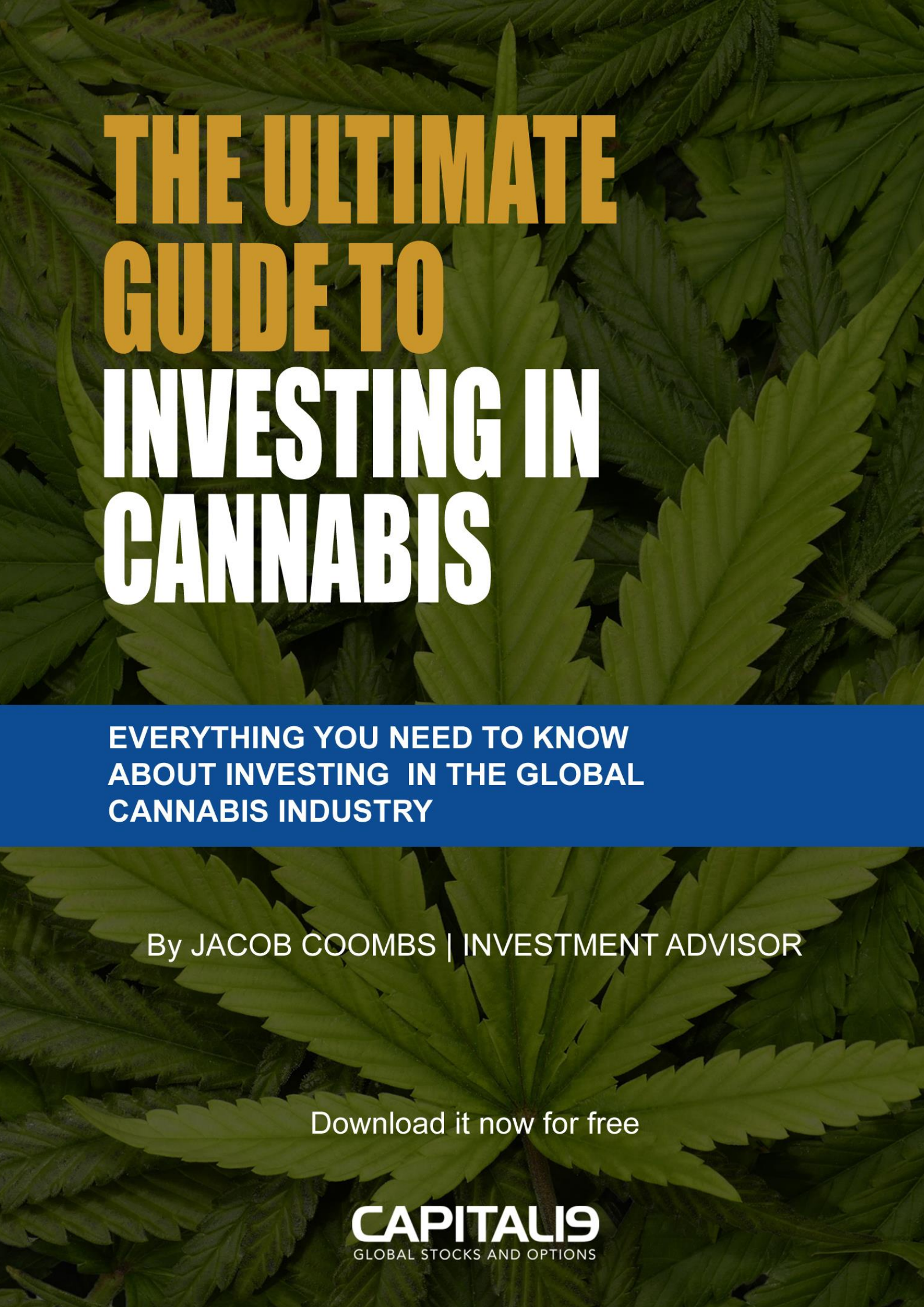
THE ULTIMATE GUIDE TO INVESTING IN CANNABIS
EVERYTHING YOU NEED TO KNOW ABOUT INVESTING IN THE GLOBAL CANNABIS INDUSTRY
By JACOB COOMBS | INVESTMENT ADVISOR
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GLOBAL STOCKS AND OPTIONS

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Introducing the Cannabis Industry

Over the past year, Cannabis has become one of the hottest and most talked about sectors across world markets, which is interesting considering that it wasn't all that long ago that the very notion of investing in the flowering herb meant you were running afoul of the law. Because the recreational use of cannabis has been illegal in most Western countries since the 1930s it's been significantly under-researched by modern pharmacology. The situation has changed in recent times however, as we've seen an increasing amount of research being published, supporting the medicinal benefits of the plant. Couple that, with exponential revenue generation for the current players in the sector, this could be an opportune time to invest in cannabis.

What is Cannabis?

Cannabis has been more commonly referred to as “marijuana” and informally as “weed” or “pot”. There are two main properties of the cannabis plant, delta-9 tetrahydrocannabinol (THC) and cannabidiol (CBD). Both compounds interact with your body’s endocannabinoid system to impact the release of neurotransmitters in your brain. These neurotransmitters relay messages between cells about pain, sleep, stress and many other functions. Each compound interacts differently to produce different effects on the body.

So far there have been at least 113 cannabinoids officially identified in cannabis. Although the reports vary on how many other compounds are present in the plant, with some of those only registered at extremely low levels, the figure has been up around the 500 mark.

