

NICILytics

RATINGS EXPLAINED



NICILytics Ratings Explained

What is NICILytics?

Cannabis investors benefit immensely by knowing all the investment opportunities available to them.

Lists of cannabis stocks aren't hard to find on Google, but there's one problem...

They give you absolutely no insight on whether these stocks are worth buying. For all you know, the company could have been involved in mineral mining up until a year ago and just jumped in the cannabis market to make a quick buck.

So that's why, of everything we offer here at the *National Institute for Cannabis Investors*, we are the proudest of NICILytics – our one-of-a-kind stock database.

It's what we at The Institute like to call "The Vault."

The Vault contains our highly secured database of cannabis companies.

It is one of the major features that sets the *National Institute for Cannabis Investors* apart from everyone else.

A key part of utilizing the database to its full potential is understanding NICI's proprietary rating system.

Each company is given a rating from 0 to 5 which, at a glance, can tell investors all about the quality of each investment opportunity.

Rating of Five

The best of the best. Companies with a rating of 5 have earned NICI's highest rating. They have established operations, an explosive business plan, and management equipped to lead them forward.

Rating of Four

A company rated a 4 is still a top-tier firm. Its operations are growing, and it's reporting impressive financial numbers. But it just isn't quite a 5 yet.

Rating of Three

A rating of 3 signifies the middle of the pack. These are companies that lack key pieces but still show a lot of promise. A 3 rating also means that we're keeping an eye out for a catalyst that will send it straight to the top tier or down to the bottom.

Rating of Two

A company rated a 2 just isn't that impressive. They have major issues like a lack of capital or a ton of shares outstanding. In general, we don't see a bright future for companies rated a 2, meaning an investment in these firms should be avoided.

Rating of One

The difference between a 1 rating and a 2 rating is crucial. A company rated a 1 should be avoided at all costs. These companies show major red flags and might even be flat-out scams. These firms merit no investment.

Rating of Zero

A company with a 0 rating falls into one of two categories. First, it might not release enough information for us to make a fair analysis. It could be something as basic as not having a website, or the company may not be providing something more fundamental like public financial statements.

On the other hand, a 0-rated firm could be a company with a very small tie to cannabis. Maybe it's a large beer brewer who invested a small amount of money into cannabinoid-based beverage research. In general, not enough of this 0-rated firm's operations are related to cannabis and therefore cannot be analyzed as a potential cannabis investment.

Special Cases

There are a couple of special cases within the database that should be covered.

The first is special purpose acquisition companies, or SPACs.

These are companies specifically created to raise funds that will be used to acquire assets in a specified industry. There are a few cannabis SPACs out there, and they are represented in the database.

When it comes to rating SPACs, there aren't any traditional operations to take into consideration. The management team of a SPAC are the people in charge of finding the best acquisition target and eventually building a successful cannabis operation. So the 0 through 5 rating that these firms receive is ultimately based on its management team as that is the true measure of the firm's quality.

The other special case is exchange traded funds and notes, or ETFs and ETNs.

Both of these securities pool together a basket of cannabis stocks, rising and falling with the overall performance of its underlying stocks.

Investors can find price information, information on the funds' constituents, and general information about ETFs and ETNs on the database. Though, they will not receive a rating.

PLEASE NOTE

From time to time, the National Institute for Cannabis Investors, LLC will recommend stocks or other investments that will not be included in our regular portfolios. There are certain situations where we feel a company may be an extraordinary value but may not necessarily fit within the selection guidelines of these existing portfolios. In these cases, the recommendations are speculative and should not be considered as part of the National Institute for Cannabis Investors, LLC philosophy.

Also, by the time you receive this report, there is a chance that we may have exited a recommendation previously included in our portfolio. Occasionally, this happens because we use a disciplined selling strategy with our investments, meaning that if a company's share price falls below a certain price level, we immediately notify our subscribers to sell the stock.

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