



CANNABIS 2.0: THE FUTURE OF INVESTING IN THE INDUSTRY

A Report by **M** MANIFEST
SEVEN

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CEO MESSAGE

Legal cannabis is forecasted to be a \$166 billion global business by the year 2025. The industry is growing at high velocity, and becoming more sophisticated as it moves into the mainstream. The signs of normalization are clear. In Canada, the strongest players have cycled through the regulatory and political hurdles and are focusing on building fundamentally solid, scalable enterprises. Regulatory issues continue to pose barriers in the U.S., but the environment is in a transformative state. This is the most exciting time in the industry's history, as we enter Cannabis 2.0.

With this report, we sought to capture and quantify investor interest in the cannabis industry in the U.S. and Canada, which has largely been anecdotal. We commissioned FTI Consulting to survey 2,300 adults representative of the general population across both countries. The respondents were then screened to reach 660 U.S. and Canadian retail investors with a minimum of \$250,000 in investible assets. Most have more than \$500,000 and 28% have \$1 million to \$10 million in investible assets. To complement our quantitative research, we interviewed industry analysts, who help contextualize the data and add qualitative insight.

The results show wide support both for cannabis usage and legalization, which came as no surprise, given the long de-stigmatization trend. What is striking, however, is just how confident investors remain amid recent headwinds. Investors are seeing the industry's first major market correction. And yet, 71% of retail investors in the U.S. and 73% in Canada say they expect investment in the cannabis industry to significantly grow over the next 12 months. Nine in 10 who invest in cannabis say they are completely on track with their investments.

Investor concerns in the U.S. and Canada track with the industry's growth path in each country. In the U.S. 49% of retail investors cite the regulatory environment as a barrier to investment, while in Canada, 56% cite financial uncertainty and industry volatility. The basic difference lies in the learning curve of the investor base with regard to risk. As the global leader in the space, Canada demonstrates what remains when you remove the exceptionalism of the regulatory environment – the usual growing pains of a nascent industry. This is normalization in action.

Leading up to federal reform in the U.S., we expect continued growth and greater sophistication. Already we are seeing normalized valuations, a focus on profits, professionalized management, institutionalized governance, and improved risk management. From our perspective, such developments herald the evolution of the industry in a sustainable, global

way. The true market leaders will establish themselves at the forefront, and perhaps sooner than expected, the multibillion-dollar valuations we see today will not be frothy, but defensible and based in commercial reality.

As the cannabis industry restructures itself, the current state of uncertainty should be seen for the opportunities it presents. We hope this report provides an insightful overview of this highly dynamic industry at this point in its early history, and helps to elucidate its investment potential for the next 12 months and beyond.

Finally, we would like to thank those who contributed their expertise to this report, namely Alex Kasdan, Senior Managing Director at DelMorgan & Co.; Elaine Carey, Managing Director and Co-Head of the FTI Consulting Cannabis Practice; Lincoln Eckhardt, Managing Director and Co-Head of the FTI Consulting Cannabis Practice; Rob Wertheimer, Founding Partner and Director of Research at Melius Research; Tony Kiehn, Managing Director and Co-Founder of Fortis Pacific; as well as those who contributed anonymously.



Sturges Karban

Director and Chief Executive Officer
ManifestSeven

INTRODUCTION

On October 17, 2018, Canada legalized cannabis for recreational use, making it the second country in the world after Uruguay and the first of the G20 countries to legalize nationally. One year later to the day, Canada took an added step, legalizing cannabis edibles. Medical marijuana has been legal in Canada since 2001. The industry has taken root there, providing a unique test case for the burgeoning global industry.

In the U.S. a blanket ban remains in place at the federal level as legalization rolls out in piecemeal fashion, state by state. California set the trend in motion when it became the first state to legalize medical cannabis in 1996. The state continues to be seen as a bellwether, though Colorado and Washington were six years ahead of California when they legalized recreational cannabis in 2012.

To date 33 states and the District of Columbia have passed laws legalizing cannabis in some form. As decriminalization and legalization gain momentum, more are expected to follow suit. Most analysts see federal regulatory reform as an inevitability, though the timetable is up for debate.

Similar to any emerging industry, one of the defining attributes of cannabis is uncertainty. The survey found that the majority of retail investors, in both the U.S. and Canada, do not consider themselves sufficiently knowledgeable of investment opportunities in the industry. A lack of information on cannabis companies and compliance concerns are cited as barriers to investing – though the prospect of doing so has wide appeal.

Drawing on survey research and interviews with a panel of experts, this report looks at the current state of the cannabis industry in the U.S. and Canada, including broad public perceptions. It also zeroes in on the attitudes of retail investors toward cannabis industry investment, gauging their interest and determining what attracts them and what impedes them. We also explore the issues of trust and communication and the roles they are playing in the drive toward Cannabis 2.0 – the actualization of a fully legitimized, sustainable and profitable global cannabis industry.

