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BIG BREAKTHROUGHS, BIG PROFITS_

Three Ways to Profit From Legalized Marijuana



INVESTOR'S REPORT



Editor's Note: These three “pot stocks” are a great way to get started in legal marijuana investing – but Michael has found 27 more opportunities in this same sector that are even more powerful. Right now, the market is seeing huge gains on tiny pot stocks - 1,500%, 483%, 370%, 153%, 202%, 284%, and 146%, just to name a few. These are mostly small companies trading for under \$10. After nine months of exhaustive research, Michael has found the absolute best, most lucrative, and fastest-growing legal pot stocks in America. And he's put it all together in an 89-page marijuana investing guide. [Click here](#) to find out how to reserve your free copy before it's too late.

Dear *Strategic Tech* Investor,

One of the key ingredients that make for a winning tech investment is finding cutting-edge firms targeting large and expanding markets. If the companies or the industry itself is in the early stages of growth, all the better.

Investors who have followed this one particular industry have the hefty share-price increases to back up these theories. In just the past six months, a number of weed “penny” stocks have already shot up as high as 1,500%, 483%, and 284%.

There's also the matter that a couple of the biggest brand names in computer and horticulture technology are boosting this industry's credibility by getting into the mix in search of new, lucrative markets.

I'm talking about the legal marijuana/cannabis biotech industry.

Legal marijuana is now one of the fastest-growing industries in the country. The industry saw \$5.7 billion in sales in 2014, according to a recent report from **ArcView Market Research** and **New Frontier**. Those analysts expect sales to skyrocket at a compound annual growth rate of 30% over the next four years to \$22.8 billion in 2020.

The reason it's growing so quickly is because legal marijuana is spreading like wildfire across the **United States**. We've gone from legal marijuana in zero states 20 years ago to legalized medical marijuana in 28 states and **Washington, D.C.**, and legalized recreational cannabis in eight of those states – and even more almost certainly will come online in the next couple of years.

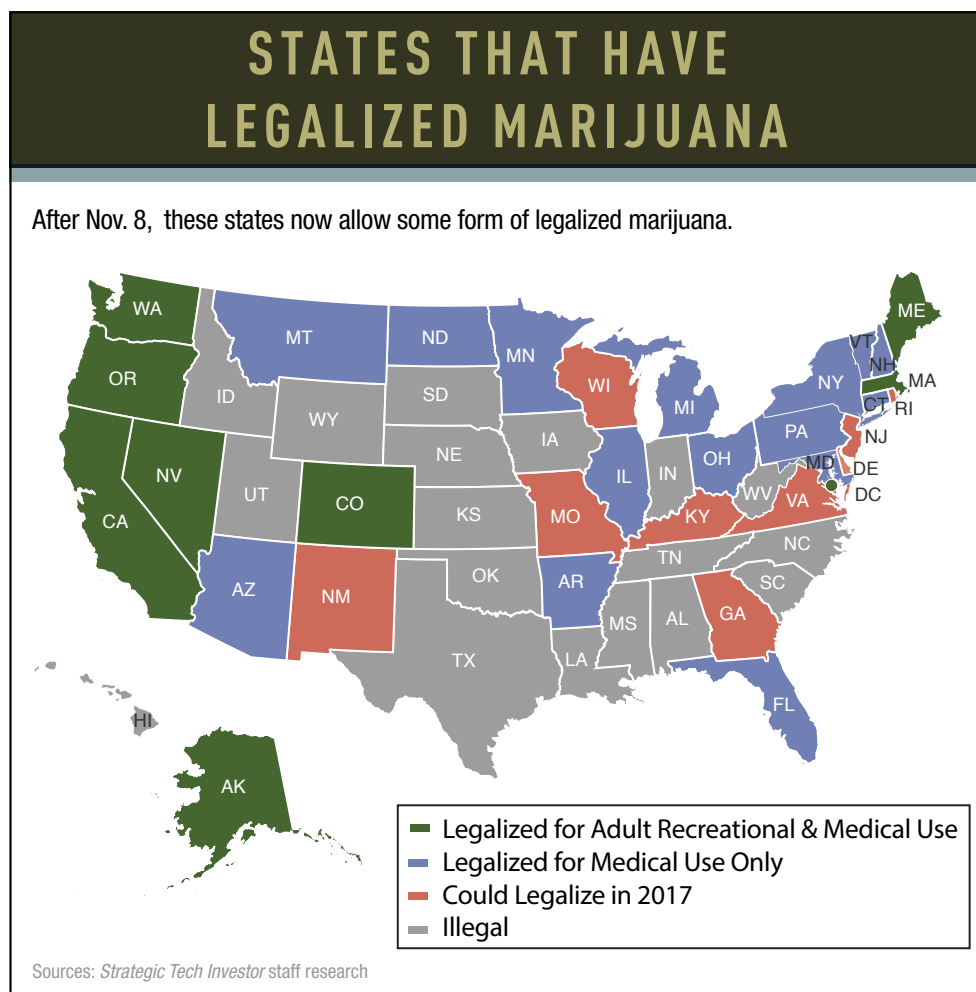
To me, that's evidence public opinion is swinging increasingly positive regarding marijuana use, particularly in medical instances.

