

# HOW CANNABIS CAN MAKE YOU FEEL GOOD ABOUT YOUR INVESTMENTS

We totally get it. You're invested in your future. Whether you're planning for retirement, saving for a new home or preparing to send the kids off to college, collaborating with the right financial advisor should mean everything.

We totally get you. You're eager to find a partner who thinks out of the box, understands the power of investing and sees the possibilities in new business verticals. A financial advisor who gets you. Who plans every move and every investment with your future in mind, while also keeping an eye on emerging investment opportunities.

## THERE'S MOMENTUM. IN MEDICAL MARIJUANA.

As momentum builds across North America for universal marijuana reform, investors are beginning to look to Exchange Traded Funds (ETFs) that focus on cannabis for long-term growth strategies and investment opportunities. These ETFs now include several major players who are banking on medical cannabis as a catalyst for companies – businesses looking to think outside the box about research and development and explore new categories for collaboration.

Medical cannabis use is now legal across Canada and 31 states here in North America. Major pharmaceutical, liquor, tobacco and even insurance companies are looking to get involved, exploring new ways to collaborate, innovate and jump-start their own R&D initiatives. In the past, many investors shied away from investing in tobacco companies for ethical reasons. But, it may be time to re-examine those brands with an eye on the potential for new verticals that aren't necessarily linked to the negative stigma of cigarettes and other tobacco products.



## WE'VE ONLY JUST BEGUN.

So, what exactly is an Exchange Traded Fund or an ETF? What can it do for you? Well, it's an investment fund that - unlike a mutual fund - trades throughout the day like stocks on an exchange, with a high level of liquidity and no investment minimums. An ETF often consists of a mixture of stocks, bonds or commodities.

## WHY NOW?

Good news all around. One out of every two people are in favor of marijuana reform, and many support global marijuana reform and universal legalization of

cannabis. While only 10 states and Washington, DC have legalized recreational cannabis use to date, there's a real potential for the landscape to change on a federal level as we get closer to election time, resulting in changes that could impact accelerated timelines for a productive future roll-out across North America and the U.S. in particular.

But what's this mean for you? An imminent shift in spending, where large brands will challenge the status quo by investing in cannabis product development and allocating budgets toward partnerships that can position them as game changers in the space. Brands that understand that cannabis use will no longer be considered just a passing trend or attached to stigma. Brands that see the potential in its future and recognize that it is here to stay.

## THE LANES ARE WIDE OPEN.

Many investors are expressing interest in Cannabis ETFs and including them in their investment portfolio, an energy that's been accelerated since Canada legalized marijuana use on October 17th.

Today, investors can choose from several cannabis ETFs.

### Horizons Marijuana Life Sciences Index ETF (HMMJ)

The largest cannabis ETF listed on the Exchange right now, and the first Cannabis ETF to market. This combined fund includes life sciences and bio-tech companies that are investing R&D dollars in the marijuana industry.

### Horizons Junior Marijuana Growers Index ETF (HMJR)

This fund includes publicly listed small-cap companies focused on the legal cultivation and distribution of marijuana.

### ETFMG Alternative Harvest ETF (MJ)

This U.S.-listed ETF provides investors access to the Canadian and global marijuana sector

### Origin Agritech Ltd (SEED)

A technology and rural e-commerce company focused on

## TOP 20 COMPANIES THAT HOLD CANNABIS IN THEIR PORTFOLIO<sup>5</sup>

Holding	HMMJ	MJ	SEED	HMJR
AURORA CANNABIS INC.	14.68%	3.00%	10.00%	
CANOPY GROWTH CORP.	12.85%	8.00%	10.00%	
APHIRA INC.	10.10%		10.00%	
MED RELEAF CORP.	9.50%	5.00%	10.00%	
GW PHARMACEUTICALS PLC.	7.45%			
SCOTTS MIRACLE GRO CO.	6.60%			
CRONOS GROUP INC.	6.29%		10.00%	
CANNIMED THERAPEUTICS INC.	4.25%	6.00%	6.00%	
CANTRUST HOLDINGS INC.	3.78%			
INSYS THERAPEUTICS INC.	2.88%			
EMERALD HEALTH THERAPEUTICS	2.20%	2.00%	5.00%	
SUPREME CANNABIS CO.	2.27%		5.00%	
NEWSTRIKE	1.86%			
ORGANIGRAM HOLDINGS INC.	2.06%	7.00%	5.00%	
22ND CENTURY GROUP INC.	1.77%			
RADIANT TECHNOLOGIES INC.	1.31%			
HYDROPOTHECARY CORP.	1.53%	9.00%		5.56%
ABCANN GLOBAL CORP.	1.24%		2.5%	5.12%
MARICANN GROUP INC	1.25%	7.00%		6.52%
ZYNERBA PHARMACEUTICALS INC	.96%			
ICC LABS INC	0.91%			2.26%

new, agricultural biotechnology development, crop seed breeding and genetic improvement. This ETF includes a diversified mix of domestic and international equities, that also allows for the option to invest up to 10% in private companies.