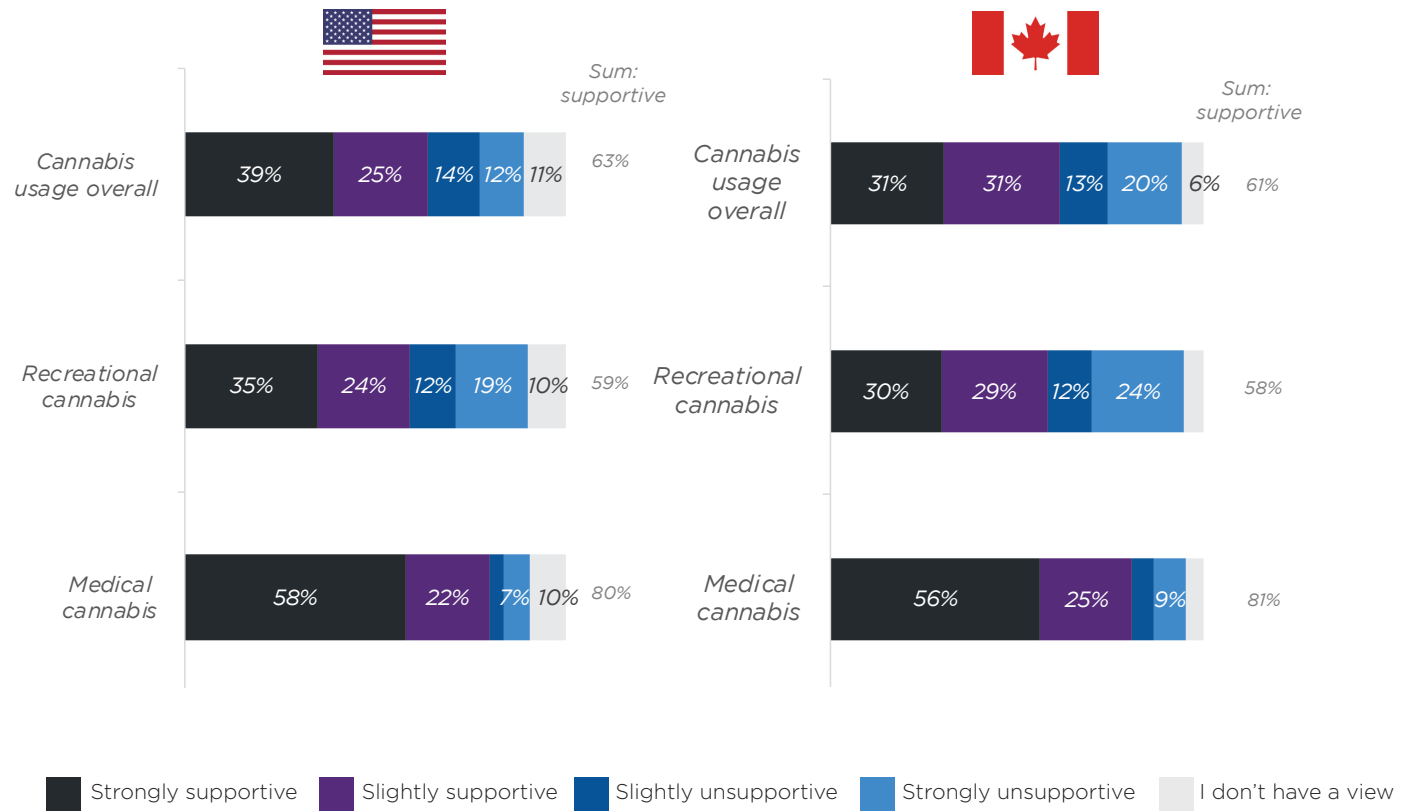


THE CLIMATE: PUBLIC ATTITUDES AND INVESTOR CONFIDENCE

Support for Cannabis Usage and Legalization

In keeping with a long de-stigmatization trend which has greatly accelerated in the past five years, the survey confirms popular support for cannabis: Nearly two-thirds of the general population in the U.S. (63%) and Canada (61%) say they support the usage of cannabis overall in their country. Support is especially high for medical cannabis, with a full 80% in the U.S. and 81% in Canada expressing support. Recreational cannabis, too, has the support of a majority, at 59% in the U.S. and 58% in Canada.

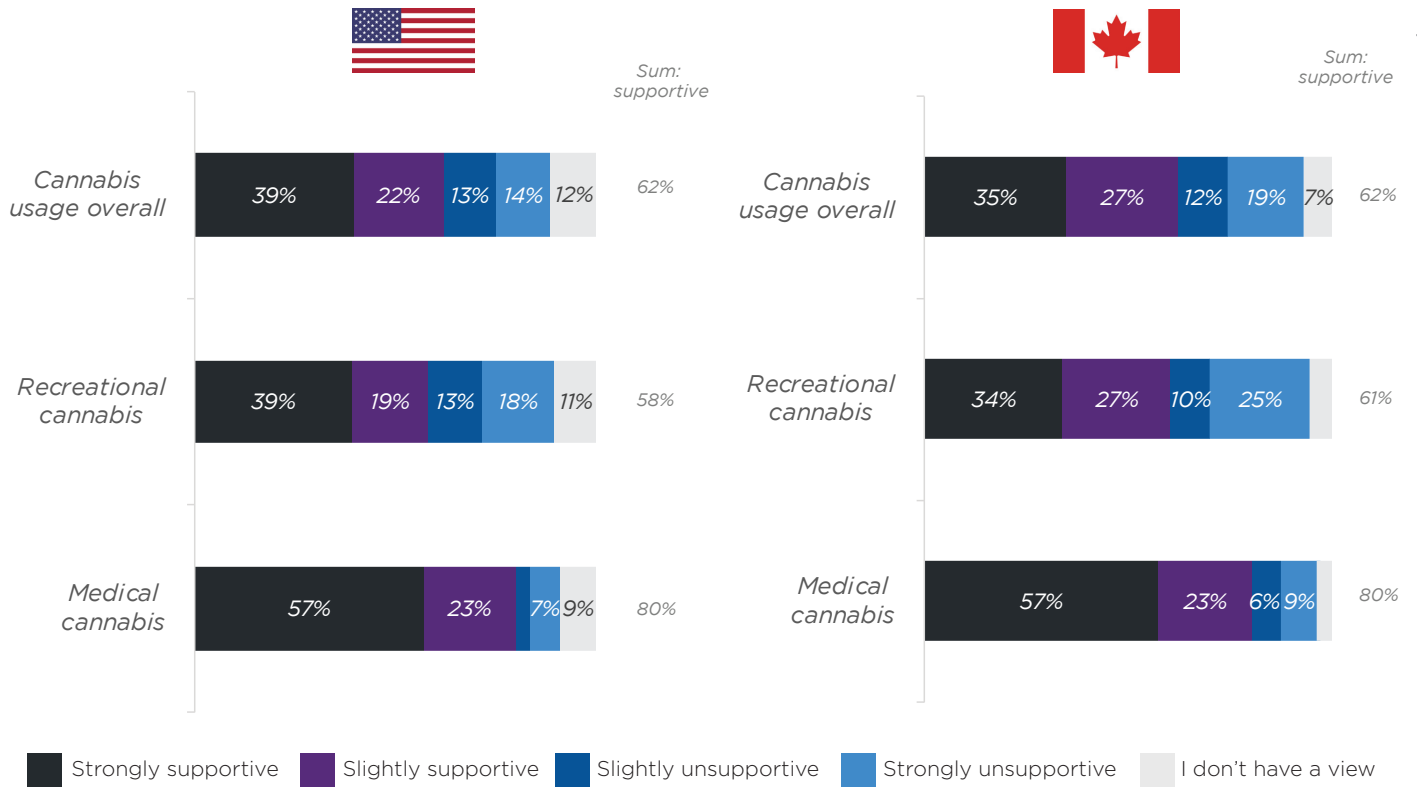
How supportive or unsupportive are you of the following types of cannabis usage in your country?