And it's not too late to catch a rare opportunity to get in during the early stages of an industry boom and acquire stakes in blockbuster companies that could rise quickly as the market expands.


The explosive momentum we saw on Nov. 8, when voters in eight states passed legalization referendums, is already carrying over into 2017.

Lawmakers in several states already are at work pushing first-time legalization (for example, **Missouri** and **Rhode Island**) or expansion of existing rights efforts (for example, **Vermont** and **Arizona**).

Some estimates place the number of occasional marijuana users in the neighborhood of 50 million people. As many as 7.6 million, including many seeking relief from painful conditions such as epilepsy, indulge on a daily basis.



There's also the new, bipartisan **Congressional Cannabis Caucus** that is, for the first time, setting an aggressive lobbying agenda in favor of legalization. The **House** reps are arguing for legalization on a number of levels: relief for soldiers and



disease-stricken children, commerce, individual freedoms, and even states' rights. These are issues hard-to-fight for the in-power **Republicans**, given the traditional conservative political ethos.

Let's take a look at three **Must-Have Marijuana Stocks**.

The first name on the list might shock you...

Must-Have Marijuana Stock No. 1: Microsoft Corp.

Tech giant **Microsoft Corp. (Nasdaq: [MSFT](#))** will not be touching a single cannabis seed. But make no mistake, the **Redmond, Wash.**-based tech icon will be a major player the legal marijuana industry.

In a move that **USA Today** described as "defining" and a "watershed industry moment," Microsoft revealed in 2016 that it was dipping its toe into the legal marijuana trade, specifically in the software side of the business. The company has partnered with **California** startup **Kind Financial** to help ensure that cannabis companies stay inside the legal lines.

For its part, Kind "offers a range of products, including ATM-style kiosks that facilitate marijuana sales," according to **The New York Times**. Microsoft is working with Kind's "government solutions" division to make available to state and local governments the software they need to develop ways to track compliance. The software will give governments and entrepreneurs that eventually purchase it a way to monitor the distribution of cannabis "from seed to sale."

David Dinenberg, Kind's CEO, told *USA Today* that "Thanks to Microsoft's huge reach, it'll be easier for us to target every state with our compliance solutions. It's a win-win for both of us as more states look to legalize medical marijuana."

Microsoft Corp.

Ticker: Nasdaq: [MSFT](#)

Recent Price: \$64.08

52-Week Price Range: \$48.04-\$65.91

Market Cap: \$490.08 billion

P/E Ratio: 30.04

CEO: Satya Nadella

Marijuana Investment: Microsoft has partnered with California startup Kind Financial to help ensure that cannabis companies stay inside the legal lines.

Matthew A. Karnes, an advisor to the cannabis industry, told the *Times* that “It’s very telling that a company of this caliber is taking the risk of coming out and engaging with a company that is focused on the cannabis business.”

Microsoft will begin by marketing Kind’s software to government employees, but it hasn’t ruled out marketing through dedicated cannabis events. The Microsoft logo flying proudly at a conference packed with marijuana growers and distributors will mark a huge leap forward for the industry.

