

Monthly Cannabis Market Report

September 2020

HANetf & Purpose Investments

The Medical Cannabis and Wellness UCITS ETF

CBDX

80bps

IE00BG5J1M21

Fund Inception Date: 09/01/2020

For Professional Clients Only. Capital at Risk.

This report was written by, and is the opinion of, the CBDX fund partners Purpose Investments.

Key Takeaways

- Medical cannabis companies continue to show outsize growth and are now becoming profitable
- Medical reform in the US will likely set the stage for broader reform in Europe
- We continue to see an increase in the number of institutional investors getting involved in the medical cannabis space

Medical Cannabis Index

Monthly Performance

	August
The Medical Cannabis and Wellness Equity Index (NTR)	7.32%

Current performance is no guarantee of future performance.

Source: Bloomberg/HANetf

Performance Review:

Momentum from July continued into August with strong performance for the fund and underlying verticals. Investors looking for a growth story outside of large-cap tech are starting to recognise the potential of medical cannabis and its affiliated industries.

Medical cannabis companies continue to show outsize growth and are now becoming profitable to the intrigue of traditional long-only investors who have been awaiting to see the sustainability of this outsize growth. With momentum of medical cannabis decriminalization in the US building, we continue to see an increase in the number of institutional investors getting involved in the space which has helped price multiples increase in the space causing for strong returns.

Sub-sector	Average Return Aug
Ancillary Services	12.3%
Pharmaceutical Cannabinoids	6.0%
Medical Cannabis	3.9%
CBD Wellness	-17.6%
CBDX	7.3%

Past performance is no guarantee of future performance.

Source: Bloomberg. Data as of 31/08/2020

Medical Cannabis and Wellness Equity Index (NTR) Performance and CBDX Medical Cannabis ETF

Total Return NAV to Date (up to 31/08/2020)

	1M	3M	6M	YTD	12M	Since Inception
The Medical Cannabis and Wellness UCITS ETF (Acc)	7.27%	13.54%	26.27%	14.37%	-	14.37%
<i>Medical Cannabis and Wellness Equity Index (NTR)</i>	<i>7.32%</i>	<i>13.65%</i>	<i>26.06%</i>	<i>13.98%</i>	<i>-13.48%</i>	<i>13.98%</i>

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.

Source: Bloomberg / HANetf. Data as of 31/08/2020

Industry News

Patients using cannabis for medical use continues to increase globally, outside of the much spoken about Canadian and US markets. Latest data showed that patient counts in Australia are reaching the fastest growth rate recorded. Just in the month of July, Australia added 5500 patients to their program to bring the total close to 30,000 patients. It is estimated the potential market size of Australian medical cannabis could reach 700,000 patients in coming years¹. Israel also recently announced that cannabis patients have reached 60,000 with most medical cannabis being imported into the country from Portugal and Canada². Momentum for medical cannabis is running red hot beyond the well-documented markets of Canada and the US.

Speaking of the US, cannabis momentum continues to dominate as the US House of Representatives take to vote on the MORE Act in September. The Act, which is sponsored in the Senate by Vice Presidential candidate Kamala Harris, seeks to decriminalise medical cannabis at a federal level and using the tax dollars to re-invest in minority communities which have been adversely impacted by the half century long war on drugs in the country. Although mostly symbolic, the flooring and vote on the Act re-emphasises the commitment of the Democratic party towards cannabis reform as public opinion and political climate changes towards cannabis legalization.

On CBD Wellness, a bi-partisan bill has been submitted in the US House of Representatives by Rep. Kurt Schrader (D-OR) and Rep. Morgan Griffith (R-VA) as well, which will ensure that hemp-derived CBD can be lawfully marketed as a dietary supplement in the US. This could prove to be a big step for CBD to find shelf space across national retail chains and un-cuff CBD producers to market and sell ingested CBD products, the widely preferred method of usage.

Outlook

Going into fall and looking forward to the US elections has been the focus of our cannabis research this year. With multiple initiatives to decriminalise cannabis being tabled by the Democrat Party, we could see quick conversion of plans to reality if the Democrats sweep the Senate in addition to their current control of the House.

Medical reform in the US will likely set the stage for broader reform in Europe too, and create a path for faster acceptance of the industry in key markets of UK and Germany.

