

Monthly Medical Cannabis Market Report

March 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 28/02/2023

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

Key Takeaways

The first variety of CBD-infused beers and ciders becomes available in major UK supermarket Ocado. Cannabidiol infused items are starting to make their way into food items as the UK develops robust infrastructure...

North Carolina moves one step closer to becoming the latest US state to adopt a medical cannabis program with a legalization bill passing the State Senate with ease. The program is currently only intended for medical proliferation, however as we have seen many times before, medical legalization opens the gateway to adult-use legalization in following years.

Small victories continue to accumulate for the hemp sector, the latest of which is an Italian court's decision to annul a decree limiting hemp production to the use of seeds and fibres only. The decision brings Italian laws in line with EU regulations where the whole hemp plant can be accessed for commercial purposes. With more relaxed laws, the addressable market for hemp and hemp products continues to increase in Europe and rest of the world.

Researchers continue to unearth the many medical and wellness capabilities of CBD with the latest being a team of Washington State University researchers finding evidence that CBD can help ease nicotine cravings and potentially help users quit smoking. Tobacco companies have been following CBD and cannabis regulations very closely with the likes of Imperial Tobacco and British American Tobacco even investing directly in the space. Although early, the research offers another potential development branch for CBD.

Pharmaceutical company Cardiol is reporting study results demonstrating the cardioprotective effects of pharmaceutical cannabinoids. The study completed in Mexico shows that cannabidiol significantly prevents cardiac dysfunction in a pre-clinical model of heart failure. The company is currently in Phase II clinical trials for multiple heart condition with its cannabidiol based drug.

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

The new year started off with a risk-on tone after an exodus from more speculative equities set the tone for the twelve months of 2022. CBD and cannabis valuations have been largely tied to the US Federal proliferation movement which came up short in the year after much back and forth between the leaders of the Senate and House. With a shuffle of elected officials from the midterm elections, reform has lost momentum and the next catalyst remains elusive. Those invested are keen on the lookout for feedback on President Biden's descheduling request to the Departments of Health and Justice. All valuations are currently tied to single data points, namely US Federal reform. On a fundamentals basis however, markets continue to grow as additional jurisdictions come online both in the US and internationally. The industry is strapped for growth capital and

small-cap players are finding themselves in a tough position. Mergers and acquisitions have slowed down in the space as even acquirers need capital to fund the growth of the acquired. The best positioned companies are those with businesses in regulated/protected channels such as pharmaceutical cannabinoids, or those that have managed to achieve efficiency and positive free cash flow.

European markets also continue on their path with incremental wins in Italy and positive pilot program feedback in France. Additionally, South America is quickly becoming a hotbed of cannabis related activity with medicinal program booming. 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 28.02.2023

	1M	3M	6M	YTD	12M	2Y	3Y	SI
The Medical Cannabis and Wellness UCITS ETF	-2.88%	-6.20%	-13.45%	7.12%	-45.78%	-66.32%	-30.08%	-36.67%
<i>Medical Cannabis and Wellness Equity Index</i>	-2.98%	-6.80%	-14.34%	7.15%	-46.38%	-66.53%	-30.41%	-37.08%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 28/02/2023. 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

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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.
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 - 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.

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