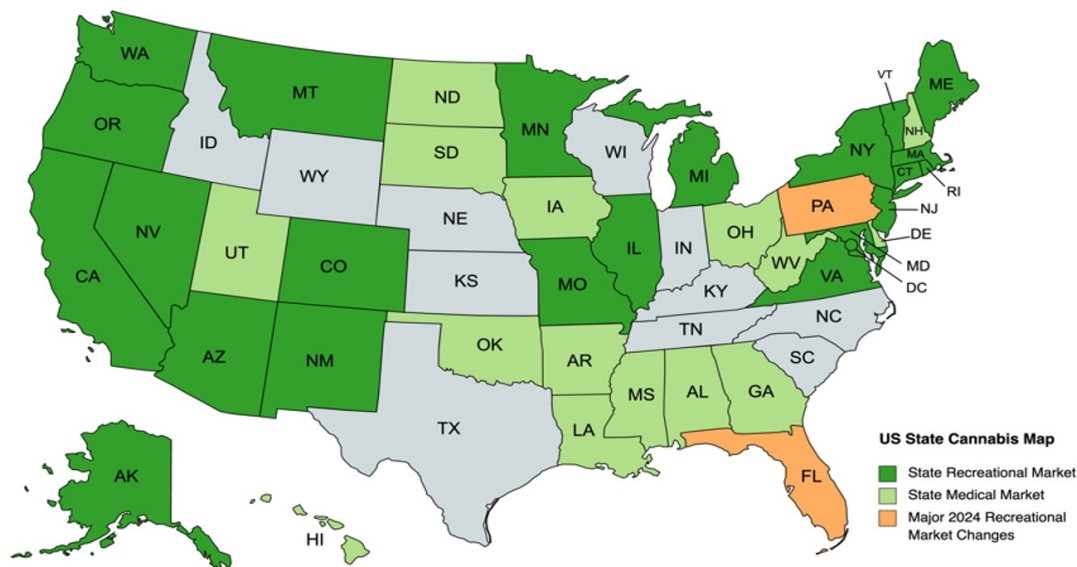
Source: Refinitive as at May 31, 2023

US Cannabis Industry Update

Minnesota officially became the 23rd state (plus D.C.) to legalize adult-use cannabis. Under the terms of legislation, marijuana possession and cultivation will become legal on Aug.¹, followed by a licensing process expected to begin in the summer of 2024. During the 2022 midterm elections, voters in Maryland and Missouri passed cannabis legalization ballot initiatives, making cannabis legal for nearly half the U.S. population. As most of the adult use states are Democrat controlled states, it will be interesting to see legalization efforts as new transition markets are red states. This is an important trend to watch as legalization in conservative states could improve the political calculus on the federal level particularly as it relates to obtaining the required 60 votes for SAFE or

similar legislation to pass in the Senate.

By end of 2024, its estimated that approximate 60% of US Adults Will Live in a Rec Legal State



Source: TD Cowen

MN has implemented policies on cannabis after an extensive review of various state market models. As a result, MN could be a pleasant surprise in the Midwest with a regime that includes lower cannabis excise taxes and a more business friendly regime when it comes to licensing fees. The state also decided to mandate a ban on local municipalities opting out which allows operators clear opportunities in key cities to establish a quality retail footprint. In addition, given that MN has four neighboring states that have not legalized adult-use (Iowa, South and North Dakota, Wisconsin) it means that MN could grow its state market meaningfully in the next 24-36 months.

Healthcare Update: Significant Upside for PRGO with OTC Access to Opill

In May, the U.S. Food and Drug Administration’s (FDA) Non-prescription Drugs Advisory Committee (NDAC) and the Obstetrics, Reproductive, and Urologic Drugs Advisory Committee (ORUDAC) voted unanimously (17 to 0), in support of making Opill®, a progestin-only daily oral contraceptive, available for over-the-counter (OTC) daily use. The Opill was originally developed in the early 1970’s for use only with a prescription. Opill is owned by PRGO through its acquisition of French based HRA Pharma in early 2022.

Catalyst for PRGO: The First OTC Oral Contraceptive in the US



Source: Opill Company Presentation

To achieve the 17-0 support, The Opill® OTC development program was conducted over the last eight years and included several label studies that demonstrated consumers could understand the OTC label, which showed that consumers could use Opill® correctly based on the label, and follow the dosing instructions. In PRGO's favour was information suggesting that approximately one-third of adult women in the US who have ever tried to obtain a prescription or refill for a contraceptive pill, patch, or ring reported difficulties doing so. Removing the prescription requirement with Opill® would improve access to a contraceptive method that is well tolerated and notably more effective at preventing pregnancy than all current methods available OTC². If this change goes through, PRGO would be the exclusive OTC supplier of Opill for three years. From a revenue perspective, it is estimated that if only 10% of prescriptions for Opill transition to OTC, it would represent approximately \$100 million in revenues for PRGO.