The software that Microsoft will market uses the company’s **Azure** cloud platform, which allows users to build and manage applications through Microsoft’s data centers. The platform was designed to be compliant with **Health Insurance Portability and Accountability Act (HIPPA)** regulations.

“Microsoft is helping us support governments in their expansion of cannabis legislation,” Dinenberg told **CNN Money** in June. “They’re experienced at providing platforms for government regulation. This is something Microsoft does every day of the week with other businesses in other categories.”

Azure has been growing quickly since its launch in 2010. For its second quarter of fiscal 2016, for example, Microsoft took in \$9.4 billion from its cloud business, much of it driven by a 140% increase in Azure revenue.

Microsoft’s move into the weed space spotlights the way it’s leveraging the cloud to propel growth. It’s a smart strategy given the aforementioned estimates.


The company had a recent market cap of \$490 billion and annual revenue north of \$85 billion – so we’re not looking for the stock price to triple thanks to marijuana.

That said, it’s worth noting that mainstream analysts have a high-water target of about \$70 on the stock... about 25% up from recent prices.



The Best Pot Stocks

After nine months of exhaustive research, we’ve found the best, most lucrative, and fastest-growing legal pot stocks in America. They’re all in my 89-page “bible of weed investing,” **[The Roadmap to Marijuana Millions](#)**. And for a limited time you can get all of the details for free. So please **[click here](#)** to find out how to reserve your free copy before it’s too late.



Plus, Microsoft pays a respectable 2.4% dividend yield – nothing to sneeze in an era of fast-approaching negative interest rates.

And as marijuana moves into more and more U.S. homes and doctors' offices, that projection could turn out to be conservative. I can readily believe the stock could reach \$85.

Must-Have Marijuana Stock No. 2: The Scotts Miracle-Gro Co.

While the legalization of marijuana is creating the need for acres and acres of professionally grown cannabis, you shouldn't forget the little guy.

After all, for decades thousands of consumers have been growing their own, even while risking trouble with law enforcement. By one estimate, \$60 billion worth of illegal pot is grown each year in the United States. But with marijuana legal in an increasing number of states, with more almost certainly on the way, the number of people looking to cultivate it for their own consumption is likely to skyrocket.

The marijuana-growing market could easily top \$100 billion within five years, with much of that supply displacing imported marijuana from dangerous jungles in **Latin America**.

Although this opens up an opportunity for horticulture-tech firms that cater to growers and gardeners, it presents those companies with the following strategic dilemma...

- Should they establish a strong early presence in the pot-growing community?
- Or wait until the social climate around cannabis normalizes – that is, until growing your own pot is no more controversial than brewing your own beer?

The Scotts Miracle-Gro Co.

Ticker: NYSE: [SMG](#)

Recent Price: \$90.29

52-Week Price Range: \$65.80-\$98.82

Market Cap: \$5.37 billion

P/E Ratio: 21.1

CEO: James Hagedorn

Marijuana Investment: Scotts started its big push into indoor plant cultivation – and legal marijuana – in April 2015 with the \$150 million purchase of General Hydroponics.

The Scotts Miracle-Gro Co. (NYSE: **SMG**) is going with Option 1: Embrace this fast-growing community of marijuana producers and, by doing so, “plant the seeds” for robust new paths to growth.

Scotts, already the world’s largest maker of lawn-care and gardening products, started its big push into indoor plant cultivation in April 2015 with the \$150 million purchase of **General Hydroponics**.

“**Hydroponic**” gardeners use air, light, and water to grow their plants indoors – without the need for soil. This method means no mess and, more importantly, no pesticides. That’s a key consideration for green consumers.

Given the unsettled legal landscape around cannabis, Scotts’ emphasis on that market might seem like a dangerous choice to the untrained eye. In truth, it’s not so risky.

Even in the unlikely event that the legal marijuana movement stalls, Scotts would benefit from the growing demand for hydroponic equipment among young urban consumers eager to grow the herbs and greens that go into their salads.


