

“Capitalize on Cannabis” Webinar

Alan J. Brochstein, CFA

420 Investor

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Alan Brochstein



- ◉ Native Houstonian
- ◉ Investment Management/Securities Analysis for 33 Years
- ◉ Earned CFA Charter 1997
- ◉ Independent Research & Consulting Since 2007
- ◉ Focus on Cannabis Sector in early 2013 and full-time since early 2014, launching 420 Investor in September 2013
- ◉ New Cannabis Ventures launched in September 2015



Today's Discussion

- ① How cannabis investing has changed in the last 7 years
- ① Why 2019 was so tough for cannabis stocks
- ① Positive and negative factors going into 2020

2013-2018 History

Key Events:

- 2012 Colorado and Washington Votes
- 2014 Colorado Legalization
- 2016 Election
- 2018 California Legalization
- 2018 Jeff Sessions Rescinds Cole Memo
- 2018 Canada Legalizes



Comparing 2019 to 2012



2012

2019

- Few Companies (<20)
- Not Real
- OTC Only
- No Institutional Investors
- No Research

- Lots of companies (>500)
- Many are Real
- TSX/CSE and some NYSE/NASDAQ and even Funds/ETFs
- Institutional Investors
- Research

Range of Investments

Direct Cannabis

- Cultivation
- Processing
- Retail
- FDA path

Ancillary

- Branding/IP
- Consumer Goods
- Consumer Services
- Consulting
- Lighting/Equipment
- Media
- Nutrients
- Real Estate
- Software
- Testing Labs

Revenue (and Some Profits)



U.S. Dollar Reporting

Updated for filings through 11/29/19

Company Name	U.S. Symbol	Non-U.S. Symbol	Qtr Ended	Qtrly Sales (USD)	Q Q Growth	Y Y Growth	Adj. Op. Income	Next Financials
GW Pharma	NASDAQ: GWPH		09/30/19	\$91.0	26%	3659%	-\$17.7	~03/16/20
Trulieve	OTC: TCNMF	CSE: TRUL	09/30/19	\$70.7	22%	150%	\$23.4	~04/29/20
Green Thumb Industries	OTC: GTBIF	CSE: GTII	09/30/19	\$68.0	52%	296%	-\$1.9	~04/29/20
Curaleaf	OTC: CURLF	CSE: CURA	09/30/19	\$61.8	27%	189%	-\$12.4	~04/29/20
KushCo Holdings	OTC: KSHB		08/31/19	\$47.0	13%	135%	-\$11.8	~01/14/20
TILT Holdings	OTC: TLLTF	CSE: TILT	09/30/19	\$46.1	18%		-\$4.7	~04/29/20
MedMen Enterprises	OTC: MMNFF	CSE: MMEN	09/30/19	\$44.0	5%	105%	-\$44.3	~04/29/20
Cresco Labs	OTC: CRLBF	CSE: CL	09/30/19	\$36.2	23%	184%	-\$13.6	~04/29/20
Tilray	NASDAQ: TLRY		09/30/19	\$35.5	36%	253%	-\$23.3	~03/30/20
Harvest Health & Recreation	OTC: HRVSF	CSE: HARV	09/30/19	\$33.2	25%	197%	-\$34.5	~04/29/20
AYR Strategies	OTC: AYRSF	CSE: AYR	09/30/19	\$32.1	196%		-\$7.9	~04/29/20
Charlotte's Web Holdings	OTC: CWBHF	TSX: CWEB	09/30/19	\$25.1	0%	42%	-\$1.7	~03/30/20
iAnthus Capital	OTC: ITHUF	CSE: IAN	09/30/19	\$22.3	16%	2279%	-\$26.5	~04/29/20
Acreage Holdings	OTC: ACRGF	CSE: ACRG	09/30/19	\$22.4	26%	307%	-\$43.9	~03/30/20
Columbia Care	OTC: CCHWF	NEO: CCHW	09/30/19	\$22.1	15%	123%	-\$28.5	~03/30/20
GrowGeneration	OTC: GRWG		09/30/19	\$21.8	12%	159%	\$1.1	~03/30/20

