

Monthly Medical Cannabis Market Report

February 2023

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 31/01/2023

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

Key Takeaways

The Swiss cannabis experiment started its first sales in the city of Basel in early February 2023. The program is currently limited, with cannabis made available through pharmacies to only a handful of registered individuals. The experiment is to last two and a half years with participants being strictly monitored by government regulators. The study should provide detailed information and analysis on the impacts of adult use legalization.

Fund constituent Jazz Pharmaceuticals is suing generics giant TEVA for patent infringement on proposed copycats of Epidiolex, which is approved by the FDA. Jazz maintains exclusivity on the patent until at least 2025, as Epidiolex is approved to treat seizures from Lennox-Gastaut syndrome, tuberous sclerosis complex or Dravet syndrome. The eagerness of generics makers to jump into the cannabinoid pharmaceuticals markets points optimistically to the future of the industry.

Argentina becomes the latest South American country to devote real dollars towards the research and development of hemp and cannabis projects in the country. The Ministry of Science will invest more than \$106M across 13 projects after the country established federal legal framework for cannabis last year. The pattern of federal legalization continues in the cannabis sector on a global basis.

Innovation in the hemp space continues with institutional backing as the Scottish National Investment Bank boosts its stake in IndiNature, and Edinburgh based company that makes hemp fiber-based insulation for the construction company. Investment in the space continues as new use-cases evolve for hemp fibers in a time of increased importance for sustainable sourcing and development.

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

2022 was marked by both enthusiasm and disappointment in the cannabis space with momentum building and wavering many times over as cannabis valuations struggled with mixed messages from the regulators under a gloomy macro-overhang. Risk assets were out of favour in a year where global central banks tightened monetary policy in unprecedented fashion and investors flocked to the safety of near-term cash flows and profitability. In Canada, the cannabis industry continued to consolidate with right-sizing and cost rationalizing becomes imperative objectives for an industry losing money hand over foot. The US industry on the hand remains in limbo as lack of federal regulation for the industry threatens industry growth through a lack of funding and investor access. On one hand President Biden called for significant overhaul of the industry via a re-scheduling request to his ministries and pardoning federal convictions of low-level cannabis offences. On the other, Congress failed to pass any comprehensive (MORE ACT) or incremental reforms (SAFE/HOPE Act) which were being debated and lobbied for throughout the year. As the cannabis industry remained in limbo,

the hemp industry also failed to make any further progress as the US Food and Drug Administration (FDA) deferred the development of a new regulatory framework back to Congress, refusing to regulate cannabidiol (CBD). The cannabis and CBD industry in the USA continues to thrive in consumption metrics but the message fails to be reflected in the Congressional branch of government and therefore in capital markets also.

Europe offers a glimmer of hope for the industry with many pilot programs being initiated throughout the continent in addition to a much-anticipated German adult-use legalization framework being developed. Many neighbours are following Germany's lead and have pointed towards further expansion into medical and adult use cannabis programs in the coming future. On the ground, operators are accessing funding from strategic partners and institutional investors as they ready local operations for a growing market. Global operators from South America, Australia, and Israel are also benefitting from this development as they find new markets in Europe for their cannabinoid products. Although nascent in its development, we believe Europe remains the brightest part of the cannabis investment opportunity in the near future.

For 2023, reform very much remains on the cards for the United States as Democrats hold the Senate. Canada is working furiously to right-size the industry and fund R&D in a nascent sector where they have a head-start on their competitors. Europe offers bright hope with new listings in the space and development of multiple markets over the coming year. The cannabis and CBD trade has experienced more than its fair share of headwinds over the past 18 months, but with the growth of total addressable markets and newer geographies coming online, there remains ample potential to grow the industry this decade.

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

Medical Cannabis Performance

As of 31.01.2023

	1M	3M	6M	YTD	12M	2Y	3Y	SI
The Medical Cannabis and Wellness UCITS ETF	10.30%	-0.42%	-14.59%	10.30%	-45.44%	-60.08%	-37.17%	-34.79%
<i>Medical Cannabis and Wellness Equity Index</i>	10.45%	-1.11%	-15.34%	10.45%	-45.95%	-60.26%	-37.53%	-35.14%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31.01.2023. 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.

Important Information

Communications issued in the UK (ETFs and ETCs)

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Communications issued in the European Economic Area (“EEA”) relating to ETFs

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Communications issued in the EEA relating to ETCs

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

- iii. 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.

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