According to the smart-grid energy analysts at **Manifest Mind LLC**, the global crop value of hydroponically grown plants is on pace to rise from \$17 billion in 2013 to \$24 billion by 2018. If other countries follow the lead set by the

Smart Thinking

While Scotts Miracle-Gro’s expanding emphasis on the legal marijuana market – through hydroponics – might seem like a dangerous choice to the untrained eye, it’s actually quite smart. Here are five reasons why...

- Populations are increasingly concentrated in cities. As people trade the countryside for the cityscape, they’ll have to grow their favorite herbs and vegetables indoors, using hydroponics.
- There is the perennial concern over pesticides. Hydroponics needs no pesticides because it uses no soil.
- Water shortages are a growing problem around the world and make growing crops harder. Hydroponics uses controlled, “drip” irrigation, which drastically reduces the amount of water needed to grow plants.
- Scotts bought into the hydroponics equipment field simply because it’s a very attractive business, with much higher profit margins than traditional lawn and garden supplies.
- Hydroponics systems stay strong year-round.





United States, pot cultivation – and hydroponics – almost certainly would surge much higher than that.

Scotts CEO Jim Hagedorn isn't just dipping his toe in the water here. He sees the purchase of General Hydroponics as the blastoff point aimed toward the goal of creating a \$1 billion yearly business.

Hagedorn followed up by spending \$135 million on two businesses that sell fertilizers, soils, and accessories to marijuana growers and another \$136 million for 75% of Dutch hydroponics lighting company **Gavita Holland BV**. Those are some nice bolt-on additions for a business that currently generates around \$3 billion in annual sales.

Hagedorn is a big believer in market share, and he would almost certainly view the emerging hydroponics and cannabis markets in the same light. Its four leading brands (**Scotts, Miracle-Gro, Roundup, and Ortho**) have market shares ranging from 53% to 70%.

And the firm is out to make it easy for people to start using hydroponics equipment in order to grow either cannabis or food. Scotts Miracle-Gro has 2,500 sales associates trained in the merits of hydroponics that fan out to retail stores.

This is not your typical cannabis investment.

Scotts is already quite popular with mutual fund managers, who like the fact that the firm has boosted its dividend for seven straight years. The yield entered late February hovering around 2.1%.

Its early move to embrace the cannabis community could help turn it into a robust grower – including 25% gains in just the next 12 months.

Must-Have Marijuana Stock No. 3: GW Pharmaceuticals PLC

Much more of a cannabis-specific company than the previously mentioned corporations, **GW Pharmaceuticals PLC (Nasdaq ADR: GWPH)** is a U.K.-based biotech firm that uses plant-derived cannabinoid therapeutics to help patients suffering from various diseases and medical conditions. And it has built a great head start in the race to establish drug franchises around the healing powers of cannabis.

GW Pharma showed it was financially an emerging player in this hot sector earlier than most of its industry colleagues. Whereas federal laws barring most traditional

banking involvement in the industry have increased funding difficult for many, GW impressively raised \$252 million in funding in 2016, months before the Nov. 8 ballot victories.

Morgan Stanley, Bank of America Merrill Lynch, and Goldman Sachs served as underwriters.

Study after study has shown that up to two dozen medical conditions could be treated with marijuana. Its two key ingredients, **cannabidiol (CBD)** and **tetrahydrocannabinol (THC)**, have a clear impact on brain function and pain management.

For the past five years, GW Pharma has been cultivating strains of the plant with an eye to increasing concentrations of these two key ingredients. This effort has made it possible for GW to provide its engineers with a robust supply of the raw material they need for research.

GW Pharma's **Sativex** became the first prescription medicine derived from a cannabis plant, and it's used in the **United Kingdom** to treat spasticity. In April 2014, GW received the coveted **U.S. Food and Drug Administration (FDA) "Fast Track"** designation for **Sativex** for "the treatment of pain in patients with advanced cancer." The drug had already been launched in 15 countries for the treatment of spasticity caused by multiple sclerosis.

GW is also working on a product called **Epidiolex**, which could be used by patients in the U.K. and beyond with rare epilepsy disorders.

