Pot Stocks: Three Catalysts for Triple Digit Growth

On July 4, 2018, we recommended Canopy Growth (CGC) as it traded at just \$30.

It's now up to \$45 a share, good for a 50% win in two months.



But we're not recommending that you sell. We're recommending that you buy more.

Then, just last week, we added Tilray Inc. (TLRY) at \$37.50. It's now up to \$43.86.

But that's nothing compared to what may be coming.

Americans Support Legalization

A growing majority of Americans fully support its legalization, which has led to its decriminalization and the potential for significant cash inflows.

Catalyst No. 2 - Canada will Legalize Marijuana on October 17, 2018

The Canadian Senate overwhelmingly passed Bill C-45, also known as the Cannabis Act, which legalized the use of recreational marijuana. The law goes into effect on October 17, 2018. While it'll take Canadian provinces a few weeks to ramp up for likely demand, the law opens a sizable market.

By 2021 analysts say Canada could have nearly four million recreational marijuana users, creating a monstrous \$4.5 billion industry. The industry could balloon to \$8.7 billion shortly thereafter, as marijuana retail sales just in Canada are likely to surpass beer, wine and spirit sales combined. That's big money.

In short, this approval could set off another boom.

Catalyst No. 3 - Corporate America is Waking up to the Opportunity

Constellation Brands just increased its stake in Canopy Growth (CGC) by \$4 billion – part of the reason CGC exploded in recent days. That comes just 10 months after Constellation first took a 10% stake in Canopy to help create nonalcoholic cannabis-infused drinks and other products.

Constellation's investment in Canopy – the biggest known deal in the marijuana industry – shows just how far traditional alcoholic beverage companies are willing to go to find growth. As sales of beer fall in the United States, brewers have begun to bet that legalization of marijuana around the globe, especially

the United States, will continue to build momentum and sales of cannabis products will take off. Legal sales alone could be worth \$47 billion within a decade, note analysts at RBC.

Molson Coors even listed legal cannabis among the biggest possible risks to its business in its annual shareholder report.

How to Trade the Boom

Not only should you own the stocks noted above, but also the ETFs.

ETFMG Alternative Harvest ETF (MJ)

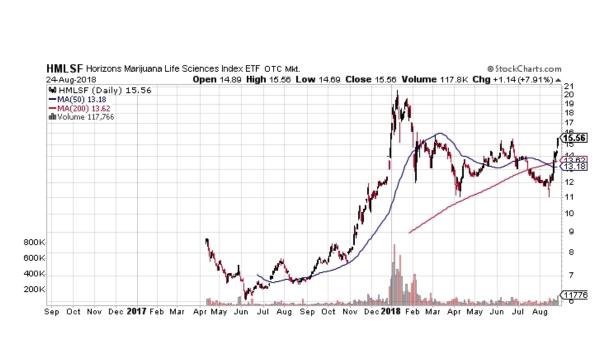
The ETFMG Alternative Harvest ETF (MJ) offers investors access to the Canadian and global marijuana sector. The fund tracks an index of stocks across the globe that are engaged in the legal cultivation, production, marketing or distribution of cannabis products for either medical or nonmedical purposes. MJ also holds stocks of companies that trade or produce tobacco or tobacco products, or fertilizers, plant foods, pesticides or growing equipment for cannabis or tobacco. In addition, the fund can hold pharmaceutical companies that produce, market, or distribute drug products that use cannabinoids.



MJ has holdings in Canopy Growth, Aurora Cannabis, Cronos Group Inc., GW Pharmaceuticals, and OrganiGram Holdings for example.

Horizons Marijuana Life Sciences Index ETF (HMLSF)

The Horizons Marijuana Life Sciences Index ETF seeks to replicate, to the extent possible, the performance of the North American Marijuana Index, net of expenses. The Index is designed to provide exposure to the performance of a basket of North American publicly listed life sciences companies with significant business activities in the marijuana industry.



It has holdings in Aurora Cannabis, Canopy Growth, Aphria Inc. Cronos Group, and CannTrust Holdings for example.