

# Monthly Medical Cannabis Market Report

November 2022

## HANetf & Purpose Investments

### The Medical Cannabis and Wellness UCITS ETF

CBDX

80bps

IE00BG5J1M21

Product Inception Date: 09/01/2020

For Professional Clients Only. Capital at risk.

All data as of 31/10/2022

This report was written by, and is the opinion of, the CBDX index providers Purpose Investments.

## Key Takeaways

- With proliferation comes investment and German proliferation has kickstarted. British American Tobacco (BAT) is taking a non-controlling minority stake in Sanity Group GmbH of Germany.<sup>1</sup> Cannabis investing is not new to BAT who previously holds strategic partnerships with Canada's Organigram (OGI). It does however add exposure to Europe's largest cannabis market in the form of Germany. As opportunities open, strategic investors are keen on helping develop Germany's newest industry.
- Likewise, Curaleaf (CURA) one of the largest cannabis operators in the United States, has completed its acquisition of Four 20 Pharma GmbH, a fully EU-HMP and GDP licensed German producer and distributor of medical cannabis. With cannabis legalization just around the corner in Germany, international operators are key on establishing a footprint in what could be the largest cannabis market in the world.<sup>2</sup>
- Research supported by industrial giant 3M in Belgium shows that hemp proved successful in removing harmful chemicals from polluted topsoil and groundwater.<sup>3</sup> Additionally, the hemp grown can be turned into building materials and to produce energy without any significant health risks. The applications for hemp continue to increase with research providing strong fundamentals for further industry proliferation.
- After news of German cannabis reform made headlines last month, Czech Republic's ruling coalition has followed their neighbour by declaring intent to follow suit and legalizing adult use cannabis. The coalition has started drafting legislation to fully legalize products containing THC and is expected to present a draft early next year. The underlying goal is to quell the black market and develop a tax contributing sector to the economy.<sup>4</sup>

Sources available upon request. **Please note that all performance figures are showing net data.** Past performance is not indicative of future performance and when you invest in ETFs, your capital is at risk.

## Macro Outlook

Cannabis investors are excited and charged up about the news from the American President and his plea to the appropriate ministries to end cannabis prohibition. Many senior bureaucrats echoed his plea as current cannabis laws are inadequate and outdated given the safety and efficacy data which is now available on cannabis compounds. The current system perpetuates inequity and disproportionately impacts the less

<sup>1</sup> [https://www.bat.com/group/sites/UK\\_\\_9D9KCY.nsf/vwPagesWebLive/DOCJJM7C](https://www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOCJJM7C)

<sup>2</sup> <https://www.newswire.ca/news-releases/curaleaf-completes-majority-stake-acquisition-of-germany-s-four-20-pharma-858012875.html>

<sup>3</sup> [https://hemptoday.net/industrial-giant-3m-exploring-hemp-to-overcome-an-urgent-pollution-challenge/?mc\\_cid=ea40f9a093&mc\\_eid=e46232acda](https://hemptoday.net/industrial-giant-3m-exploring-hemp-to-overcome-an-urgent-pollution-challenge/?mc_cid=ea40f9a093&mc_eid=e46232acda)

<sup>4</sup> [https://www.dw.com/en/czech-republic-on-the-way-to-legalizing-cannabis/a-63616450?mc\\_cid=0acb4c77bf&mc\\_eid=e46232acda](https://www.dw.com/en/czech-republic-on-the-way-to-legalizing-cannabis/a-63616450?mc_cid=0acb4c77bf&mc_eid=e46232acda)

privileged. A review of the current system is long overdue and finally on a path to critical reform, outside the politics of legislators disconnected to the issues.

But the news isn't just exciting in the Americas, Europe is much further ahead on its proliferation journey than previously thought. German legislators have been quick in turning a draft of their legalization plan and have conveyed significant motivation behind their plans to entice the European Commission to accept their proposal. While they await feedback from the Commission, Czechia impressed by their neighbour to the west has stated their own intentions to legalize adult use cannabis in coming years. Legislators are hard at work with a draft expected to be made public by March of 2023. The domino effect is alive and well and we don't anticipate it to stop anytime soon. Czechia could become the third European country to legalize adult use cannabis after Malta and Germany. Similarly smaller countries throughout the world are broadening the scope of their medical use program as the benefits of cannabis as a medicine become clearer.

