



# THE SECRET CBD MARKET ABOUT TO EXPLODE



# Contents

## **Introduction**

The Secret CBD Market about to Explode ..... 1

## **Chapter 1**

Understanding the \$70 Billion Pet Industry..... 5

## **Chapter 2**

Everything You Need to Know about CBD ..... 7

## **Chapter 3**

Martha Stewart Launches a Pet CBD Line ..... 11

## **Chapter 4**

The Biggest Pet CBD Lines ..... 13

## **Chapter 5**

Investing in CBD Stocks..... 15

## **Chapter 6**

Conclusion on the Future Massive Pet CBD Market..... 17

*Introduction:*

# The Secret CBD Market about to Explode

When **Greg Miller** – the Executive Director of the *National Institute for Cannabis Investors* – said that 2019 would be the “Year of CBD” back in January, everyone should have listened.

That’s because a few short months later, **CVS**, **Walgreens**, **Rite Aid**, and **Vitamin Shoppe** were racing to get CBD balms, oils, and tinctures on their shelves. The first two announced their plans to sell hemp-derived CBD products in late March, and the latter pair followed suit mid-April. This sense of urgency to capture market share attests to the statement that it’s an industry Greg believes will jump from \$800 million to \$2 billion in 2019, and that’s just the start.

This is the market to be in, and early investors stand to make a lot of money.

Even though more people are starting to learn about CBD, as an investment it’s still under the radar. Some folks still view cannabis investing as taboo, and some people think that buying cannabis stocks is illegal!

However, there’s an even more niche sector of CBD that is ready to go absolutely vertical, and it’s unlike anything we’ve ever seen.

We’re talking about the convergence of two markets that are worth billions of dollars, and best of all, one is an already established market with a long history of massive profitability.

We’re talking about the combination of the pet market and the CBD sector.

The pet market is worth roughly \$70 billion, and conservative estimates show the CBD market could be worth \$20 billion by 2024. This was a market that was nonexistent just a few years ago, and to show you how fast things can happen, the **Brightfield Group** forecasts the CBD pet-products market will be worth \$1.16 billion by 2022.

From being worth \$8 million in 2017, that's a 14,400% increase in just FIVE YEARS.

This has the potential to create a profit opportunity unlike anything out there.

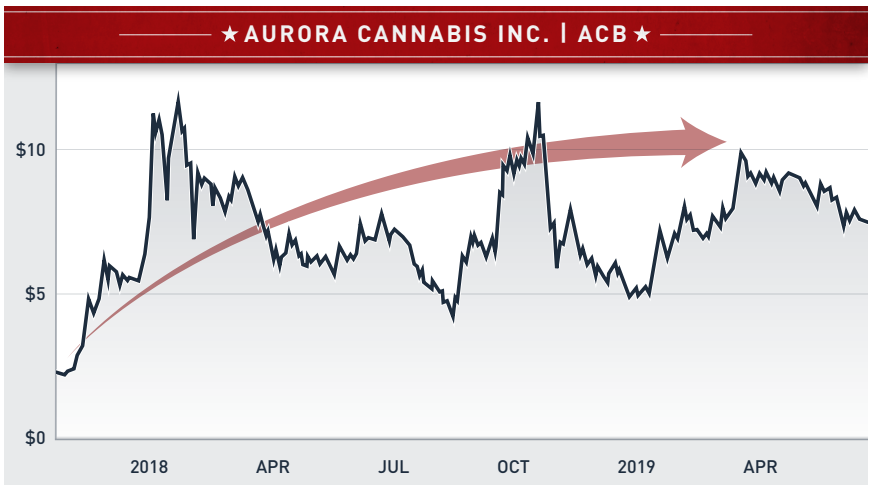
And the early research on how CBD can help pets is promising.

CBD for pets has been shown to...

- Prevent arthritis...
- Reduce the severity of seizures...
- Reduce anxiety...
- Help fight against cancer...
- Control nausea and vomiting...
- And possibly slow tumor growth.

We've already seen some of the early returns from some of the biggest players in cannabis and CBD.