Change in public opinion often precedes change in public policy, and together, public support and legislation drive commerce. Although the U.S. Drug Enforcement Administration (DEA) still classifies cannabis as a Schedule I Controlled Substance, full decriminalization and legalization of cannabis are increasingly gaining mainstream acceptance.

In fact, the majority of people in the U.S. and Canada support cannabis legalization. Within the general population, 62% in both countries say they support legalization of cannabis overall. Again, support is highest for medical cannabis, at 80% in both countries. Most (58% U.S. and 61% Canada) also support legalizing recreational cannabis. Among those showing support, whether for medical, recreational or overall, a plurality said they are “strongly supportive.”

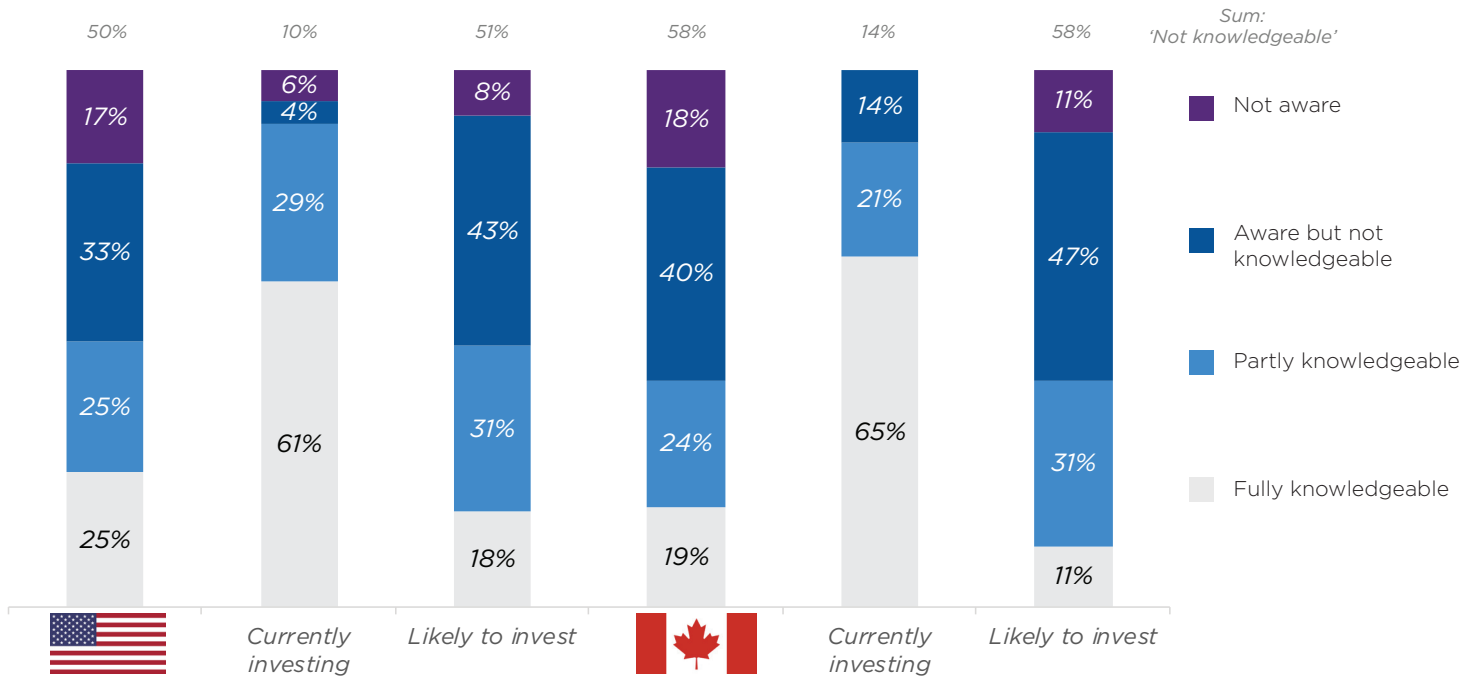
How supportive or unsupportive are you of the following being legalized (i.e. regulated and taxed) in your country?



Awareness of Investment Potential

Despite a proliferation of information on cannabis in the marketplace, many investors – more than half (58%) in Canada and 50% in the U.S. – claim they are “not aware” or “aware, but not knowledgeable” about the potential to invest in the cannabis industry in their country.

How aware or knowledgeable are you of the potential to invest in the cannabis industry in your country?



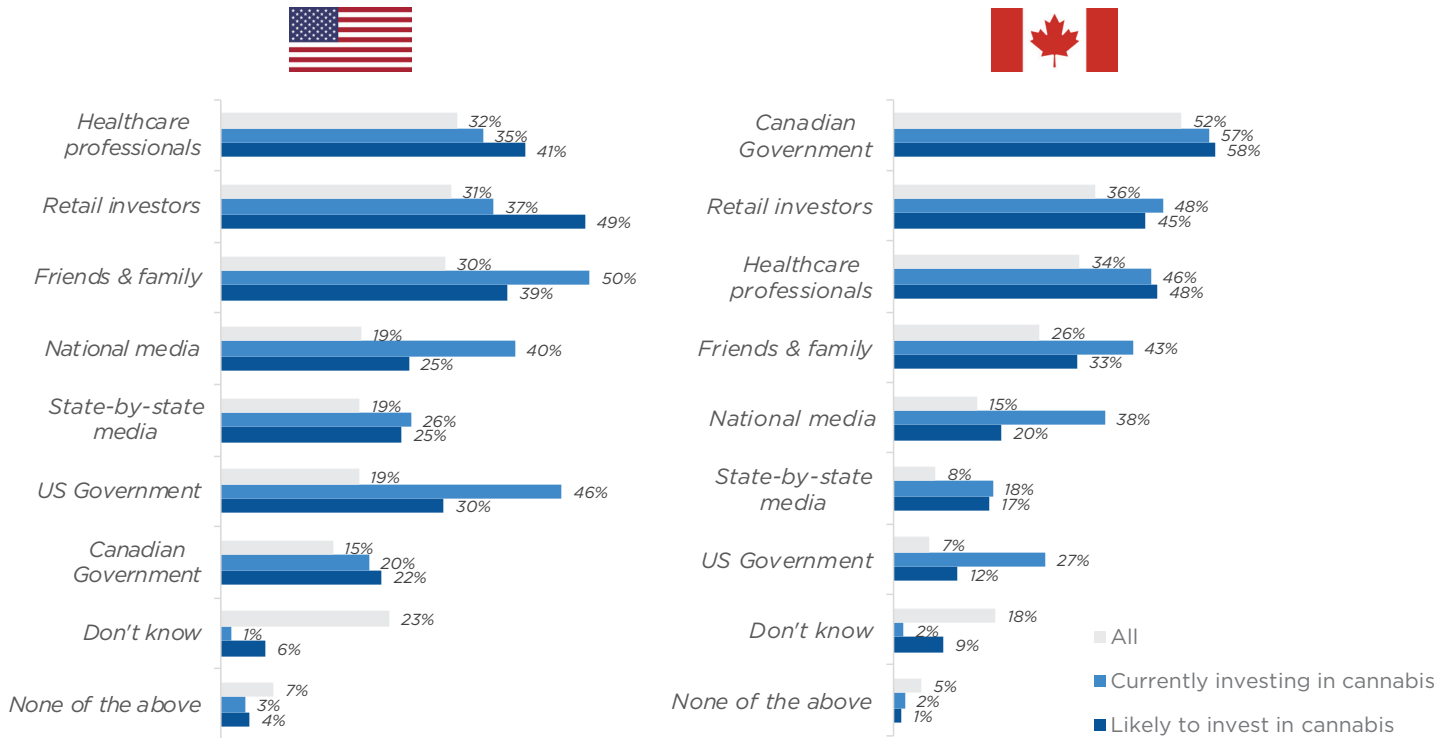
“I think it’s still a pretty gray area for most people,” observes Elaine Carey, Managing Director and Co-Head of FTI Consulting’s Cannabis Practice. “I think they don’t feel like they know enough to necessarily judge how good an investment is. We have some fairly serious investors coming to us saying, ‘Can you help us understand if this is a good investment?’ – people who, in other fields, would feel pretty comfortable.”