¹ Source: <https://canview.com.au/category/general/>

² Source: <https://prohibitionpartners.com/2020/09/02/israeli-medical-cannabis-patient-numbers/>

Constituent News

We continue to highlight portfolio ancillary company **GrowGeneration (GRWG)** which has caught the attention of a wider investor base with its recently posted second quarter earnings. After the company reported same store sales increases of 49%³ and raised guidance for revenues in 2020 and beyond, the investing public has come to recognise the strength of the company's business model. The stock has quadrupled in value over the past few months as the company continues to execute its simple but robust model in a highly fragmented industry.

<u>CBDX Medical Cannabis ETF -Top 10 Constituents</u>	Weight	Region Breakdown	Weight
GrowGeneration Corp	16.66%	United States	92.55%
Innovative Industrial Properti	13.37%	Great Briton	7.45%
Corbus Pharmaceuticals Holding	10.95%	Canada	0.00%
Scotts Miracle-Gro Co/The	10.64%		
Cara Therapeutics Inc	8.59%		
Amyris Inc	7.74%		
GW Pharmaceuticals PLC	7.45%		
NewAge Inc	7.08%		
Charlottes Web Holdings Inc	5.53%		
22nd Century Group Inc	3.57%		

Source: Bloomberg / HANetf. Data as of 31/08/2020

³ Source: Bloomberg

Medical Cannabis ETF 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.

- [CBDX Factsheet](#)
- [CBDX Video](#)
- [CBDX Whitepaper](#)
- [CBDX Fund Page](#)

EXCHANGE	BB CODE	RIC	ISIN	CURRENCY	INCOME
London Stock Exchange	CBDX LN	CBDX.L	IE00BG5J1M21	USD	Acc
London Stock Exchange	CBDP LN	CBDP.L	IE00BG5J1M21	GBP	Acc
XETRA	CBSX GY	CBSX.DE	DE000A2PPQ08	EUR	Acc
SIX	CBDX SW	CBDX.S	IE00BG5J1M21	CHF	Acc

Webinars

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CBDX Fund News

Recent Rebalance: 31st August 2020

The next re-balance will take place on **30th November 2020**

CBDX listed on **SIX Swiss Exchange** on 2nd June 2020

Press

- [SIX Swiss Listing](#)
- [CBDX passported to Netherlands and Finland](#)
- [CBDX passported to Austria](#)
- [Medical Cannabis | ESG Portfolios](#)
- [Cannabis sector set to benefit from US Presidential election](#)

About HANetf

HANetf is an independent ETF specialist working with third-party asset managers to bring differentiated, modern and innovative ETF exposures to European investors via unique white-label ETF/ETC platform.

Founded by two of Europe's leading ETF entrepreneurs, Hector McNeil and Nik Bienkowski, HANetf provides a complete operational, regulatory, distribution and marketing solution for asset managers who want to successfully launch and manage UCITS ETFs.

HANetf's full products list includes:

Name	TER	Bloomberg Codes				
		LSE \$	LSE £	Borsa €	XETRA €	SIX
The Emerging Markets Internet & Ecommerce UCITS ETF	0.86%	EMQQ LN	EMQP LN	EMQQ IM	EMQQ GY	EMQQ SW
HAN-GINS Tech Megatrend Equal Weight UCITS ETF	0.59%	ITEK LN	ITEP LN	ITEK IM	T3KE GY	ITEK SW
HAN-GINS Cloud Technology UCITS ETF	0.59%	SKYY LN	SKYP LN	SKYY IM	5XYE GY	SKYY SW
HAN-GINS Indxx Medical Innovation UCITS ETF	0.59%	WELL LN	WELP LN	WELL IM	W311 GY	WELL SW
KMEFIC FTSE Kuwait UCITS ETF	0.80%	KUW8 LN	KUWP LN	KUW8 IM	KUW8 GY	-
The Medical Cannabis & Wellness UCITS ETF	0.80%	CBDX LN	CBDP LN	-	CDSX GY	CBDX SW
The Royal Mint Physical Gold ETC	0.22%	RMAU LN	RMAP LN	RMAU IM	RM8U GY	-
BTCetc Bitcoin Exchange Traded Crypto*	2.00%	-	-	-	BTCE GY	-
The Alerian Midstream Energy Dividend UCITS ETF	0.40%	MMLP LN	PMLP LN	MMLP IM	JMLP DE	-

*Marketed and Distributed by HANetf

For further information, please visit www.hanetf.com



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 Issue Documentation, ETF Prospectus and Bitcoin Prospectus can all be downloaded from www.hanetf.com.

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