THC

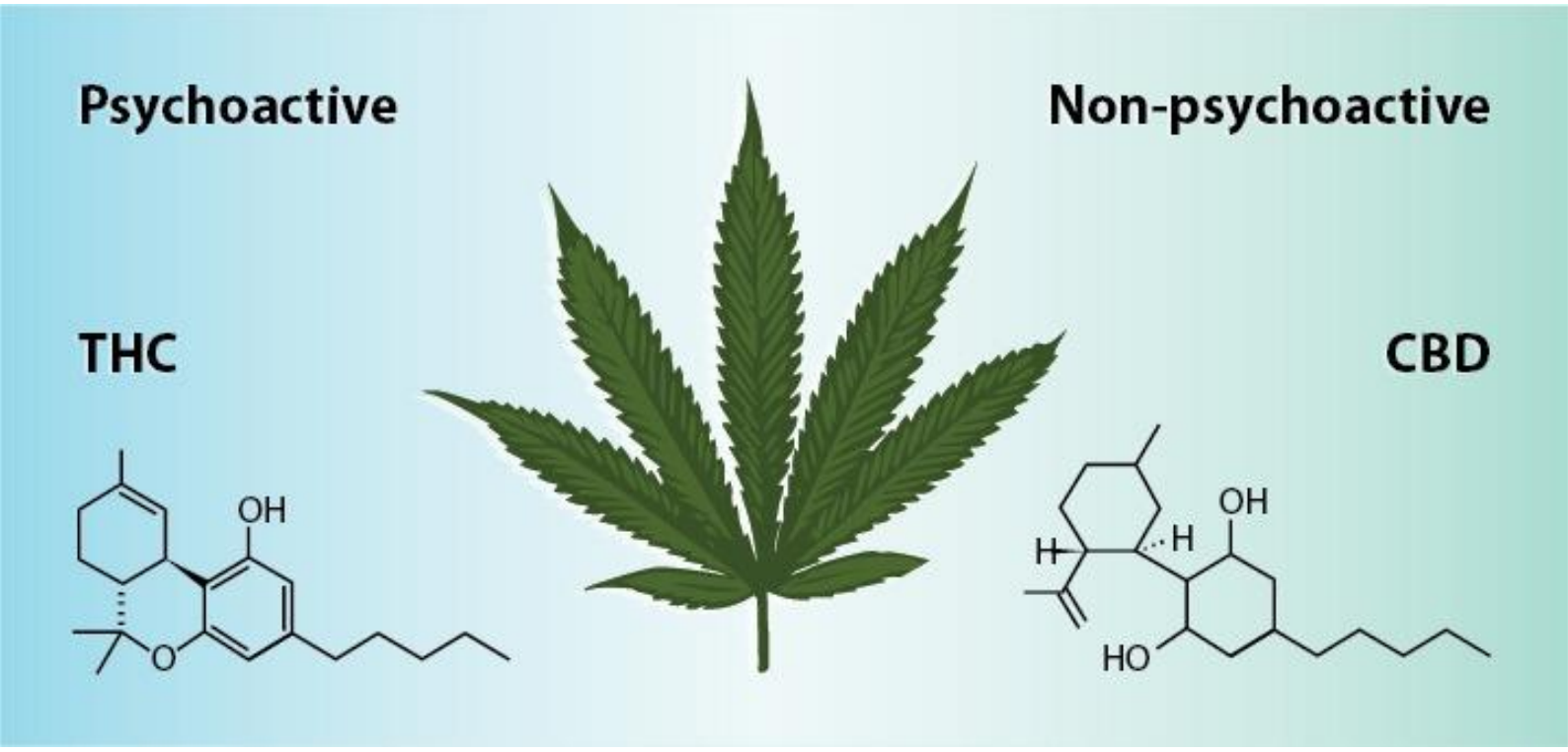
THC is the main psychoactive ingredient; it is the compound that generates the euphoric ‘high’ associated with recreational cannabis use. Along with recreational use, it has been used medically for its pain-relieving and relaxing effects.

The effects of THC include:

- Relaxation
- Altered sense of sight, smell and hearing
- Hunger
- Reduced aggression

Research shows THC may be useful in treating a range of health problems including:

- Chronic pain
- Digestive health
- Nausea from Chemotherapy
- Muscle spasms caused by Multiple Sclerosis
- Seizure disorders
- Chron's disease
- Poor appetite and weight loss caused by illnesses such as HIV/AIDS



In some reported cases THC can induce hallucinations, change thinking and cause delusions. On average, the effects last about two hours and take effect 10 to 30 minutes after ingestion.

The effects of marijuana make it a popular drug. In fact, it is considered one of the most commonly used illicit drugs in the world. But these effects also concern mental health advocates.

THC can trigger a relapse in schizophrenic symptoms, according to NIDA. Another possible risk of consuming THC comes in the form of impaired motor skills. Marijuana may impair driving or similar tasks for approximately three hours after consumption and it is the second-most common psychoactive substance found in drivers, after alcohol.

CBD

Cannabidiol is one of the most critical cannabinoids within the cannabis plant. It exists both in agricultural hemp, as well as medical cannabis. While cannabinoids are present within several plants in nature, cannabis is the only plant known to contain CBD. It has almost an identical chemical formula to THC, differing only to the different arrangement of atoms. This slight variance causes THC to create a psychoactive effect, while CBD does not. This fact means that when you ingest CBD for medical purposes, you will more likely experience relief of your unwanted discomfort, with little or no noticeable effect on your cognitive abilities.

Research shows that CBD may be useful in helping with:

- Pain (neuropathic, chronic, cancer-related, etc.)
- Epilepsy
- Multiple Sclerosis (MS)
- Amyotrophic Lateral Sclerosis (ALS)
- Parkinson's
- Inflammation
- Acne
- Dyskinesia
- Psoriasis
- Broken bones
- Mad cow disease
- Depression
- Bacterial infections
- Diabetes
- Rheumatoid arthritis
- Nausea
- Anxiety
- ADHD
- Schizophrenia
- Substance abuse/withdrawal
- Heart disease
- Irritable bowel syndrome (IBS)

The fact that CBD is therapeutically potent as well as non-intoxicating, and easy to take as CBD oil, makes it an appealing treatment option for those who are cautious about trying cannabis for the first time.

There's a lot of excitement about the healing potential of CBD, with good reason. In June of 2018, the U.S. Food and Drug Administration (FDA) recognised cannabidiol as a real medicine by approving Epidiolex, an almost pure pharmaceutical CBD formulation, as a treatment for two severe pediatric seizure disorders, Lennox-Gastaut Syndrome and Dravet Syndrome. This was the first time since the peak of Cannabis madness nearly 80 years ago, when marijuana became a crime instead of a cure, that the federal government had given an official thumbs-up for cannabis-derived products.