Investors who are not currently investing in the cannabis industry, but would like to, make up the largest share of those who say they are “just aware, but not knowledgeable” of the opportunities (47% Canada, 43% U.S.). This suggests substantial scope to influence and educate prospective investors.

While the lack of confidence among investors can be attributed, at least in part, to the simple fact of the cannabis industry being new, its legal ambiguity and regulatory thicket certainly complicate matters for would-be investors. Alex Kasdan, Senior Managing Director at DelMorgan & Co. notes, “The industry is getting professionalized on every level very rapidly, but there’s still a lot of misunderstanding and confusion around what’s legal, what’s not legal, local regulations; it gets down to a very granular level.”

Canadians believe that the “Canadian government” (52%) is the biggest advocate for promoting investment opportunities in the cannabis industry, while just 19% of those in the U.S. feel this way about their own government. Instead, they see “healthcare professionals” as being more supportive. In both countries, the public feels that “retail investors” (31% U.S., 36% Canada) are supportive in promoting investment opportunities in the cannabis industry.

Which of the following groups do you consider to be particularly supportive in promoting investment opportunities in the cannabis industry?



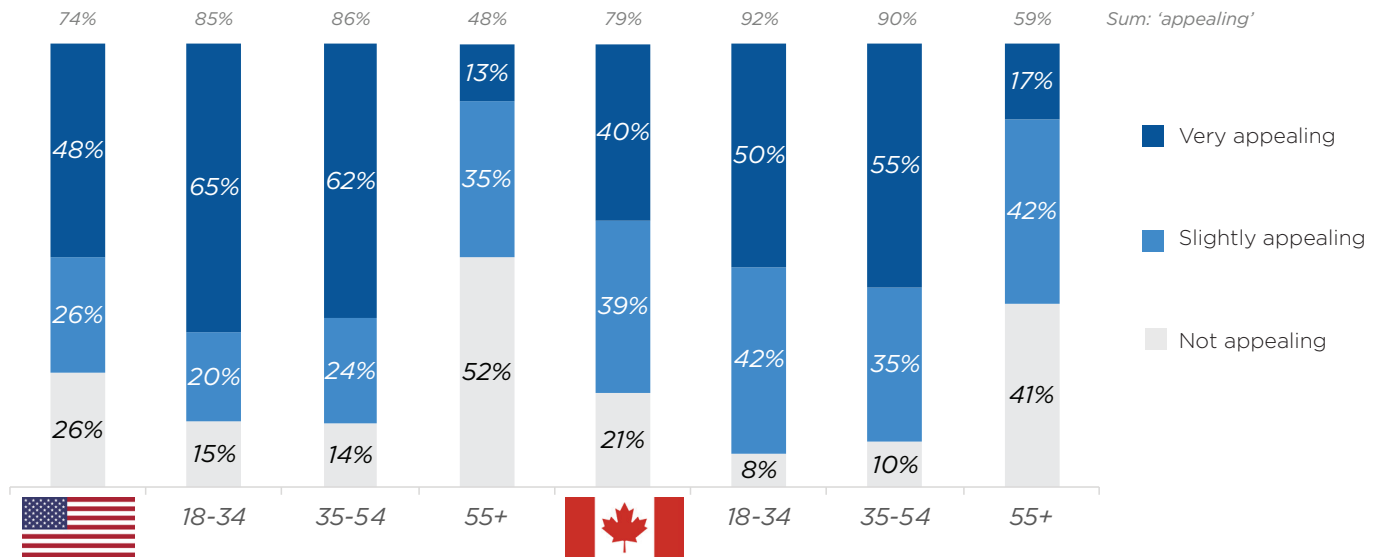
Appeal of Investing in the Cannabis Industry

Following a sustained period of double-digit growth, leading to hyperbolic valuations, the cannabis industry ran into headwinds this year. A downward trend culminated in the industry’s first structural correction, in October 2019, when public company valuations decreased by nearly 50% from a year earlier. As one analyst in the cannabis space describes, “There was a lot of hype prior to that, and obviously, expectation of a lot of growth, and I don’t think that’s necessarily gone away.”

Indeed, the cannabis industry remains highly attractive to investors. A resounding three-quarters of retail investors in the U.S. (74%) and Canada (79%) find the prospect of investing in companies which operate in the cannabis industry to be appealing.

There are generational variations, with interest in cannabis investing peaking among millennials, specifically those aged 18 to 34. Within this group, 85% in the U.S. and 92% in Canada find cannabis investment opportunities appealing. By comparison, 48% of those aged 55+ in the U.S. and 59% in Canada find these opportunities appealing. These data provide insight into the buyer profile of today, though many analysts and operators anticipate a shift to more institutional investors going forward.