Financial Results

Trulieve Cannabis (TRUL) came out with Q1-23 financial results that presented opportunities for the company in the coming quarters. TRUL has the dominant market position in FL and is driving the ballot initiative to transition the largest medical only state to full recreational legislation in 2024. As we have seen with other states transitioning, a build-up of inventory and establishment of dispensaries is paramount to hitting the ground running when that transition occurs. That is where

TRUL is focused. TRUL operates the largest U.S. retail network of 184 dispensaries, and generated revenues in Q1 that were up 14% YoY, supported by over 4 million square feet of cultivation and processing capacity. Although a market leader focused in FL, the company has operations in 11 states, with 32% of retail locations outside of the state of Florida.

For Q1, revenues reached \$289 million, with 95% of revenue coming from retail sales. Although consensus estimates were slightly higher than the results, the gross profit margin came in at 52% rebounding from 50% in Q4-22. Expense management was a bright spot with SG&A declined by \$24 million in the Q to \$102 million, resulting in Adj. EBITDA of \$78.2 million. Management reiterated its 2023 Operating Cash Flow target at \$100 million based on the ramp up from the 750,000 sq ft JeffCo cultivation facility and continued work on operational efficiencies. TRUL ended the quarter with \$195.3 million in cash, positioned well for growth and select new recreational markets entering tuck in M&A opportunities at discounted prices. Trulieve has also announced that it is closing its remaining California operations as well as exiting Massachusetts as it focuses on states with better profitability.

Terrascend (TER) reported solid Q1-23 results that illustrate strong execution, leverage to growing state markets and an exclusive relationship with global cannabis brand COOKIES that provides TER with traction in various markets. Net Revenue in Q1-23 was \$69.4 million flat vs Q4, with significant growth of 42.8% YoY. Gross Margin was 48.8%, compared to 44.6% in Q4 2022 and 32.1% in Q1-22. The improvement in margin results from improved cultivation in key markets such as NJ, PA and MI. Adjusted EBITDA from continuing operations¹ was \$12.2 million, compared to \$4.9 million for Q1 2022. The results were sound in a challenging environment, that illustrates strong execution tied to leading brands that provided stable growth despite inflationary worries and seasonal Q1 weakness. In the last 18 months, TER has fixed its PA cultivation expansion, has improved the cash flow generation from its MI business, while continuing to generate growth from NJ on both a wholesale and retail level. This year, their positioning in MD with its fully operational Hagerstown facility is proving to be important for the July 1st rec market opening.

Noteworthy on the horizon for TER is the company's AGM on June 22nd where shareholders are being asked to vote on the proposed up-listing to the TSX, that should enable the company ticker to begin trading shortly thereafter. The belief is that with a senior exchange listing for this leading multi-state operator (MSO), a broader group of institutional investors would be able to participate in the company, offering broader appeal and enhanced liquidity for shareholders, similar to the benefits that Canadian cannabis companies receive listed on TSX and NASDAQ.

Verano Holdings (VRNO) released Q1 results that beat estimates as revenues increased 12% YoY to \$227 million, up 1% vs Q4 which was based on the increased headwinds facing consumers. We interpret VRNO as a great mix of products and distribution strength. The increase in revenue for the first quarter 2023 compared to the first quarter 2022 was driven primarily by strength from retail (70% of overall revenues) and wholesale adult use sales in New Jersey and Connecticut, slightly offset by retail declines in Pennsylvania. The gross margin for Q1 reached 48% or \$109 million, beating estimates of \$105 million, also beating the company's 46% gross margin from Q1-22. Cash Flow from Operations in Q1 was \$17 million, down from \$34 million for the first quarter of 2022 reflecting the growth of dispensaries in the VRNO network. Management stated that despite the step down in OCF in Q1, they reiterated guidance for \$50-75 million in Free Cash Flow for the year. VRNO is now the second largest dispensary network in the FL medical market with 66 "MUV" dispensaries. The upside for the company in 23-24 stems from its focus in NJ, still a growth market after its first year of adult use (REC) sales; followed by new REC markets in CT and MD opening up in July. In 2024,

the company sees OH, PA and FLA, all Republican led states to transition to REC which would be significant catalysts for stock.

Perrigo (PRGO) Q1-23 Results Beat Estimates and Reaffirm Guidance

First quarter net sales of \$1.2 billion illustrated strong growth of 10.0% QoQ. PRGO is focussed on the self-care product category providing brands that offer consumers health solutions that can be treated proactively. Standouts in the quarter include 19% growth in Compeed, foot self-care products, and strong sales from the European market in anti parasite and insect repellent products that benefitted from increased travel to southern destinations during Q1. In the US, dental care products saw 20% gains, while US OTC products focussed on digestive relief and smoking reduction strategies also saw strength. Overall, the cough/cold market in the US continued to see strength in Q1 with net sales growth of 13%.