HEMP OIL VS CANNABIS OIL

The difference between CBD from Hemp and CBD from Cannabis strains

HEMP OIL

PRODUCT:
Hemp bi-product.

LABELS:
Must state that is is made from hemp.

TESTING
Due to lax testing outside the U.S. products may be highly contaminated.

INGREDIENTS
GMO's, tranfats & additives

EXTRACTION:
BHO, propane, hexane or hydrocarbons.

HEMP:
Typically low in cannabinoid content. A huge amount of hemp is required to extract a small amount of CBD, raising the risk of contaminants because hemp, a bioaccumulator, draws toxins from the soil.

CANNABIS OIL

PRODUCT:
High level CBD. For maximum therapeutic impact, choose both CBD and THC product.

LABELS:
Show ratio of CBD/THC, a manufacturing date and batch number.

TESTING:
Tested for consistency.

INGREDIENTS:
No corn syrup, GMO's, tranfats or additives.

EXTRACTION:
Non-toxic, supercritical CO2.

CANNABIS:
The robust terpene profile of whole plant cannabis enhances the therapeutic benefits of CBD and THC.

What about CBD from Hemp?

Hemp is a cannabis variety that is primarily grown for its fibre. It can be refined into paper, textiles, clothing, biodegradable plastics, building materials and insulation, paint, biofuel and animal feed. It contains a higher concentration of CBD and, in most cases, less than 0.2% THC, making it the ideal source for CBD oil. Hemp seeds have recently been labelled a 'superfood', containing high levels of protein, dietary fibre and amino acids. They are also a rich source of magnesium, zinc and iron.

Hemp seeds can be eaten raw, ground into hemp meal or made into a liquid such as hemp 'milk'. They can also be cold pressed into oil.

The 2018 Farm Bill includes a provision that legalises the cultivation of hemp (cannabis with less than 0.3 per cent THC) in large part because of the popularity and driving economic force of CBD. Growing hemp is now a legitimate agricultural enterprise in the United States. But extracting CBD-rich oil from hemp biomass and marketing CBD oil concentrates and isolates for ingestion and inhalation steps on Pharmaceutical Companies' toes and is frowned upon by the DEA and the FDA.

Legalities aside, hemp-derived cannabidiol is just a mouse click or a phone tap away for anyone willing to roll the dice and purchase CBD oil products that are manufactured with little regulatory oversight. The upside of all this is easy access to CBD oil; the downside is inconsistent quality.

THE MANY USES OF HEMP

HEMP PLANT HAS UP TO 50,000 USES

STALK

FIBER
- TEXTILES
- INSULATION
- ROPE

HURDS
- PAPER
- ORGANIC COMPOST
- ANIMAL BEDDING
- FIBER BOARD

SEEDS

OIL
- COOKING/SEASONING OIL
- DIETARY SUPPLEMENT
- BODY CARE PRODUCTS
- FUEL
- PAINT

SEED CAKE
- FLOUR
- BEER
- ANIMAL FEED

HEMP NUT
- MILK/DAIRY
- BAKERY
- GRANOLA
- PROTEIN POWDER

ROOTS
- MEDICINE
- ORGANIC COMPOST

LEAVES/FLOWERS
- ANIMAL BEDDING
- MULCH/COMPOST
- MEDICINE/RECREATION

Medical History

Cannabis has an extremely long history with the first documented case of its use dating back to the time of Chinese Emperor Shen Nung, known as the "father of Chinese medicine" Circa 2800 BC. The benefit of cannabis use has also been mentioned in ancient texts of the Greeks, Romans, Indian Hindus and Assyrians. Ancient Hindu texts attribute the onset of fever with the 'hot breath of the gods' who were angered by the afflicted person's behaviour. Using cannabis in religious rites appeased the gods and hence reduced the fever.

Recent scientific evidence provides an alternative explanation of course – THC acts on the hypothalamus to reduce body temperature.

In the 19th Century, marijuana emerged as mainstream medicine in the West. Studies in the 1840s by a French psychiatrist by the name of Jacques-Joseph Moreau found that marijuana suppressed headaches increased appetites, and aided people to sleep.

By 1850, marijuana had made its way into the United States Pharmacopeia [an official public standards-setting authority for all prescription and over-the-counter medicines], which listed marijuana as a treatment for numerous afflictions.