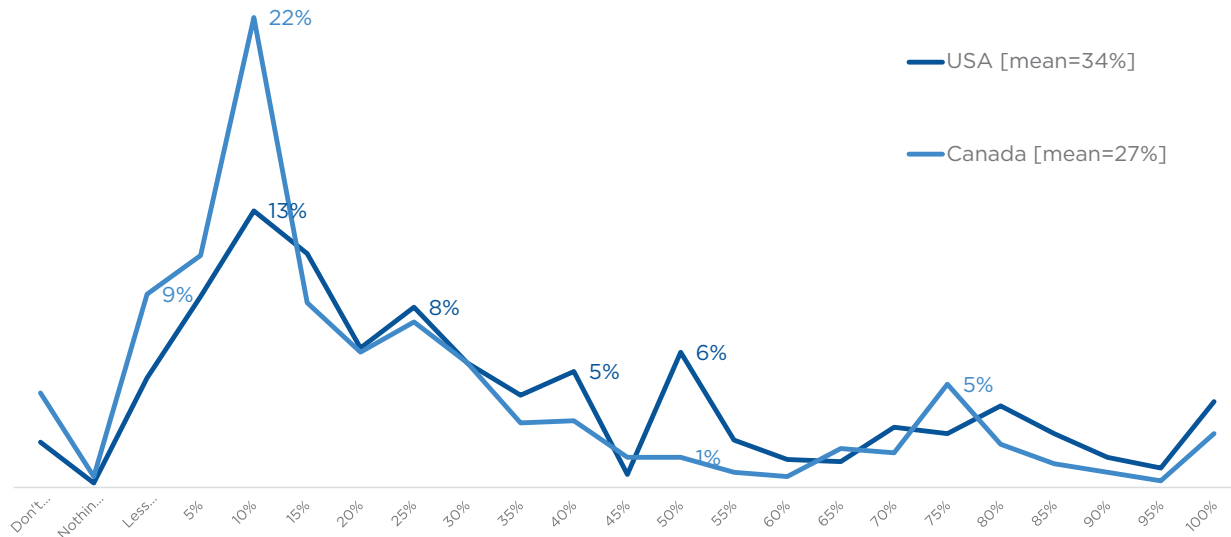
How appealing or unappealing do you find opportunities to invest in companies operating in the cannabis industry?



Retail investors in the U.S. who are interested in investing in cannabis say they would be “potentially willing to reallocate” 34% of their current investments into the cannabis industry if they had the opportunity. Similarly, Canadian investors would potentially be willing to reallocate 27% of their current investments.

It’s worth noting that such bullishness toward an entirely new industry speaks not only to that industry’s actual potential, but to the type of investor who is attracted to the cannabis industry. The typical cannabis investor, as one analyst describes, is “someone who’s got a higher risk tolerance. Typically, a similar investor who will invest in the tech space, the resource space, even the online gaming space in recent years.”

What proportion of your current investments would you be potentially willing to reallocate to invest in the cannabis industry if you had the opportunity?



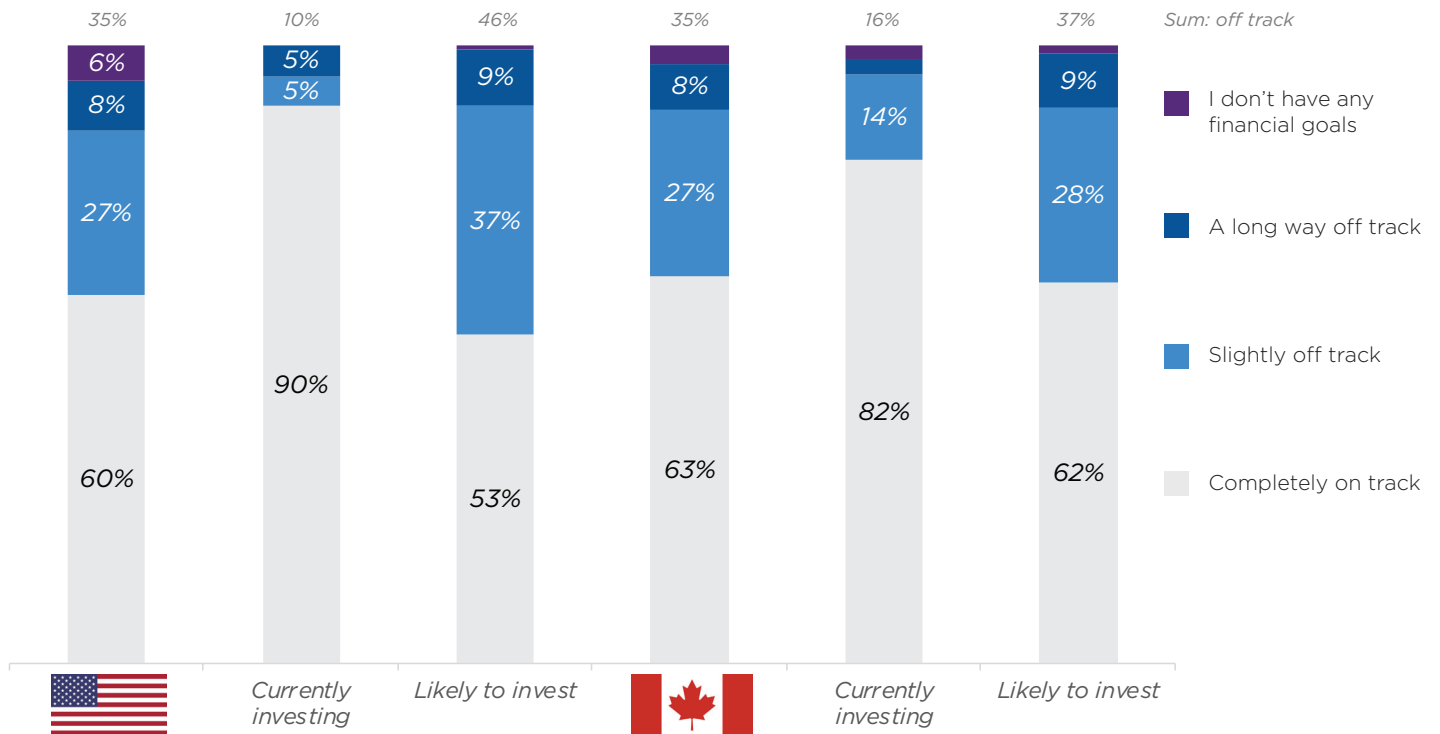
DelMorgan & Co.'s Kasdan says he is unsurprised by the level of confidence in the cannabis industry, but expects a more measured view in the longer term: "Projections are going to become more realistic, product is going to get more uniform, and it's going to be just like every other industry. The novelty is going to wear off," he suggests. This syncs with the normalization trend observed by many experts.