### Redwoods Marijuana Opportunities Fund (MJJ)

Now called Purpose, this Canada-based Redwoods Marijuana ETF was the first actively managed marijuana-focused fund that allowed managers to use long-short strategy and passive indexing. Top holdings include Purpose High Interest Savings, CannTrst Holdings, HEXO Corp and Apria Inc.<sup>1</sup>

### AdvisorShares Vice ETF (ACT)

While most ETFs passively track stock indexes, Vice is actively managed. While the fund used to focus on real estate, it is shifting focus to pharmaceutical and biotech companies that invest in new ways to distribute marijuana via delivery systems such as vapes and liquids. Top holdings include Boston Beer Company, Turning Point Brands, BJ's Restaurants, Abbot Laboratories and Dave & Busters Entertainment Inc.<sup>2</sup>

## REALLY BIG NAMES. REALLY ON BOARD.

We're all advocates for certain brands. We wear them proudly, we drink them proudly. We engage ourselves in those experiences, and pledge our loyalty through advocacy. Many large alcohol, tobacco and pharmaceutical companies have already gotten in the game. As they move forward and recreational marijuana becomes more widely distributed, they'll be shifting their budgets to marketing and promotion and ultimately become more vocal about building loyalty, and profits around new product.

Constellation Brands invested \$3.8 billion in Canopy Growth Corporation, the biggest deal in cannabis thus far, resulting in a gain of more than 30% in the BI Canada Cannabis Competitive Peers index just 2 weeks after that announcement was made. And global brand, Diageo, is on the hunt for a partner too.

## IT'S PROVEN. FACT.

That stigma that used to be attached to marijuana use? It's gone. Medical cannabis has been proven as a safe wellness option and a safer alternative to combatting the side effects of opiate-based drugs. Experts from the American College

Company	Brand	Future Plans <sup>6</sup>
GW Pharmaceuticals (NASDAQ: GWP)	Epidolex (Epilepsy Drug)	First FDA approved safe and effective marijuana infused medicine
Constellation Brands (NYSE: STZ)	Corona Modelo	Partnering with Canopy Growth to create cannabis infused beverages
Molson Coors (NYSE: TAP) (TSE: TPX)	Molson Coors Coors Light	Partnering with Hydropothecary Corp to create a line of non-alcoholic cannabis beers
Heineken (EPA: HEIA)	Lagunitas	Created THC-infused water brand Hi-Fi Hops

of Physicians, the American Public Health Association and the American Nurses association all recognize cannabis as a safer alternative for treating those experiencing chronic pain, PTSD, cancer, nausea, seizures, muscle spasms and other medical conditions.<sup>3</sup>

As states continue to legalize cannabis, the revenue and tax generation has exceeded government expectations. While prices have been inflationary across the board, investors have been willing to pay a 9% premium on average to purchase cannabis legally.<sup>4</sup>

## THE FUTURE IS FAR FROM SMOKEY.

Invest like your future depends on it. Look at cannabis-based ETFs as an opportunity to get in early and contribute to the future of cannabis research. Consider funds that will contribute to the future of healthcare and invest in companies that are dedicated to helping people find other ways to manage pain and focus on a more healthy, mindful future.



### ADDITIONAL SOURCES:

- [Here's a gateway ETF to invest in the eventual explosion of legal marijuana](#)
- [American Investors Pile Into Marijuana ETF](#)
- [2 New Marijuana ETFs Coming](#)
- [3 Marijuana ETFs to Buy \(and 2 More Coming\)](#)

### ENDNOTES

- 1 <https://www.bloomberg.com/quote/MJJ:CN>
- 2 <https://www.advisorshares.com/fund/act>
- 3 Cowen Equity Research, 9/4/18 "The Lead in Weed"
- 4 Cowen Equity Research, 9/21/18 "Countering the Criticism of Constellations Cannabis Deal"
- 5 <https://www.theglobeandmail.com/globe-investor/funds-and-etfs/etfs/horizons-new-cannabis-etf-stands-apart-from-competitors/article38002121/>
- 6 <https://www.forbes.com/sites/mikeadams/2018/08/14/want-safer-bets-when-investing-in-cannabis-invest-in-beer-and-pharmaceutical-companies/#7ba9ecb86ba1>

### Disclosures

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