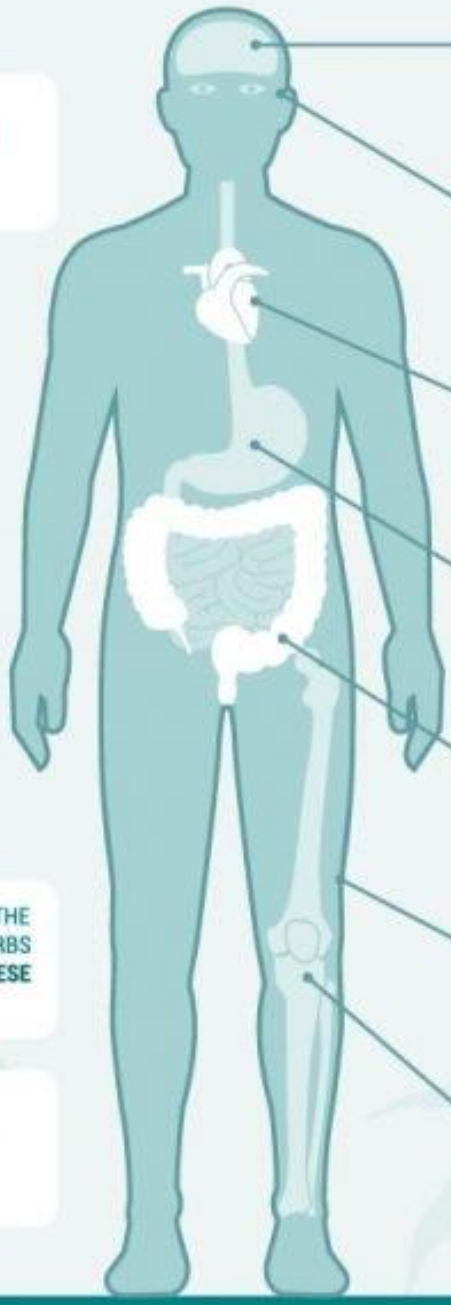
CBD HEALTH BENEFITS

HOW **CANNABIDIOL** (CBD)
CAN HELP YOUR **WELLNESS**

CBD IS THE
NON-PSYCHOACTIVE
CANNABINOID
FOUND IN HEMP

CANNABIS IS ONE OF THE
50 FUNDAMENTAL HERBS
IN **TRADITIONAL CHINESE**
MEDICINE

THE **RESIN** HAS THE
MOST THERAPEUTIC
COMPOUNDS



BRAIN
ANTI-ANXIETY
NEUROPROTECTIVE
ANTIOXIDANT

EYES
VASORELAXANT FOR GLAUCOMA

HEART/ARTERIES
ANTI-ISCHEMIC
PREVENTS ATHEROSCLEROSIS
ANTI-INFLAMMATORY

STOMACH
ANTI-EMETIC
APPETITE CONTROL
HELPS DIGESTION

INTESTINES
ANTI-PROKINETIC

SKIN
HEALTHIER SKIN, HAIR AND NAILS

BONES AND JOINTS
BONES STRENGTHENING
REDUCES OSTEOPOROSIS
REDUCES ARTHRITIS AND JOINT PAIN

Industrial History

Hemp is among the oldest industries on the planet, going back more than 10,000 years to the beginning of pottery. The Columbia History of the World states that the weaving of hemp fibre began over 10,000 years ago. Presidents Washington and Jefferson both grew hemp. Americans were legally bound to grow hemp during the Colonial Era and the Early Republic.

In **2000 B.C.** hemp was so important to ancient China that it was considered one of the '5 grains', 5 cultivated crops that were thought to be sacred.

In **1454** the world's first book to be printed on a moveable type printing press, the Gutenberg Bible, was printed on hemp paper. The few remaining original copies are considered to be the most valuable books in the world with a complete copy valued at $25million.

In **1492** Christopher Columbus brought European hemp to the new world.

In Great Britain, hemp cultivation dates back to 800AD. In **1533** King Henry VIII encouraged farmers to plant the crop extensively to provide materials for the British Naval fleet. He even fined those who refused. It was needed for the construction of battleships and their components. Ropes and rigging were also made from hemp along with hemp paper which was used for maps, logs and even for the Bibles that sailors may have brought on board.

In **1690** the first American paper mill made paper from hemp and in **1853** Levi Strauss & Co used hemp to make the world's first pair of jeans for the Sierra gold miners.

In **1897** Rudolph Diesel invented the world's first diesel engine which was designed to run on clean-burning vegetable oils including Hemp Oil which does not cause pollution or create carbon buildup inside engines. For 30 years Hemp Oil was the fuel of choice for automobiles until international banking cartels sought to destroy hemp so they could replace it with their toxic petrochemical fuels.

In **1930**, everything came to a halt when Harry Anslinger was appointed a commissioner of the newly created Federal Bureau of Narcotics by his father-in-law Andrew Mellon, one of the most powerful bankers in the USA. Mellon plus two other bankers Rockefeller and Carnegie had significant investments in Oil, Paper, Synthetic Fibre, Petrochemical Plastics and Pharmaceuticals - all of which were about to be made obsolete by technological advancements in Hemp processing.

In **1942** the U.S. government couldn't take part in World War 2 without hemp for military clothing and equipment. This forced them to stop demonising hemp and led to them launching a campaign to encourage, and reward, US farmers for growing hemp with a PR video titled "Hemp for Victory".

In **1956** the U.S. government decided to elevate the classification of cannabis to a schedule 1 narcotic, stating it had no medical benefit and being equally as harmful as crack cocaine or heroin. Teenagers found in possession of cannabis (including hemp) could face life imprisonment.

40 years later, in **1996**, Canada made the decision to legalise the growing of hemp which not only created employment but generated hundreds of millions of dollars in revenue which then led to the national legalisation of medical cannabis in **2001**.

Why was cannabis made illegal?

Cannabis was a key ingredient in many mass-produced legal drugs in the early 1900s before restrictions increased and it started being labelled as poison. To understand why, it's important to look back to what was happening in the United States at the time, just after the Mexican Revolution.

During this time there was an influx of immigration from Mexico into the U.S. Not surprisingly, these new Americans brought with them their culture and customs. One of these customs was the use of cannabis as a medicine and relaxant. Mexican immigrants referred to the plant as "marihuana", while Americans were only familiar with "cannabis" due to the presence in almost all tinctures and medicines at the time.

When the media started to play on the fears that the public had about these new citizens by falsely spreading claims about the “disruptive Mexicans” with their dangerous native behaviours including “marihuana” use, the rest of the nation didn’t know that this “marihuana” was a plant they already had in their medicine cabinets.

The demonization of the cannabis plant was an extension of the demonization of the Mexican immigrants. The idea was to have an excuse to search, detain and deport Mexican immigrants. That excuse became marijuana.

During hearings on marijuana law in the 1930s, claims were made about the plant's ability to cause men of colour to become violent and solicit sex from white women. This imagery became the backdrop for the Marijuana Tax Act of 1937 which effectively made illegal all use and sales. While the Act was ruled unconstitutional years later, it was replaced with the Controlled Substances Act in May of 1971.

Two American men have been marked as the culprits for the modern prohibition of marijuana; Harry Anslinger, the 1st Commissioner of the Federal Bureau of Narcotics and the author of the 1937 Tax Act, and William Randolph Hearst, a publishing and timber mogul, who was considered to be his co-conspirator.

In 1936 a propaganda film called “Reefer Madness” was released, telling the story of teenagers who were enticed into smoking “reefer” (cannabis) which in turn led them to live a life of horrendous crime. It demonized marijuana as a dangerous drug and played on the racist attitudes of white Americans at the time, mimicking Anslinger's campaign which depicted African-Americans as

being more disposed to the drug. One of his most infamous quotes being: *"Reefer makes darkies think they're as good as white men*".