Cannabis and Financial Goals

The ebullience surrounding cannabis investing is particularly evident in the perhaps outsized role investors expect these investments to play in achieving their financial goals. Investor confidence is high overall, with six in 10 retail investors in the U.S. (60%) and Canada (63%) saying they consider themselves to be "completely on track" to achieve their important financial goals. But these numbers rise markedly among those who are currently investing in the cannabis industry, with a full 90% in the U.S. and 82% in Canada claiming to be "completely on track."

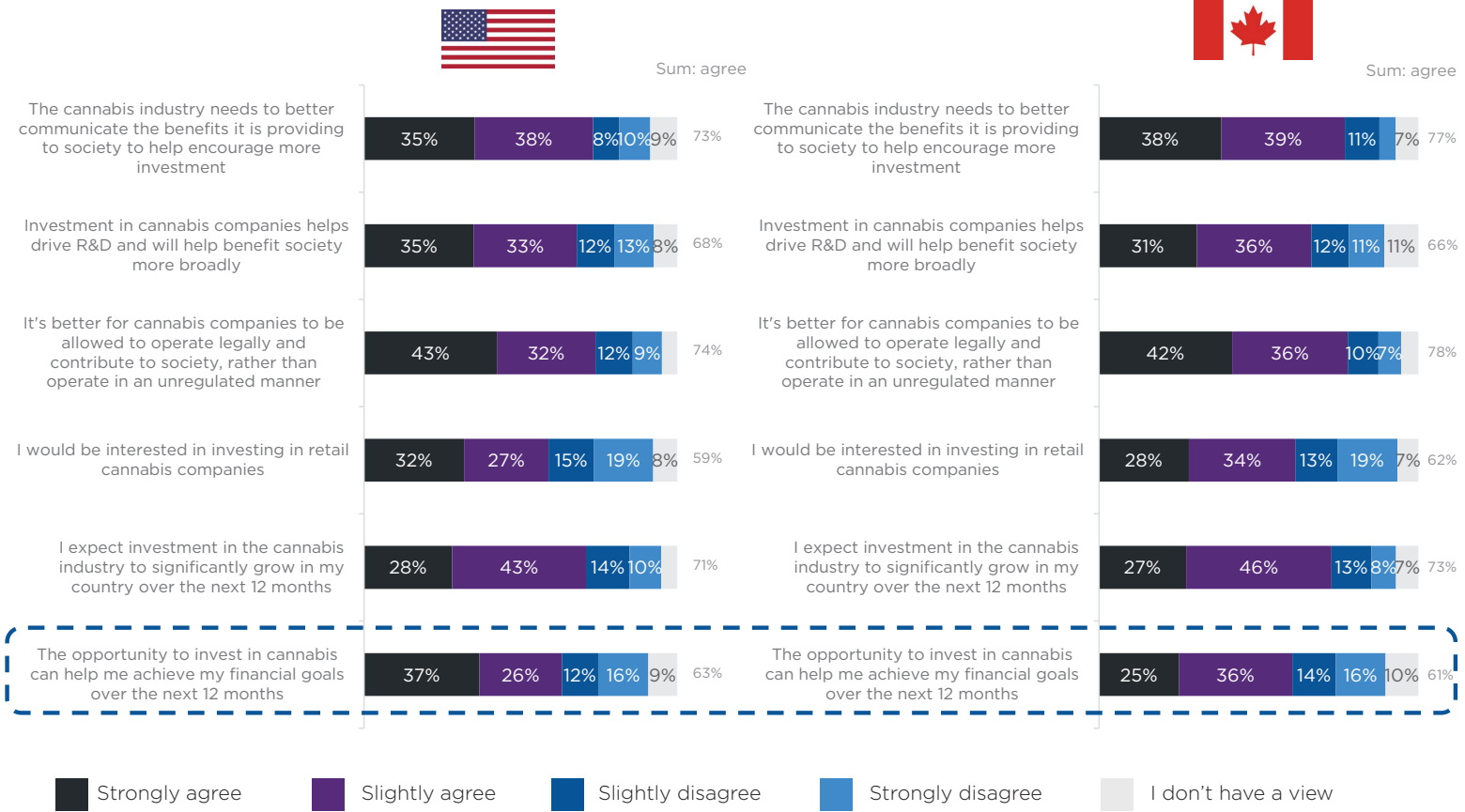
Lincoln Eckhardt, a Managing Director with FTI Consulting and Co-Head of the firm's Cannabis Practice, provides some perspective, noting, "Typically the people that are willing to take those risks are people who feel like they're in good shape financially, they have their portfolios where they want to be, they feel comfortable with their net assets, and so they're willing to sort of explore these alternative investments." Investors who consider themselves completely on track are "looking for greater returns, and they have the ability to have that risk appetite because they're well-established," Eckhardt explains.

Overall, do you believe you're on track to achieve your important financial goals as an investor?