But because the U.S. government lists marijuana as a **Schedule I** drug, the FDA won't yet formally approve use of marijuana-based drugs here, only research and development... for now. Even as the **Trump administration** voiced tepid opposition to recreational use, it has been quick to point out that **President Donald Trump** is aware of positives that have resulted from medical use in states where it has been legalized. And despite media-generated concerns in late February, Trump did not even mention the marijuana issue among priorities or secondary issues covered in his first official address of the **U.S. Congress** on Feb. 28.

GW Pharmaceuticals PLC

Ticker: Nasdaq ADR: [GWPH](#)

Recent Price: \$125.04


52-Week Price Range: \$35.83-\$137.88

Market Cap: \$2.84 billion

P/E Ratio: NA

CEO: Justin Gover

Marijuana Investment: For the past five years, GW Pharma has been cultivating strains of cannabis with an eye to increasing concentrations of cannabidiol (CBD) and tetrahydrocannabinol (THC) in order to develop treatments for treatment of pain, epilepsy, and other conditions.



GW has made 53% gains in the past six months. In comparison, the **S&P 500** has climbed just 8.9% in the same time frame.

As for the 3 million epilepsy sufferers in the United States, relief from seizures would be nothing short of a miracle.

That's why so many people are focused on GW's clinical trials. A turning point came in 2012, when an 11-year-old boy named **Sam** was given high doses of CBD for the first time to alleviate problems from suffering more than 100 seizures every day. Where a dozen other anti-seizure medications failed, GW's CBD formulation cut Sam's episodes down to only three to five seizures each day. Some days, he doesn't have a single one.

By 2015, 20 separate studies were underway involving 750 children. On average, patients have experienced a greater than 50% reduction in seizures.

Fully 95% of all patients enrolled in clinical trials for this drug have stayed in the program, with lower than average incidents of side effects. Typically a combination of toxic side effects and lack of effectiveness leads upward of 20% of patients to drop out of such trials.

Based on results from several years of promising clinical data, Epidiolex may have a legitimate shot at approval in the United States in the next year or two. Following any approval, GW would have exclusive sales rights to the drug for seven years in the United States and 10 years in **Europe**.

Right now, GW is looking to make its treatments available to 466,000 American children who suffer from epilepsy and another 208,000 in key European markets.

These patients now consume tens of millions of dollars in other epilepsy medicine each year, drugs that barely make a dent in the number of daily seizures they must endure.

GW is also testing Epidiolex in **Phase II** trials with adult epilepsy patients. That's a far larger market, as there are around 65 million adults with epilepsy worldwide.

Simply put, this could be a blockbuster drug launch. Solely based on approval for children with epilepsy, annual sales for Epidiolex may exceed \$1 billion five years from now...

Even as GW prepares to tackle the lucrative epilepsy market, its scientists have been also testing high concentrations of CBD on patients with schizophrenia, Type 2 diabetes, perinatal asphyxia, and other types of seizure. A variant of CBD, known

as **CBDV**, is showing promise in other areas, including treating certain social and repetition behaviors associated with autism.

GW Pharma is well armed with an experienced sales force to pursue an active slate of drug trials. It has around \$250 million in cash in the bank (as of the end of the second quarter of 2016) and should still have around \$186 million in cash by the end of 2017, according to **Merrill Lynch**.

GW is pouring cash into R&D, but its real value lies in strong odds of Epidiolex and/or Sativex emerging as blockbuster drugs. That would send the stock soaring.

Now, before I close, consider this.

In 2013, the market for medically “sanctioned” marijuana was worth about \$1.5 billion. It’s expected to reach \$6.7 billion this year – and some analysts expect it to hit \$35 billion by 2020. And by 2029: The market is projected to reach \$100 billion.

Those are hefty numbers.

But I know that the biggest gains are made by the earliest investors – those with the foresight to get in before the “big event”... and before medical marijuana becomes a “me-too” sector.

That means the time to act is now. To get you going, I’ve put together an 89-page report – [***The Roadmap to Marijuana Millions***](#) – which is the single-most-comprehensive look at medical marijuana investments that you’ll find anywhere today.

And when I say “comprehensive,” I mean that I considered every possible way to invest in – and profit from – this brand-new market.

It’s valued at \$499. But I’d like to give it to you – gratis.

[**Find out how...**](#)

Cheers and good investing,



Michael A. Robinson



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