Meanwhile, Hearst had lost hundreds of thousands of acres of timberland to Pancho Villa during the Revolution, plus his paper mills were being replaced with hemp. So, he took advantage of his publishing empire to taint the public's perception of cannabis by linking it to Mexicans. These campaigns worked and, by the end of the 1930s, the use and possession of cannabis was banned entirely and the plant had become regulated in every US state.

Legal Advancements

In November of 1996 California became the first state to legalise medical marijuana. Voters passed an initiative known as Proposition 215 which permitted patients, and their caregivers, to possess and consume marijuana for the treatment of AIDS, cancer, muscular spasms, migraines and several other disorders. It also protected physicians and specialist from being punished should they recommend the drug to their patients. In 1998 Alaska, Oregon and Washington followed suit to become the 2nd, 3rd and 4th states to legalise respectively.

Shortly after, in early '99, Maine became the 5th state and during 2000 Hawaii became the 6th, Colorado became the 7th and Nevada the 8th. This was the beginning of a massive shift in consumer sentiment toward the drug. Legalisation brought along a range of funding into research and projects that were established to look into the benefits of medical marijuana and to

disprove the stigma and previous historical claims that have been made to demonize the plant.

In 2001 legal constraints around cannabis eased in Canada as they became the first country in the world to adopt a formal system to regulate the medicinal use of marijuana and in 2003, they began supplying patients suffering from chronic pain, AIDS and cancer, among other diseases. In late 2018, Canada became the 2nd country in the world to legalise cannabis, which came with regulation similar to alcohol, with limits on home production, distribution and specific consumption areas and sale times.

The law states adults who are 18 years or older are legally able to:

- Possess up to 30 grams of legal cannabis, dried or equivalent in the non-dried form in public
- Share up to 30 grams of legal cannabis with other adults
- Buy dried or fresh cannabis and cannabis oil from a provincially-licensed retailer
- Grow up to 4 cannabis plants per residence for personal use

In 2018 South Africa also legalised cannabis consumption, but not legal sales, while Denmark, Malta, Portugal and Zimbabwe all legalised medicinal cannabis.

As of 2019 Uruguay and Canada are the only sovereign states that have fully legalised the consumption and sale of recreational cannabis nationwide. In the United States, ten states and the District of Columbia have legalised the recreational use of cannabis although it remains federally illegal.

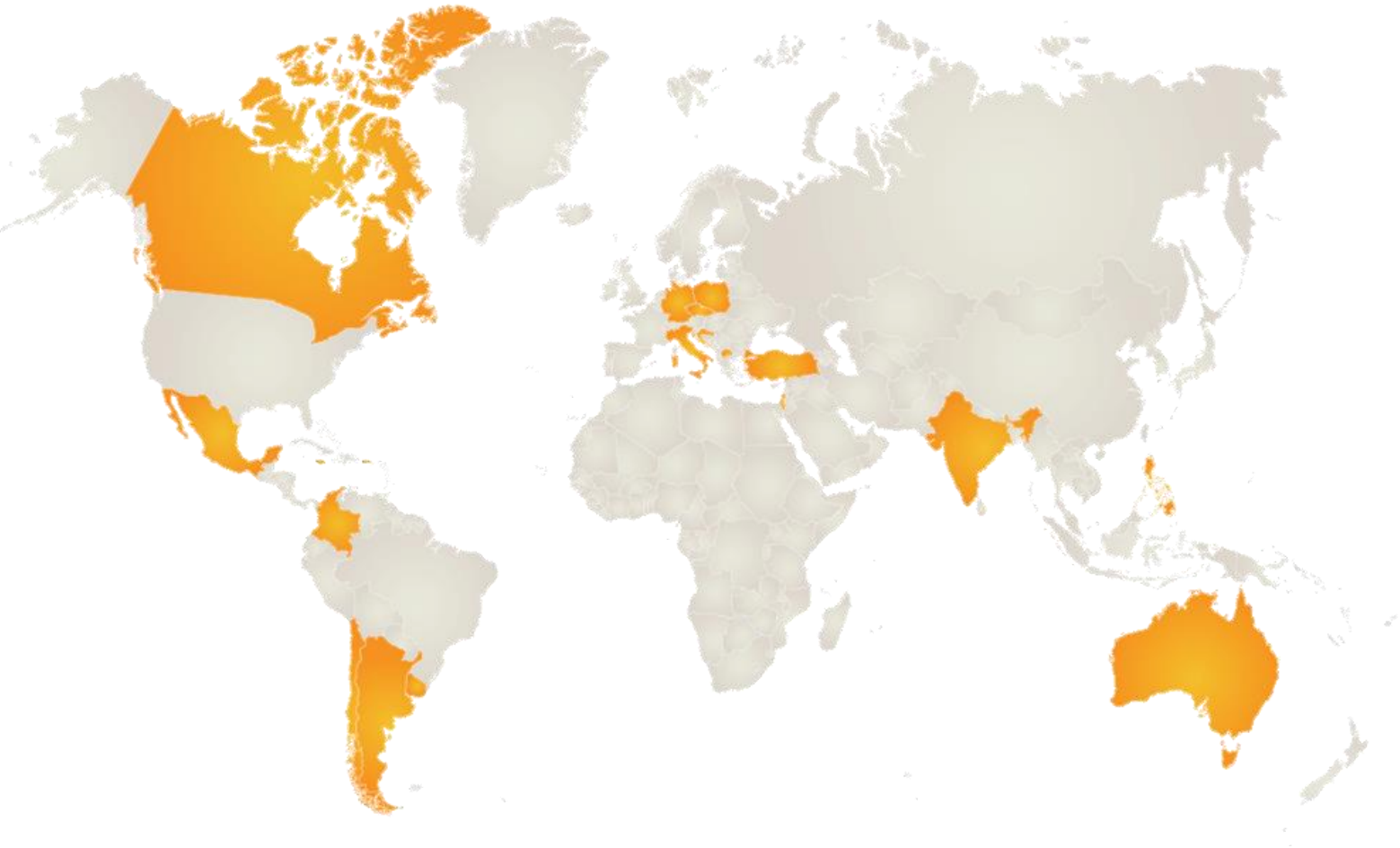
Laws vary from state to state when it comes to the commercial sale. Court rulings in Georgia and South Africa have led to the legalisation of cannabis

consumption, but not legal sales. A policy of limited enforcement has also been adopted in many countries, in particular, Spain and the Netherlands where the sale of cannabis is tolerated at licensed establishments.