Near term, all focus is on the earnings of US operators to cement the fundamentals of this high growth industry. Investors should also keenly follow the US midterm elections which will have a hand to play in the timing of incremental reform. Legislators have made it clear that the SAFE+ Act is on the cards in the upcoming few weeks which could help operators boost their growth with the help of financial institutions looking for safe harbour language in the aforementioned bill. Further, any progress on a de-scheduling or re-scheduling of cannabis in the United States as per the President's recent wishes, will have a large impact on the pharmaceutical cannabinoid operators and the ancillary service providers in the Medical Cannabis and Wellness UCITS ETF (CBDX). The Fund put in positive performance for the month of October and is well set to reap dividends from any further news on proliferation. With that context, we keenly watch the midterm elections and the progress of incremental reform going into the back end of this 2022.

## Medical Cannabis Performance

As of 31.10.2022

	1M	3M	6M	YTD	12M	2Y	3Y	SI
The Medical Cannabis and Wellness UCITS ETF (Acc)	6.74%	-14.23%	-34.17%	-50.36%	-54.51%	-35.95%	NA	-34.51%
<i>Medical Cannabis and Wellness Equity Index (NTR)</i>	6.80%	-14.39%	-34.31%	-50.45%	-54.55%	-35.62%	-41.77%	-34.42%

**Please note that all performance figures are showing net data.** Source: Bloomberg / HANetf. Data as of 31.10.2022  
Performance before inception is based on back tested data. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in this product. When you invest in ETFs and ETCs your capital is at risk.

## Product Details

The Medical Cannabis and Wellness UCITS ETF, is a UCITS compliant Medical Cannabis ETF domiciled in Ireland.

The fund tracks a rules-based Medical Cannabis and Wellness Equity Index from Solactive, consisting of publicly listed companies conducting legal business activities across nine thematic sub-sectors in the medical cannabis, hemp and CBD industries.

The fund seeks to provide targeted exposure to the rapidly expanding legal medical cannabis industry that is set for further growth as more countries legalise cannabis for medical use.

Please remember that the value of your investment may go down as well as up and past performance is no indication of future performance.

Visit the [CBDX Fund Page](#) for more information.

Exchange	BBG Code	RIC	ISIN	Valoren	SEDOL	Currency	TER
London Stock Exchange	CBDX LN	CBDXL.L	IE00BG5J1M21	-	BGSXSL9	USD	0.80%
London Stock Exchange	CBDX LN	CBDP.L	IE00BG5J1M21	-	BGSXQX7	GBP	0.80%
Deutsche Boerse Xetra	CBSX GY	CBSX.DE	IE00BG5J1M21	-	BJBL4D5	EUR	0.80%
SIX Swiss Exchange	CBDX SW	CBDX.S	IE00BG5J1M21	51899559	BMYC3S4	CHF	0.80%



### Nawan Butt

Portfolio Manager, Purpose Investments

Nawan has spent 5 years with Purpose developing a deep understanding of client needs with the product team before applying his skills sets in portfolio management starting in 2018. Nawan combines in depth fundamental research with quantitative overlays in contribution to the security selection processes for the firm. Working closely with the CIO, Nawan is also responsible for the implementation of asset allocation across multiple mandates. Nawan earned his MSc in Finance from Simon Fraser University and is a CFA charterholder.

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The content in this document is issued by the relevant Issuer.

### The Issuers

- HANetf ICAV, an open-ended Irish collective asset management vehicle issuing under the terms in the Prospectus and relevant Supplement for the ETF approved by the Central Bank of Ireland (“CBI”) (“ETF Prospectus”) is the issuer of the ETFs. Investors should read the current version of the ETF Prospectus before investing and should refer to the section of the ETF Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the ETFs. Any decision to invest should be based on the information contained in the ETF Prospectus.
- HANetf ETC Securities plc, a public limited company incorporated in Ireland, issuing:
  - the precious metals ETCs under the terms in the base prospectus approved by both the Central Bank of Ireland (“CBI”), the UK Financial Conduct Authority (“FCA”) and the final terms of the precious metals (together, “Metals ETC Prospectuses”);
  - the carbon securities ETCs under the terms in the base prospectus approved by the UK Financial Conduct Authority (“FCA”) and the relevant final terms of the carbon securities (together, “FCA Carbon ETC Prospectus”); and
  - the carbon securities ETCs under the terms in the base prospectus approved by the Central Bank of Ireland (“CBI”) and the final terms of the carbon securities (together, “CBI Carbon ETC Prospectus”).

Investors should read the latest versions of the relevant ETC prospectus before investing and should refer to the section of the relevant ETC prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the ETCs. Any decision to invest should be based on the information contained in the relevant ETC prospectus.

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The ETF Prospectus, Metals ETC Prospectus, FCA Carbon ETC Prospectus, CBI Carbon ETC Prospectus and Cryptocurrency Prospectus can all be downloaded from [www.hanetf.com](http://www.hanetf.com).

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