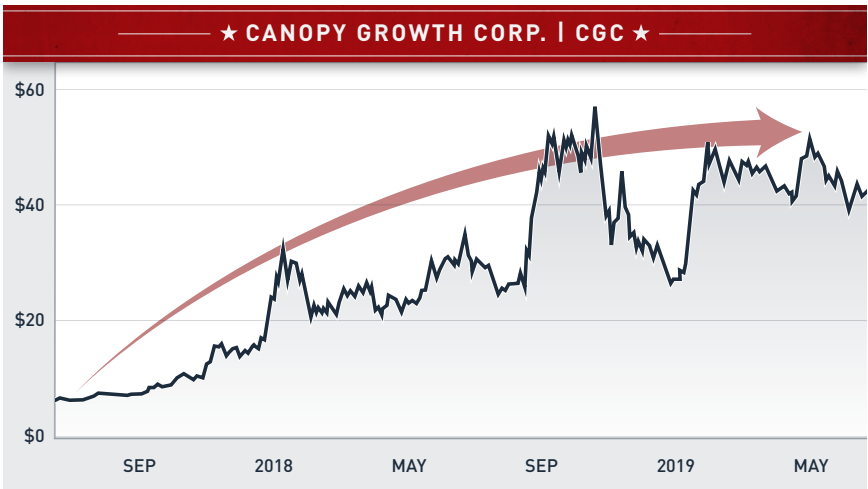
Take a look at the change in **Aurora Cannabis Inc.'s** stock price over a period of less than two years on the graph below. Aurora is getting heavily involved in the CBD space, with a partnership with the **UFC**. The company also bought Canada-based **Hempco Food and Fiber**.



It's those kinds of announcements that can send the stock price absolutely vertical. Of course, you have to be an early investor to make the most money.

Those who bought shares at \$2.28 on October 23, 2017, saw the value of those shares increase to \$11.68 by October 15, 2018. If you cashed out then, that was a 412% gain. But even if you didn't, shares of Aurora Cannabis traded for \$7.48 on June 19, 2019, which is a gain of 228%.

Or how about the **Canopy Growth Corp.** stock price since June 19, 2017?



Going for \$6.01 per share back then, the shares were worth \$42.77 on June 19, 2019. That's a 611% gain in just two years.

The good news is that the pet CBD segment is still so new and young, you are truly in on the ground floor.

There has never been a convergence of two industries quite like this, which is why it will take quite some time for the rest of the retail-investing world to catch up with what is going on. By the time they do figure it out, you could be sitting pretty when you bought shares way before everyone else.

Today, we here at the *National Institute for Cannabis Investors* wanted to show you the ins and the outs of the pet CBD market so you can identify how to profit from this promising new sector.

None of the companies we talk about should be considered recommendations.

Rather, we are just showcasing firms entering the lucrative CBD market to give you an idea of who the biggest players in the industry are and the types of investments they are making. That way, you will have a better understanding of this niche market that is soon going to take the world by storm.

Let's start off by taking a bigger look into the actual pet industry to see why combining it with CBD is a such a game changer.

*Chapter 1:*

# Understanding the \$70 Billion Pet Industry

According to the **American Veterinary Medical Association**, as of 2012, 36.5% of U.S. households own dogs, and 30.4% own cats. As of 2018, there were 94.2 million cats and 89.7 million dogs in the **United States**.

Back in the 1950s, most people may not have remembered what they fed their dogs. It was most likely table scraps.

Now, people are spending hundreds of dollars a month on food for their pets. For example, a 24-pound bag of **Blue Buffalo** dog food can cost more than \$50. Cat food isn't much cheaper, with a 16-pound bag of **Purina Pro Plan Weight Management** costing almost \$40.

On top of just the high-priced food that is being sold, pet owners are also buying supplements and wellness products.

**GNC** makes multivitamins, aspirin, calming formulas, urinary support, and joint health tablets for cats and dogs. The cost for some of those products can run between \$40–\$70! To keep pets well, the idea of pet insurance has also really taken off.

The cost of surgeries for a cat or a dog can be astronomical.

**Healthy Paws** – a leading U.S. pet insurance provider – had a client with a German shepherd that was diagnosed with tetanus.

Tetanus is a medical condition caused by a toxin that affects the spinal cord, nerves, and brain. It's uncommon for dogs and cats to get tetanus, but when they do, it requires extensive treatment and can be very costly.

The claims for the German shepherd in 2018 totaled \$52,021, for which Healthy Paws reimbursed the pet parent back \$46,569.

Even something like a dog tearing an ACL can start out at \$1,000.

Looking at all of this information, it's easy to reach a few conclusions that help form an investment thesis.

## **The Profit Opportunity in the Pet Industry**

The first is that this is a booming market. From grooming to food, pet owners are willing to spend a lot of money on their pets.

The second is that this is also a stable market. People are always going to own pets and buy supplies to take care of their pets. While we can't necessarily call this industry "recession proof," people are going to make sure their pets are taken care of no matter what.

There isn't a fad that will make people stop owning pets. Buying pet food is now like buying toilet paper and soap.