Countries that have legalised the medical use of cannabis include Australia, Canada, Chile, Colombia, Croatia, Cyprus, Finland, Germany, Greece, Israel, Italy, Luxembourg, North Macedonia, Norway, the Netherlands, New Zealand, Peru, Poland, and Thailand. Others have more restrictive laws that only allow the use of certain cannabis-derived pharmaceutical drugs.

In the United States, 33 states and the District of Columbia have legalised the medical use of cannabis, but at the federal level, its use remains prohibited for any purpose.

Global Legalisation Status



(Note: Countries that have decriminalized possession for small amounts, whilst U.S.A not shown)

Argentina: Medically legalised/decriminalized

Medical cannabis has been legal in Chubut and Santa Fe Provinces since late 2016. The Argentinian senate legalised cannabidiol (CBD) oil for treatment of certain conditions, including epilepsy. The national medical authorities are the only group allowed to produce and distribute the medicine

Australia: Medically legalised/partially decriminalized

Australia federally legalised production of Medical Marijuana on Feb. 24, 2016, and the use of it on Nov. 1, 2016. First federal research license granted Feb. 17, by The Office of Drug Control in the Federal Department of Health.

Canada: Full federal legalisation

Canada legalised medical cannabis use and cultivation in 2001. The program, which licenses cannabis producers, is regulated by the Marijuana for Medical Purposes Regulations by Health Canada. The country legalised adult-use on July 1, 2018. As of January 2019, online sales of cannabis were well underway, via provincial or territorial governments. Most provinces also had storefront operations selling cannabis and other cannabis-derived products.

Chile: Medically legalised/decriminalized

Chile legalised the cultivation of medical cannabis in 2014. Cultivators must get a license from the Chilean Agriculture Service. Sale of medical cannabis is only allowed through prescription at pharmacies.

Colombia: Medically legalised/decriminalized

On Dec. 22, 2015, President Juan Manuel Santos signed a bill into law to regulate the medical cannabis industry. It is now fully legal to grow, process, import and export medical cannabis and cannabis derivatives if you possess a federal license from the National Narcotics Council and/or the health ministry.

Croatia: Medically legalised

Legal for certain conditions such as cancer, multiple sclerosis, AIDS. Cannabis is currently imported, there is no cultivation coming out of Croatia.

Czech Republic: Medically legalised

Since 2013, MMJ has been legal in the Czech Republic. In the first year of the program, federal authorities imported medical cannabis products to sell at pharmacies. Today, licensed cultivators grow cannabis for the state.

Germany: Medically legalised/decriminalized

Early last year, Germany began importing medical marijuana (MMJ) from Canada as part of a recently expanded program. Potential cultivators are vying for government licenses, and current patients may pick up their prescriptions at pharmacies.

India: Federally illegal, but legal in some states

While cannabis (often called “ganja” in India) remains federally illegal, it is reportedly widely tolerated, and several states have their own laws legalizing cannabis for possession/use or sale.

Israel: Medically legalised

Long a centre for cannabis research, Israel legalised medical marijuana in the 1990s. In 2004, it began experimenting with THC as a treatment for PTSD in its military members. There are currently eight licensed producers, and patients can get their prescriptions filled in company stores or medical centres.

Italy: Medically legalised

Italy legalised cannabis for medical use in 2013. Currently, production is limited to a military operation in Florence called the Military Pharmaceutical Plant. The Army sends final medicine to pharmacies across the country, where patients with prescriptions can purchase medicine.

Jamaica: Partially medically legalised/decriminalized

In February 2015, an amendment to the Dangerous Drugs Act was passed in the House of Representatives, making minor possession a civil penalty and opening the door for a regulated system of permits and licenses, as well as use for medical, therapeutic and religious purposes.

Republic of North Macedonia: Medically legalised

Legalised in 2016, medical marijuana in the Republic of North Macedonia is already attracting international investors. A U.S.-based group, NYSK Holdings, has invested in a cannabis oil-producing plant in the Balkan country. Production is regulated by the federal authorities who issue licenses to select operators.

Mexico: Medically legalised/decriminalized

A recent law change saw cannabis legalised for medical purposes in Mexico. In April 2018, the Mexican Chamber of Deputies approved a Senate measure legalizing the plant for medical use. Regulation and policies are being set by the country's Health Department.

Philippines: Medical cannabis legislation in progress

The House of Representatives is currently debating HB 6517, which would legalise cannabis in all forms for medical use. President Rodrigo Duterte is set to have the final say and has expressed support for any legislation to legalise medical marijuana, which is of vast contrast to his ongoing Philippine Drug War.

Poland: Partially medically legalised

While cannabis is still illegal in Poland, health authorities have been issuing reimbursements for the purchase of medical cannabis. Medical cannabis products are imported from other countries. Currently, no laws regulate nor legalise the domestic production of cannabis.

Puerto Rico: Medically legalised

An executive order signed by the governor legalised the medical use of cannabis in 2015. Only groups licensed by the U.S. territory may cultivate medical cannabis. Dispensary sales began early this year.

Turkey: Medically legalised

Turkey legalised cannabis for medical uses in October 2016. Cultivation is allowed in select provinces, although any province can host a cultivation facility for scientific purposes if the federal authorities allow it. Licenses are government-controlled and valid for three years.

Uruguay: Legalised

Uruguay legalised cannabis in all forms in 2013. Consumers must be 18 years old or older, and residents of Uruguay and must be registered with federal authorities. Cannabis sold in the country is produced by the federal government.