Canadian Dollar Reporting

Updated for filings through 11/27/19

Company Name	U.S. Symbol	Non-U.S. Symbol	Qtr Ended	Qtrly Sales (CAD)	Q Q Growth	Y Y Growth	Adj. Op. Income	Next Financials
Canopy Growth	NYSE: CGC	TSX: WEED	9/30/19	\$76.6	-15%	228%	-\$279.1	~02/14/20
Aurora Cannabis	NYSE: ACB	TSX: ACB	9/30/19	\$75.2	-24%	167%	-\$88.6	~02/14/20
MediPharm Labs	OTC: MEDIF	TSX: LABS	09/30/19	\$43.4	38%		\$5.4	~03/30/20
Aphria	NYSE: APHA	TSX: APHA	08/31/19	\$30.8	8%	132%	-\$13.9	~01/14/20
Sundial Growers	NASDAQ: SNDL		09/30/19	\$28.0	45%		-\$7.2	~03/30/20
TerrAscend	OTC: TRSSF	CSE: TER	09/30/19	\$26.8	53%	1402%	-\$20.5	~04/29/20
Origin House	OTC: ORHOF	CSE: OH	09/30/19	\$22.8	6%	244%	-\$16.0	~04/29/20
National Access Cannabis	OTC: NACNF	TSXV: META	05/31/19	\$17.0	5%	3121%	-\$5.2	~12/30/19
Valens GroWorks	OTC: VGWCF	TSXV: VGW	08/31/19	\$16.5	87%		\$5.5	~03/30/20
Organigram	NASDAQ: OGI	TSX: OGI	08/31/19	\$16.3	-34%	503%	-\$13.1	~01/14/20
HEXO Corp	NYSE: HEXO	TSX: HEXO	07/31/19	\$15.4	18%	994%	-\$41.8	12/16/19
Alcanna	OTC: LQSIF	TSX: CLIQ	09/30/19	\$12.9	47%		\$0.9	~03/30/20
Cronos Group	NASDAQ: CRON	TSX: CRON	09/30/19	\$12.7	24%	238%	-\$29.5	~03/30/20
Supreme Cannabis	OTC: SPRWF	TSX: FIRE	09/30/19	\$11.4	-40%	122%	-\$11.4	~02/14/20
Fire & Flower	OTC: FFLWF	TSX: FAF	08/03/19	\$11.1	16%		-\$5.9	~12/16/19

Disappointment in 2019



- Canada – Weak Roll Out, CannTrust Scandal
- California – Weak Roll Out
- Vaping Crisis
- Capital Crunch

Reasons for Optimism in 2020

- ◎ Canada
 - > Cannabis 2.0
 - > More Stores
- ◎ America
 - > Illinois Legalizes January 1st
 - > Elections in November
 - > FL, NJ, NY and PA via Legislature

Reasons for Concern in 2020

- ⦿ Capital Crunch Will Persist
- ⦿ Unlikely Legislative Progress
 - > SAFE Banking Act
 - > STATES Act
- ⦿ Canada: Pricing Pressure
- ⦿ Hemp is a Mess

In Conclusion

- Cannabis stocks will suffer their second consecutive large decline in 2019 after two big up years
- Weakness can be attributed to several factors
- 2020 has several positive catalysts, but there will be continued challenges
- Bottom Line: Opportunities for some, risk for many companies and lots of volatility

A Few Words about 420 Investor



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About Alan Brochstein, CFA



Alan Brochstein, CFA, is a leading authority on cannabis-related investments as the founder of internet-based [420 Investor](#) and [New Cannabis Ventures](#). He is a member of the National Cannabis Industry Association (NCIA) in an ongoing effort to promote the industry and supports many organizations seeking responsible, regulated legal cannabis.

Background

After beginning his financial career working in the New York City bond business, with Kidder, Peabody and then First Boston's investment management subsidiary, Alan joined Criterion Investment Management as a portfolio manager in a \$10 billion fixed-income advisory business. Later, Alan was a principal and analyst/portfolio manager at Piedra Capital, where he focused on Mid-Cap Growth stocks for institutional and individual clients of the firm.

In 2006 Alan began his own business, AB Analytical Services. Until early 2014, he was a consultant to several investment advisors and an independent research firm and provided a model portfolio service and a trade-alert service to individual investors

Alan, who resides in Houston, graduated from Northwestern University in 1986 with a B. A. in Economics and Mathematical Methods in the Social Sciences



Contact Information



Alan J. Brochstein, CFA
alan@420investor.com

- ◉ 420 Investor: 420Investor.com
- ◉ New Cannabis Ventures: NewCannabisVentures.com
- ◉ Twitter: twitter.com/Invest420
- ◉ Facebook: facebook.com/420investor
- ◉ Facebook: facebook.com/NCVmedia
- ◉ LinkedIn: linkedin.com/in/alanbrochstein
- ◉ LinkedIn: [Cannabis Investors & Entrepreneurs](#)