It's just something most people buy without thinking twice about.

Finally, this also ties into the concept of a health span.

With a life span, the focus is on how long a human or an animal lives for. Now that human life expectancy is longer, there's a bigger push to make those years higher quality. If someone lives to 100 but becomes very sick at 50, they have to live with 50 years of being sick.

It's the same for animals. If they live until they are 15 but have a hard time moving around or have a lot of aches and pains for half of their life, the quality of life is poor for most of their time on Earth.

Pet owners are willing to do anything they can to help improve the health span of their cats and dogs, and that is where CBD comes in.

Let's take a deeper dive into CBD in the next chapter.



*Chapter 2:*

# Everything You Need to Know about CBD

Before taking a deeper look at how CBD can help pets, we wanted to share a few of the basics about CBD in general.

One of the first misconceptions surrounding CBD is that it will have the same effects as its well-known cousin **Tetrahydrocannabinol (THC)** – the infamous molecule that gets you “high.”

However, the truth is that while these two might in fact both be active compounds found in the *Cannabis sativa* plant, they have very little in common.

Unlike THC, cannabidiol is non-psychoactive, meaning you get all of the medical benefits without getting a “high” or euphoric feeling.

More importantly, it’s a compound some mammals – including humans – produce naturally .

Your body has what’s called an **endocannabinoid system**: a complex network that helps regulate your sleep schedule, mood, immune system, pain levels, and appetite – just to name a few.

When CBD is consumed, it can actually enhance your natural endocannabinoid system’s ability to help regulate these.

It’s CBD’s direct link to the endocannabinoid system that enticed the medical community to study the molecule in the first place.

So far, researchers have found that it can effectively treat a number of conditions, including chronic pain, inflammation, insomnia, multiple sclerosis, PTSD, and epilepsy. It has even been shown to have antidepressant and anti-anxiety capabilities.

And that’s just a small taste of the ailments CBD has been proven to help treat.

But how *exactly* does it work?

Let's take a few minutes to break it down.

## Breaking Down CBD

As we mentioned, the human body can also produce cannabinoids as part of the endocannabinoid system.

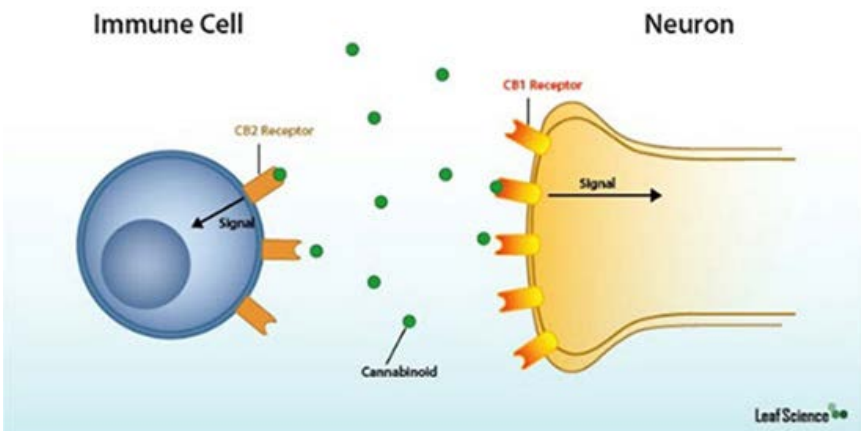
In addition to producing cannabinoids, this system also includes two types of receptors found in cells throughout our bodies. One is called the CB1 receptor, and the other is called the CB2 receptor.

CB1 receptors are primarily found in the central nervous system, which includes the brain, while CB2 receptors are mostly in the lymphatic system and immune cells.

THC binds with CB1 receptors, and – since those receptors are in the brain – it creates a psychoactive response and gets you high.

But CBD binds with CB2 receptors, which are not in the brain, so it doesn't create a high.

This tailored design makes CBD a very effective remedy for a host of conditions. Because these receptors are found primarily in the lymphatic system and immune cells, they help with health problems caused by



overactive immune responses that result in pain, inflammation, and many other symptoms.

And what's more, it doesn't have to be cooked up in a laboratory.

It's extracted from a naturally potent CBD hemp source – meaning people can develop proprietary strains with unique properties that appeal to customers.

Right now, the most common forms for human consumption are...