Source: Compeed Q1 Company Presentation

First quarter gross margin was 35.0%, a 360-basis points improvement compared to the prior year quarter. Adjusted diluted EPS was \$0.45, an increase of 35.6%, compared to \$0.33 in the prior year quarter, an increase of 47.2% on a constant currency basis. Importantly, PRGO reaffirmed its fiscal 2023 sales growth outlook range 7.0%-11.0%, versus the prior year, and adjusted diluted EPS range outlook of \$2.50-\$2.70.

SunOpta (STKL) powered by its focus on plant based beverages, delivered solid Q1 results with plant-based revenues growing 9.3%. Excluding divested business, total revenues were \$223.9 million were up 0.4% YoY. The lead category for STKL was its Plant-Based Foods and Beverages business which had segment growth of 25% in plant based milk products. Oat milk was the leader with growth of 33% in Q1. Adjusted EBITDA was \$23.6 million, up 50.5% versus \$15.7 million YoY. As a percentage of revenue, adjusted EBITDA was 10.5% compared to 6.5% in the prior year. Net earnings from continuing operations of \$1.4 million vs. \$1.0 million for Q1-22.

Management reaffirmed their outlook for revenue growth between 7 to 12% and adjusted EBITDA growth of 16 to 23% YOY.

SunOpta Fueling the Future of Food Analyst & Investor Meeting Presentation, April 2023

SunOpta is the leading supplier in the shelf stable and base extraction segments that require more specialized manufacturing

© SunOpta Inc. 2023

1. Plant-Based Milks 2. Better-For-You Snacking 3. Nutritional Beverages

Source: SunOpta

Option Strategy

Since the inception of the option writing program in September 2018, the Fund has generated significant income from options premium of approximately \$4.76 million. We will continue to utilize our options 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 \$27,000 in options 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 which included Tilray Brands Inc. (TLRY) and Perrigo Company PLC (PRGO). 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 Merck & Co. Inc. (MRK) UnitedHealth Group Inc. (UNH), and Procter & Gamble Co. (PG).

The Ninepoint Alternative Health Fund, launched in March of 2017 is Canada's first actively managed mutual fund with a focus on the cannabis sector and remains open to new investors, available for purchase daily.

Charles Taerk & Douglas Waterson

The Portfolio Team

Faircourt Asset Management

Sub-Advisor to the Ninepoint Alternative Health Fund

Ninepoint Alternative Health Fund - Compounded Returns¹ as of May 31, 2023
(Series F NPP5421) | Inception Date - August 8, 2017

	MTD	YTD	3MTH	6MTH	1YR	3YR	5YR	INCEPTION (ANNUALIZED)
FUND	-4.3%	-11.3%	-6.4%	-24.2%	-25.7%	-9.8%	-4.8%	3.5%
TR CAN/US HEALTH CARE BLENDED INDEX	-2.3%	6.5%	-3.6%	-3.6%	-8.6%	-13.7%	-13.4%	-6.7%

Statistical Analysis

	FUND	TR CAN/US HEALTH CARE BLENDED INDEX
Cumulative Returns	22.0%	-33.0%
Standard Deviation	27.7%	29.6%
Sharpe Ratio	0.1	-0.3

¹ All returns and fund details are a) based on Series F units; b) net of fees; c) annualized if period is greater than one year; d) as at May 31, 2023. 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; Concentration 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.

Ninepoint Partners LP is the investment manager to the Ninepoint Funds (collectively, the "Funds"). Commissions, trailing commissions, management fees, performance fees (if any), and other expenses all may be associated with investing in the Funds. Please read the prospectus carefully before investing. The indicated rate of return for series F shares of the Fund for the period ended May 31, 2023 is based on the historical annual compounded total return including changes in share value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Fund may be lawfully sold in their jurisdiction.

The opinions, estimates and projections (“information”) contained within this report are solely those of Ninepoint Partners LP and are subject to change without notice. Ninepoint Partners makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, Ninepoint Partners assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this information. Ninepoint Partners is not under any obligation to update or keep current the information contained herein. The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Please contact your own personal advisor on your particular circumstances. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Ninepoint Partners. Any reference to a particular company is for illustrative purposes only and should not to be considered as investment advice or a recommendation to buy or sell nor should it be considered as an indication of how the portfolio of any investment fund managed by Ninepoint Partners is or will be invested. Ninepoint Partners LP and/or its affiliates may collectively beneficially own/control 1% or more of any class of the equity securities of the issuers mentioned in this report. Ninepoint Partners LP and/or its affiliates may hold short position in any class of the equity securities of the issuers mentioned in this report. During the preceding 12 months, Ninepoint Partners LP and/or its affiliates may have received remuneration other than normal course investment advisory or trade execution services from the issuers mentioned in this report.

Ninepoint Partners LP: Toll Free: 1.866.299.9906. DEALER SERVICES: CIBC Mellon GSSC Record Keeping Services:
Toll Free: 1.877.358.0540