

Monthly Medical Cannabis Market Report

April 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 31/03/2023

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

Key Takeaways

Switzerland is expanding a pilot cannabis program to study the effects of legalization with Zurich becoming the latest city to start cannabis consumption and sale trials in the summer of 2023. Up to 3000 residents of Zurich will be able to purchase cannabis for personal use under the three-year program.

The German governing coalition is expected to formally introduce long-awaited adult use legalization measure in April of this year. Due to complications with European laws, the effort is reportedly set in two phases with the first introducing cannabis for home cultivation and the suspension of prohibition enforcement. A second phase is reported to be more comprehensive with a free-market model but the timing of such implementation remains to be seen.

The first Phase II trials regarding cannabidiol is expected to commence in the UK to study CBD's impact on chemotherapy induced peripheral Neuropathy and endometriosis. If successful, the trials could pave way for CBD to be available through the NHS on these indications.

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

Equity markets have had a strong start to the year as investors predicted a soft landing of the North American economy. With the majority of the economic tightening actions behind us, investors were keen to re-price risk-on assets while predicting a peak in rates in the US. This meant that risk on assets have rebounded from their lows and defensive equities have largely underperformed in the current market environment. However, as the impact of violent rate hikes starts to show in the economy, uncertainty remains high and the market remains on edge with inflation persisting. The next nine months promise to remain highly volatile as the risk of a prolonged recession becomes evident.

Within this backdrop, risk on equities had mixed performance. Large cap tech companies rebounded on the backs of being the new safe haven securities, crypto currencies received a bid as an alternative to the traditional financial system which is showing weakness with regional banks failing in the US, and speculative growth companies such as cannabis continued to remain under pressure as the ability to generate cash flows remains distant. Although valuations of cannabis companies are very much tied to this speculative growth theme, the major hurdle to valuation growth remains a regulatory one. There are three major regulatory initiatives on which rests the fate of the US and international cannabis industry. The first is the SAFE Act which is yet to be tabled under the current legislative session. Although thought to have bipartisan support in Congress, the issue remains a bargaining chip as the two parties become increasingly polarized, and thus tabling and passage remains elusive. The second is President Biden's descheduling request to the Departments of Health and Justice, which has gained positive feedback from the respective ministry leaderships. The third is a possible position from the Department of Justice which resembles the Cole Memorandum of 2013 which would protect cannabis businesses from federal prosecution. Any three of these would in turn result in a big windfall for the medical cannabis, CBD wellness, and ancillary services subsectors of the cannabis industry. . 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 31.03.2023

	1M	3M	6M	YTD	12M	2Y	3Y	SI
The Medical Cannabis and Wellness UCITS ETF	-13.61%	-7.46%	-10.83%	-7.46%	-55.01%	-71.58%	-27.15%	-45.29%
<i>Medical Cannabis and Wellness Equity Index</i>	-13.81%	-7.65%	-11.68%	-7.65%	-55.58%	-71.80%	-27.40%	-45.77%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/03/2023
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 EEA relating to ETCs

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

The Issuers

1. 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.
2. HANetf ETC Securities plc, a public limited company incorporated in Ireland, issuing:
 - i. 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");
 - ii. 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.

3. ETC Issuance GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany, issuing under the terms in the Base Prospectus approved by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") and the final terms ("Cryptocurrency Prospectus") is the issuer of the ETC Group ETCs. Investors should read the latest version of the Cryptocurrency Prospectus before investing and should refer to the section of the Cryptocurrency Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the ETCs contained in the Cryptocurrency Prospectus. Any decision to invest should be based on the information contained in the Cryptocurrency Prospectus.

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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