- Oils and tinctures – These are typically applied via a dropper under the tongue for rapid pain relief.
- Creams and lotions – CBD-infused topical treatments like these are used to treat muscle and joint pain.
- Edibles – CBD gummies are one of the most popular ways to consume CBD.
- Capsules – CBD in capsule or pill form has been the go-to consumption method for seizures and digestive disorders. The U.S. Food and Drug Administration recently approved its first high-potency CBD drug to treat epilepsy.
- Vaping – Inhaling vaporized CBD has proven to be the fastest way to experience the effects of this medical breakthrough. Compounds that are inhaled are absorbed directly from the lungs into the bloodstream.

Obviously, pets can't vape any products.

But they can consume CBD oil. Pet owners can put it directly on their food, or they can buy CBD-infused treats.

We mentioned earlier some of the issues pets have that CBD can help alleviate. One of the big uses for CBD is to help reduce stress.

Just like humans, pets can face new and stressful situations. These include traveling on an airplane or in a car, being spooked by thunderstorms and fireworks, or just having separation anxiety when their owners leave for the day.

Estimates also suggest that up to 5% of dogs suffer from seizures, and most dogs with seizures are given heavy drugs that could affect their

liver and other organs. CBD can provide some of the same benefits as these heavy drugs but without the side effects.

In terms of overall health, pets are also like humans in terms of aging. They face the same aches and pains in their joints just like their owners and can also develop arthritis.

While CBD can't turn a 12-year-old dog back into a puppy, some owners have found that CBD helps their dogs become more mobile.

Also, early studies have shown that CBD can even help fight cancer. It has been shown to stop cancer cells from growing and can increase tumor-cell death. CBD does this potentially by blocking cancer cells' ability to produce energy.

CBD can also help with inflammatory bowel disease (IBD).

Keep in mind that this segment of the CBD market is still in its early stages, which means more tests are needed.

There's also a big hurdle that the pet CBD industry needs to clear. It's one that we think will be cleared, but we still wanted to make sure you know about one of the challenges the pet CBD market faces, as every segment of the cannabis industry has a few roadblocks to conquer before going mainstream.

The official position of the **American Veterinary Medical Association** as of June 2019 is that "state laws legalizing use in people do not apply to cannabis use in animals."

This is an understandable position, as the association doesn't want vets to recommend something to pets where the legality is complicated and research is still being done.

However, there's going to be more research on CBD and CBD-infused products than ever before, and when all cannabis use becomes officially legal in the U.S. and more of the health benefits are known, we believe the American Veterinary Medical Association will reevaluate its position.

CBD is going to move toward normalization faster than THC-infused cannabis, and there's already one celebrity who wants to get in on the pet CBD market before it really explodes.

*Chapter 3:*

# Martha Stewart Launches a Pet CBD Line

In February, **Canopy Growth Corp.** made a surprising announcement that Martha Stewart was joining the company as an advisor to develop a CBD line for pets in line with its **Canopy Animal Health** initiative that includes medical treatment for dogs, as well as cats and horses.

In the U.S. alone, the equine industry is worth \$122 billion. That's massive considering there were just 7.2 million horses in the United States as of 2017. Currently the **United States Equestrian Federation** (USEF) prohibits CBD for horses competing under USEF rules. Of course, that could change, and the horse market is a huge one to target.

Getting back to Stewart, she has featured advice on cooking for pets before, and she does have a line of pet products that includes coats, food bowls, and other accessories for pets.

However, jumping into the CBD market really took things up a notch.

"I am delighted to establish this partnership with Canopy Growth and share with them the knowledge I have gained after years of experience in the subject of living. I'm especially looking forward to our first collaboration together, which will offer sensible products for people's beloved pets," Stewart said in a statement.

With a reported net worth of \$638 million, Stewart is a savvy business person. She wouldn't do this deal if she didn't think it offered a significant opportunity for her career.

"As soon as you hear the name Martha, you know exactly who we're talking about. Martha is one of a kind and I am so excited to be able to work alongside this icon to sharpen our CBD product offerings across categories from human to animal," Canopy CEO **Bruce Linton** said in a statement.

## The Power of Endorsements

A study in 2011 found that sales for products endorsed by athletes go up by an average of 4%.

While Stewart isn't an athlete, that study suggests having a well-known figure endorse a product pays off and gets people's attention.

In fact, we don't have to look any further than **Matthew McConaughey** promoting **Lincoln** cars to see how a celebrity endorsement can make a big impact. As of March 2019, the original Lincoln television commercials featuring McConaughey generated over 11 million **YouTube** views.

After the McConaughey commercials, overall sales were up 25%.

We're seeing well-known figures from all walks of life developing CBD products, and that is eventually going to flow into more pet CBD lines.

In the next chapter, we're going to take a look at some of the biggest pet CBD lines out now.