U.S. Legalisation

In the United States, the use and possession of cannabis is illegal under federal law for any purpose, by way of the Controlled Substances Act of 1970. At the state level, however, policies regarding the medical and recreational use of cannabis vary greatly, and in many states conflict significantly with federal law. The medicinal use is legal in 33 states plus the District of Columbia and the recreational use is legal in 10 states as well as the District of Columbia.

Alaska

Adults 21 and over can light up in Alaska. In early 2015, the northernmost US state made it legal for residents to use, possess, and transport up to an ounce of marijuana – roughly a sandwich bag full – for recreational use. The first pot shop opened for business in late 2016.

California

It was the first state to legalise medical marijuana back in 1996. California became even more pot-friendly in 2016 when it made it legal to use and carry up to an ounce of marijuana.

The law also permits adults 21 and over to buy up to eight grams of marijuana concentrates, which are found in edibles, and grow no more than six marijuana plants per household.

Colorado

In Colorado, there are more marijuana dispensaries than Starbucks and McDonald's locations combined. The state joined Washington in becoming the first two states to fully legalise the drug in 2012.

Residents and tourists over the age of 21 can buy up to one ounce of marijuana or eight grams of concentrates. Some Colorado counties and cities have passed more restrictive laws.

Maine

A ballot initiative gave Mainers the right to possess up to 2.5 ounces of marijuana, more than double the limit in most other states. But that doesn't mean residents can buy the drug.

Lawmakers in Maine reached an agreement in May to make the legalisation bill law, though Gov. Marijuana dispensaries are expected to open within the state by 2019.

Massachusetts

In 2016, Massachusetts gave residents the green light to carry and use an ounce of marijuana and grow up to 12 plants in their homes.

Michigan

Voters in Michigan passed Proposition 1, making it the first state in the Midwest to legalise the possession and sale of marijuana for adults over the age of 21. The law is more permissive than other states with legal marijuana: Most allow residents to only possess up to an ounce at a time.

Nevada

Residents and tourists who are 21 and over can buy an ounce of marijuana or one-eighth of an ounce of edibles or concentrates in Nevada – while supplies last. Less than two weeks after sales of recreational weed began on July 1, 2017, many stores ran out of marijuana to sell.

The state has earned nearly $US20 million in marijuana tax revenue since the market launched.

There's bad news if you want to grow your own bud, though. Nevada residents must live 25 miles outside the nearest dispensary in order to be eligible for a grower's licence.

Oregon

Oregonians have enjoyed the right to carry an ounce of weed and grow up to four plants at home since 2015. It's also legal to give edibles as a gift, as long as they're ingested in private.

Sales have exploded since legalisation. In 2017, the state paid out $US85 million in marijuana tax revenue to fund schools, public health initiatives, state police, and local government.

Vermont

Vermont became the first state to legalise marijuana through the legislature, rather than a ballot initiative, when Republic Governor Phil Scott signed a bill into law on January 22.

Adults in the Green Mountain State will be able to carry up to an ounce of marijuana and grow no more than two plants for recreational use. The new law goes into effect in July. But the bill is limited in scope. It doesn't establish a legal market for the production and sale of the drug.

Washington

Dispensaries in Washington have raked in over $US1 billion in non-medical marijuana sales since the drug was legalised for recreational use in 2012.

The state allows people to carry up to an ounce of marijuana, but they must require the drug for medicinal purposes in order to be eligible for a grower's licence. So, you can smoke it, but not grow it if you're toking for fun.

Washington, DC

Residents in the nation's capital voted overwhelmingly to legalise nonmedical marijuana in November 2014.

The bill took effect in 2015, allowing people to possess two ounces or less of marijuana and "gift" up to an ounce if neither money nor goods or services are exchanged.

The outlook for 2019 and beyond

Overall, 2019 is set to be a year when investors start looking for results from cannabis picks in Canada, while the US is expected to continue to gain momentum from key policymakers. As a result, investors may be motivated to pay more attention below the border.

But that's just the tip of the iceberg with regards to what we can expect in the year ahead. Read on to learn about our global outlook of the Cannabis industry in 2019. But before we dive in, let's take a quick look back at what made the past year so memorable.

2018 saw major improvement for the global cannabis industry. The pace of legalisation and technical innovation accelerated exponentially and shows no signs of slowing down. So, what can we expect for our rapidly growing cannabis industry in 2019?

Three major trends standout for the next year:

- Legalisation
- Innovation
- Industry Oversight

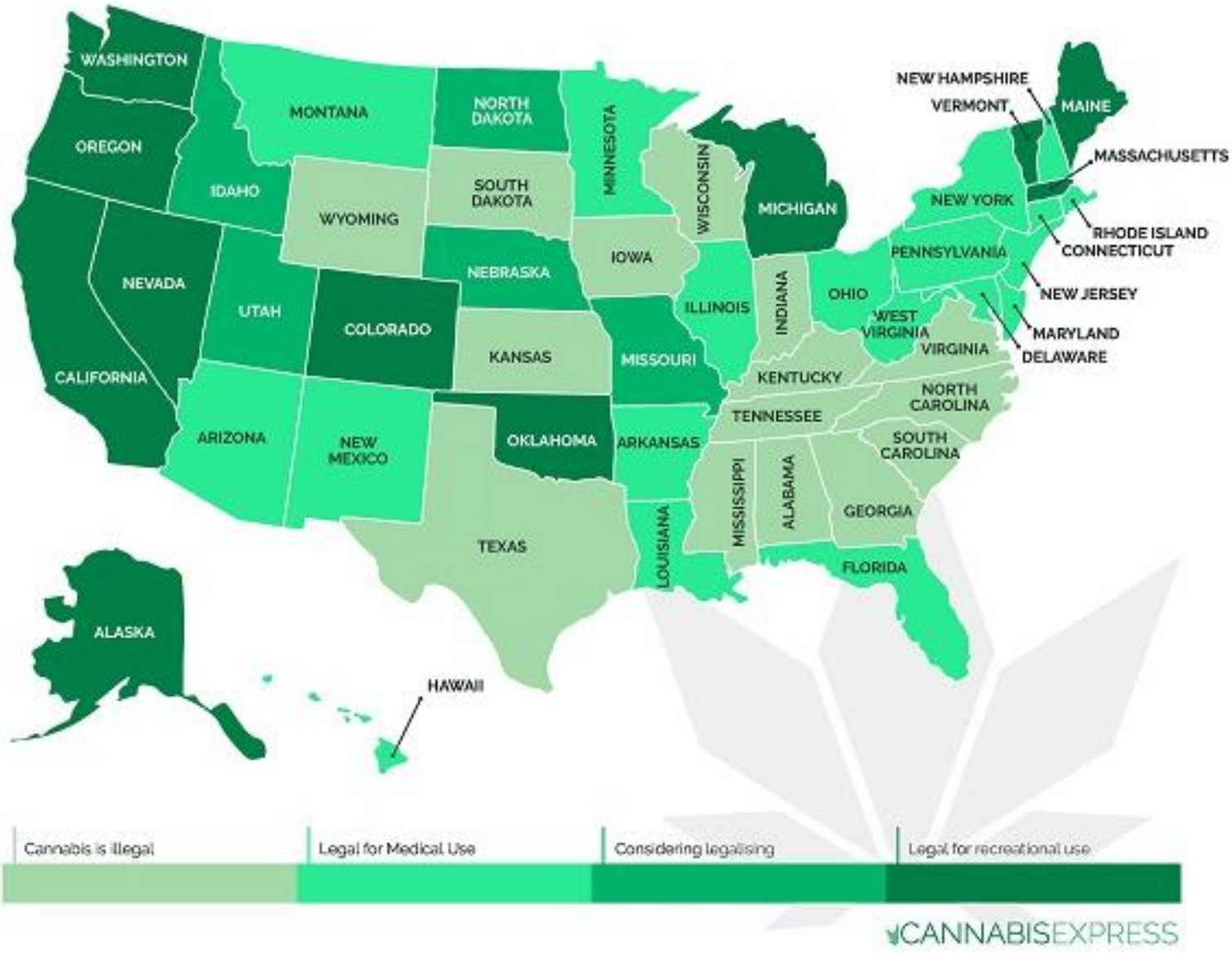
Legalisation

Much of the buzz last year surrounded movement of the industry in the United States and Canada. Canada is now five months into full federal legalisation, 33 states in the USA have legalised medicinal use, and 10 states and Washington DC boast legal recreational use.

The cannabis industry in the United States reached a significant milestone in reaching conservative states that are historically deeply resistant to legalisation. Michigan became the first Midwest state to legalise recreational use for adults. Utah, Oklahoma, and Missouri, three of the most conservative states in the US, all approved measures in favour of medical marijuana for select patient groups.

Conservative states coming on board with legalisation signals a change in the perception of the cannabis industry in the United States. Colorado will enter its seventh year of recreational legalisation in 2019. In that time, Colorado has proven that the cannabis industry is not only profitable in the short term, but also viable and sustainable in the long term.

Midwestern states are typically the last to join any progressive movement, so with states like Michigan approving ballots, the industry is very close to overcoming the last vestiges of cultural stigma. Vermont's landmark legalisation by the legislature and the passage of the 2018 Farm Bill legalizing hemp growth are two considerable hurdles overcome on the journey to federal legalisation.



CANNABISEXPRESS

Countries in Europe, Asia, and Africa are quickly moving towards the legalisation of cannabis. The top four countries to keep an eye on in 2019:

- **Luxembourg**: this tiny European nation is on the verge of being the first country in Europe to legalise cannabis for recreational use.
- **Israel**: Export of medical cannabis is expected to begin in mid-2019 to countries around the world, including Australia, Germany, Austria and Mexico.
- **South Africa**: one of the most globally well-known African countries already allows private use, but all signs point towards a continued discussion on broader legalisation.
- **Australia**: Many individuals in Australia now increasingly support recreational cannabis legalisation, with the support rate increased from 26% to 35.4% from 2013-2016.

Innovation

Historically, smoking was the main method through which an individual experienced cannabis. Now, the possibilities seem almost limitless. The industry will continue to see innovations in the experience of cannabis in 2019. Also, the rise of the non-smoking consumable market requires the cannabis industry to pay close attention to food safety laws and regulations. The purity of the product is of the utmost importance to maintain the required levels of sanitation for legal food products.

Agricultural research and development mean the strength and effect of a cannabis strand are virtually customizable to the person. Industry improvements allow for the manipulation of THC and CBD levels in ways that could not have been imagined ten years ago.

Each technological stride opens a new potential market to the cannabis industry. The once relatively simple, easy to please consumer has developed a complex palate that demands variety and quality.

The key demographic for 2019 is the millennial consumer. Millennials are known for their ability to make or break an industry depending on their perception of its value and affordability. Cannabis industry leaders should expect (and encourage) exploration of new products and methods of delivery, and continue to work towards mastery of the methods already available.

Consumption methods to watch:

- Edibles
- Drinks
- Oils and creams
- Vaporizer juice

Industry Oversight

One of the greatest advantages of widespread legalisation of cannabis is the ability to **invest in research and development**. The medicinal benefits of cannabis are well known, but scientists and engineers now have access to resources that will revolutionize our understanding of cannabis' properties. However, the flip side is the behemoth of Pharmaceutical Companies, which now has its eye on the industry and monitoring how its growth may affect Pharmaceutical Companies' own profit margins. Decades of strict regulation and exhaustive research give the pharmaceutical industry the undisputed upper hand.

It will be crucial for the cannabis industry to continue staunch support of well-substantiated research, to drive continuous improvement in both agricultural and retail safety, and to nurture professional business practices at all levels.

Are you ready to start investing in the cannabis industry?

Contact me on 02 9002 0360 or send me an email at j.coombs@capital19.com

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About the Author

Jacob Coombs is a licenced Investment Advisor with Capital 19, who has developed an exceptional grasp of market trends over the past 8 years. His expertise in global emerging markets is sought after by Australian investors and his research and expert analysis of the global cannabis industry has unearthed significant investment opportunities for his clients.

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