

Last week, we attended ACG New York 2017 Westchester Breakfast ‘2nd Annual Cannabis Forum’ event. Here are five of our top takeaways from the panel, which focused on, ‘Cannabis Investing’

Prepared by TresVista Financial Services

5 THINGS YOU MISSED LAST WEEK –

1 Cannabis Industry – one of the fastest growing industries in the US: According to a report by New Frontier Data cannabis will employ more workers than manufacturing throughout the US by 2020. The market for medical marijuana and recreational cannabis are expected to be worth \$13.3 billion and \$11.2 billion respectively by 2020. While these are the currently reported numbers, Paul Marino believes that these numbers are likely to increase as marijuana is legalized. The federal agency, FinCEN believes that legitimate banking activity in this sector is likely to increase over the next few years.

2 Changing Investor Sentiment: Investor sentiment regarding this industry has changed considerably over the last few years. The public is more open to the industry and poles show that 75% or more Americans believe that marijuana should be legalised. *“Institutional investment is minimal. It has not increased at all, it winds up being High Net Worth Individuals that are outside of the regulated financial services”* said Michael Feinsod of General Cannabis. The industry is currently funded by super angels, micro VCs, and micro Private Equities. However, institutional investors remain weary of the space primarily because of the regulatory instability.

3 Government’s position on Marijuana: The Cole Memo that came out in 2014 opened the doors to legally dealing with banks for the Cannabis Industry. Since the presidential election in 2016 there was a lot uncertainty regarding the government’s stand on the Marijuana Industry, the Attorney General, Jefferson Sessions, has a strong opinion on marijuana and has in fact spoken out against marijuana use and has condemned individuals who smoke marijuana. However, last week the Attorney General gave some guidance that the Cole Memo is in place, thus validating the legality of the industry’s operations.

4 Research Required in Medical Marijuana: The field of medical marijuana and the biotech aspect of marijuana is in a state of flux. *“It is a topic that is fraught with a lot of speculative uncertainty. There is a thought that marijuana might be a cure to everything”* says David Battlement of True North Life Sciences. However, there is very little research and data to back this school of thought. With the recent opioid epidemic a lot of attention has been given to medical marijuana as an alternative to opioids. While substantial data is present to support the use of cannabinoids for mild to moderate chronic pain, there is little evidence supporting the use of marijuana for severe chronic or traumatic pain management. While a lot of research is being done in this space, there is not much data present currently that supports the use of cannabis for other medical purposes. In addition to this, research is required to produce consistent batches of marijuana that can be used for research or sold as medicine.

5 Cannabis Investing for the Average Investor: There are a lot of publicly listed Cannabis stocks in Canada, however, experts believe that many of the management teams behind these companies are not worth investing in. One of the safer ways of investing in this industry would be to go with one of the reputed fund managers who would allow investors to have some diversification in their investment as opposed to investing in one or two deals that significantly increases risk exposure

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