*Chapter 4:*

# The Biggest Pet CBD Lines

Starting out with a focus on human wellness, **Charlotte’s Web** now offers an extensive line of CBD pet products.

The company just launched a line of treats. One is called “Cognition Chews,” designed to support brain health, immune system functionality, and vision, while the other is called “Calming Chews,” aptly named for its ability to support a calm disposition and manage daily stress. It is also launching a line of CBD chews to help pets with hip and joint issues.

Charlotte’s Web also has CBD oil for dogs.

“Now in a pump, our oil is a perfect addition to meals or a boost at snack time. And now with our unflavored and chicken-flavored options, any picky palate is sure to be pleased.

“Dogs, like humans, have an Endocannabinoid System to help them maintain overall wellness, and CBD – along with hemp’s many other naturally occurring compounds – can help support good health for your canine best friend,” Charlotte’s Web says on its website.

It comes in sizes of 30ml or 100ml.

In terms of buying these products, you still have to buy pet CBD products from Charlotte’s Web directly. However, **Amazon** does have seven pages of hemp products on its website for sale.

**PetSmart** also sells a line called “**Only Natural Pet.**”

Only Natural Pet sells a hemp-based calming dog chew, a hip- and joint-support dog chew, and a dog chew to help promote a healthy skin and coat.



By now, you most likely have a good grasp of what the pet CBD market is all about.

You may still be wondering about investing in pet CBD stocks for the first time.

In the next chapter, we take a look at what every new cannabis investor needs to know before buying their first stock.



## *Chapter 5:*

# Investing in CBD Stocks

As we've said before, this should not be considered personal financial advice. You are the only one who knows your risk tolerance and your investing goals.

As a general rule of thumb, you should never invest what you can't afford to lose.

Having said that, if you understand the risks of cannabis investing, there's a few other things we want to clear up for potential investors.

The first is that it doesn't matter if recreational cannabis is illegal where you live. You can buy cannabis stocks no matter where you live in the United States through services like **E-Trade**, **TD Ameritrade**, and **Interactive Brokers LLC**.

**Robinhood** will allow you to trade shares without a commission fee, but the amount of cannabis companies you can buy through Robinhood is limited.

The second thing new investors may need clarification on is how much it will cost to get started with cannabis and CBD investing.

The answer is that it is totally up to you!

If a cannabis stock costs \$10 per share, it will cost you \$10 to own one share (without considering commission fees). Again, you are the only one who knows your investing goals and what you can afford to lose, so it's up to you as to how many shares you choose to buy. If you want to buy 10 shares of a \$10 stock, for example, the shares will cost you \$100.

Finally, the other thing we want to clear up about cannabis investing is that you don't have to put all of your capital to work right away. In other words, if you have \$10,000 to use to buy stocks for the year, it doesn't make sense to use all of that money in one trade.

Stock prices, especially for cannabis companies, can fluctuate greatly.

By using all of your money at once, you risk buying in at the high point of the market. It's impossible to know when a stock will reach its peak price, so buying all of your shares in just one transaction puts you at a greater risk of buying in at the top of the market.

So instead of doing that, you can buy a certain number of shares each week, month, or quarter.

That can help keep your average purchase price lower. For example, if you bought all your shares at \$10 and the stock drops to \$8 shortly after, you have to wait until it climbs back to \$10 per share just to break even.

However, if you buy 10 shares at \$10 and another 10 shares when it drops to \$8, your average cost is \$9. You would only need the stock price to climb from \$8 to \$9 to break even, and anything after \$9 is a profit.

*Chapter 6:*

# Conclusion on the Future Massive Pet CBD Market

In Chapter 1, we took a quick look at the pet industry as a whole and why the pet CBD market is going to be such a booming industry. Remember that it's expected to jump from \$8 million in sales in 2017 to over \$1 billion by 2022.

In Chapter 2, we took a deeper dive into what CBD is and what it does.

In Chapter 3, we talked about Martha Stewart entering the CBD market and why it's an important first step in helping pet CBD products go mainstream.

In Chapter 4, we took a look at the biggest players in the pet CBD market.

Finally, in Chapter 5, we addressed some of the most common questions when it comes to cannabis investing.

With the information from this guide, we hope you are starting to feel prepared to enter the world of cannabis and CBD investing. There are risks, but again, the convergence of the pet and CBD sector is unlike anything we have ever seen.

The right investment could change your life for the better.

We wish you well in your cannabis investing journey, and we would like to thank you for taking the time to read this guide!

To your investing success,

*The National Institute for Cannabis Investors*

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