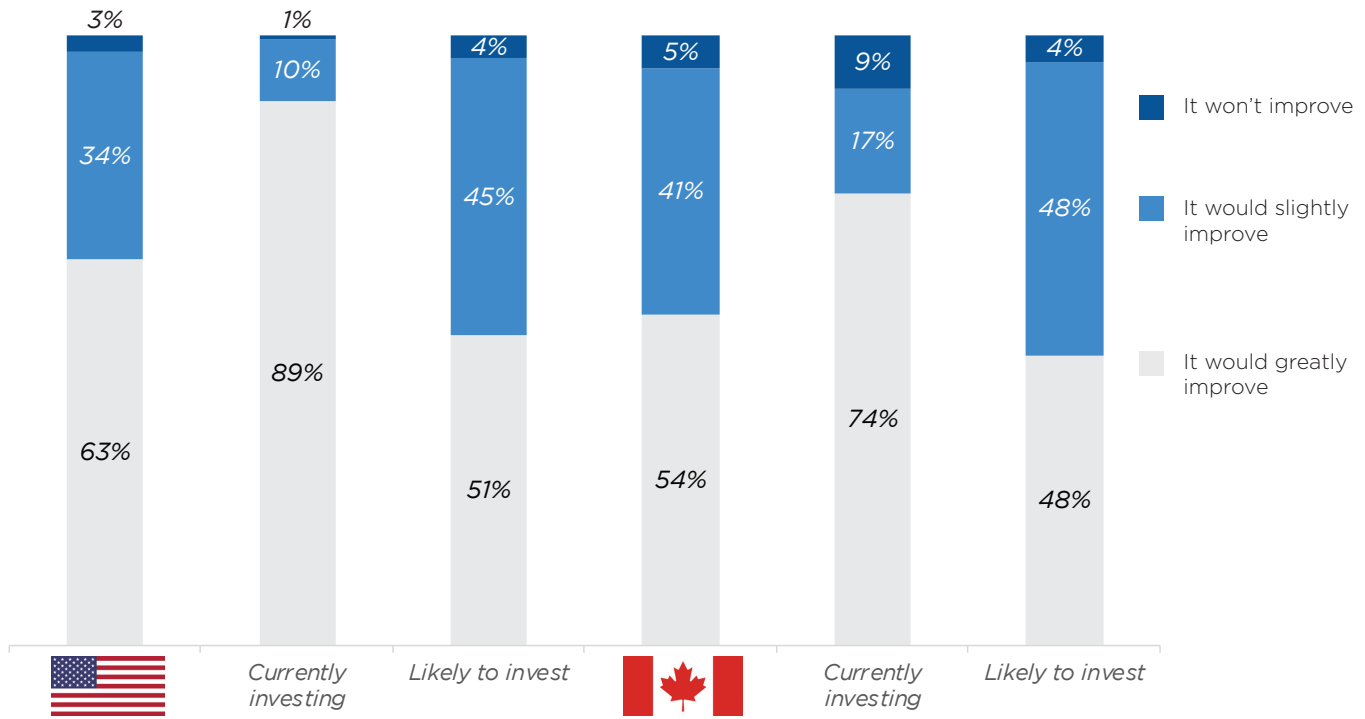
Looking specifically at the near term, 63% in the U.S. and 61% in Canada believe that “the opportunity to invest in cannabis can help them achieve their financial goals over the next 12 months.” This perception increases to 76% in the U.S. and 80% in Canada for those who are likely to invest in the cannabis industry.

How strongly do you agree or disagree with the following statements?



With regard to allocation, 63% in the U.S. and 54% in Canada believe that “investing in a diverse portfolio of cannabis companies” would help them achieve their important financial goals as an investor in the long term. Significantly, half (U.S. 51%, Canada 48%) of prospective cannabis investors – those who are not currently investing in cannabis but are likely to do so – believe that having a diverse portfolio of cannabis companies will help them achieve their goals.

To the best of your knowledge, how do you feel investing in a diverse portfolio of cannabis companies would help you achieve your important financial goals as an investor in the long term?





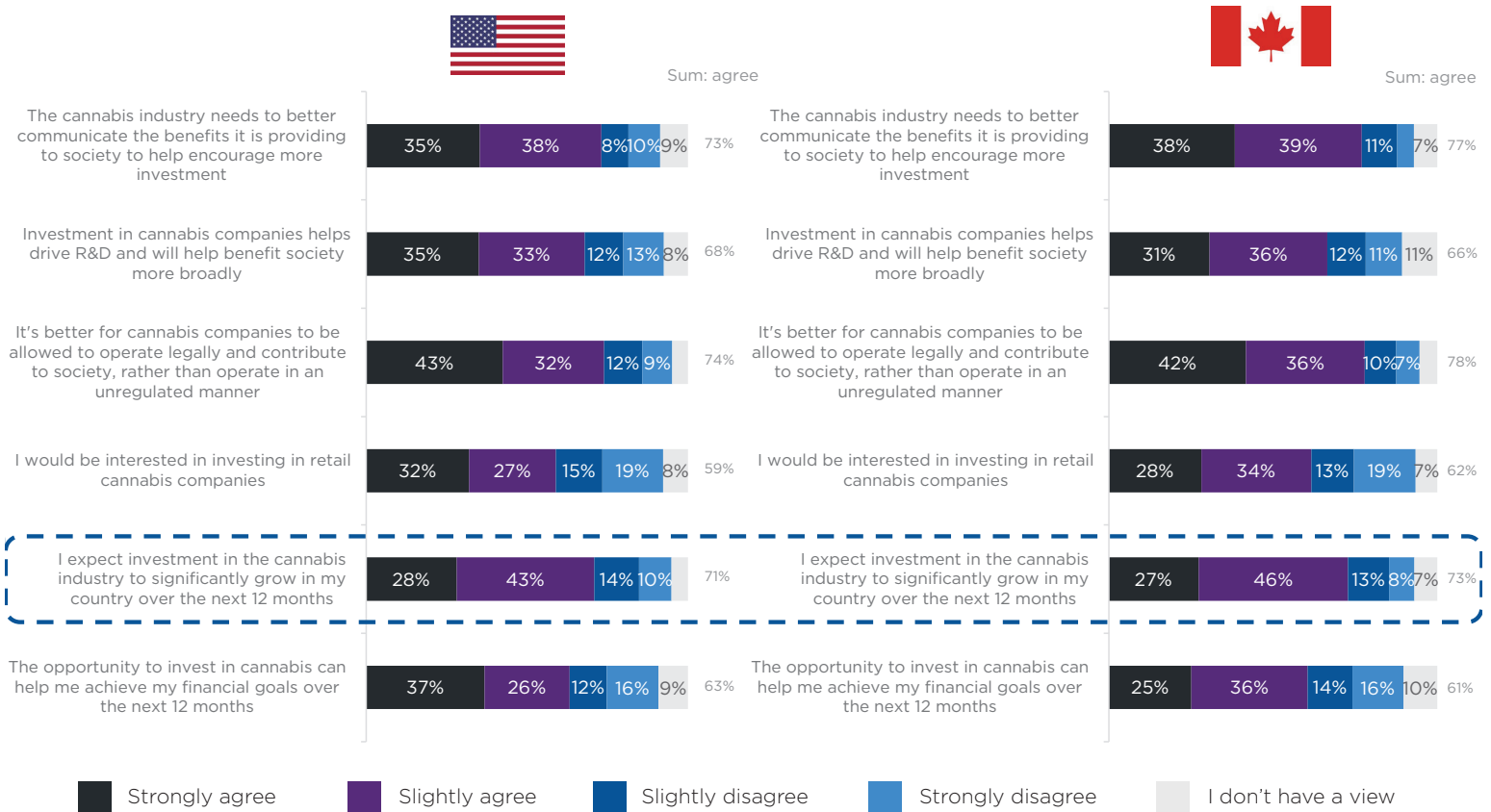
INDUSTRY OUTLOOK

The Next 12 Months

There is little doubt, among industry analysts as well as investors, that the cannabis industry will continue to grow and establish itself as a global enterprise in the coming years. “I’m bullish on both the U.S. and Canada,” one analyst states plainly. FTI’s Carey points out the industry’s staying power, saying “I think people recognize that, long term, it’s here to stay.” The groundwork for the industry’s long-term viability and growth is being laid right now.

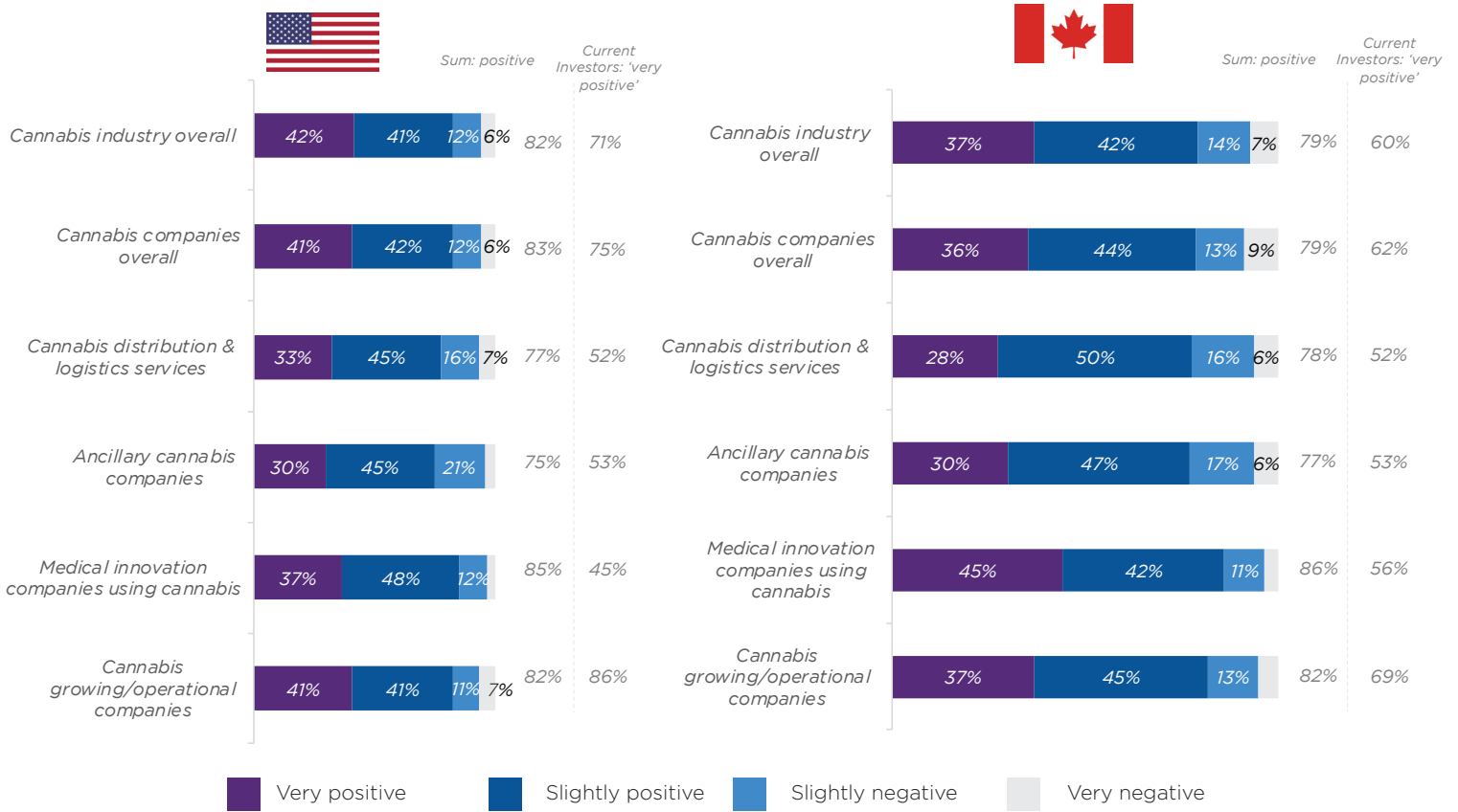
Asked about the near term, seven in 10 retail investors in the U.S. (71%) and Canada (73%) expect investment in the cannabis industry to significantly grow in their country over the next 12 months, with eight in 10 stating they have a positive outlook for the cannabis industry overall in their country (82% U.S., 79% Canada).

How strongly do you agree or disagree with the following statements?



As investors see it, the 12-month outlook is especially positive for certain subsectors. Notably, 85% in the U.S. and 86% in Canada describe the outlook for “medical innovation companies using cannabis” as positive or very positive. Other subsectors seen as having a strong positive outlook include “cannabis growing/operational companies” (82% U.S. and Canada), “cannabis distribution & logistics services” (77% U.S., 78% Canada) and “ancillary cannabis companies” (75% U.S., 77% Canada).

To the best of your knowledge, how would you describe the outlook for each of the following in your country over the next 12 months?



As the cannabis industry continues to mature, particularly in the coming year, industry operators and analysts as well as financial experts expect it to attract more institutional investors. “From an institutional perspective,” a securities analyst commented, “I think we’ll see more investors, because I think the sector is going to be more developed in the next 12 months than where it was the prior 12 months, so from that subgroup of investors, you will see more and more dollars.”

Key Industry Trends

Vertical Integration

The experts discuss a variety of trends impacting the cannabis industry’s evolving structure. One of these is vertical integration, where individual companies have ownership or control over multiple segments of the production and supply chain. This has been a subject of much debate, and the differences in opinion are reflected in the patchwork of U.S. cannabis regulations: Depending on the state, vertical integration is either required, permitted, or prohibited.

Sturges Karban, CEO of ManifestSeven, sees the vertical integration model as unsustainable and a product of the industry’s fragmentation, contending that it “runs the risk of becoming obsolete once federal reform comes about. You have companies with independent operations state by state that have a lot of scale but no efficiencies. Once the artificial barriers are lifted, they will have a lot of redundancies. Every other emerging market follows the path of specialization, and I expect the same in cannabis.”

Consolidation

Many analysts believe the cannabis industry will be shaped by greater consolidation, including FTI’s Carey. “You’re going to begin to see consolidation,” she predicts. “The smaller players are going to be gobbled up. The industry is definitely going to consolidate, particularly if you get federal legalization.” Carey added that she is seeing fewer small deals and a growing number of large deals, a trend she expects to accelerate, particularly in the U.S.

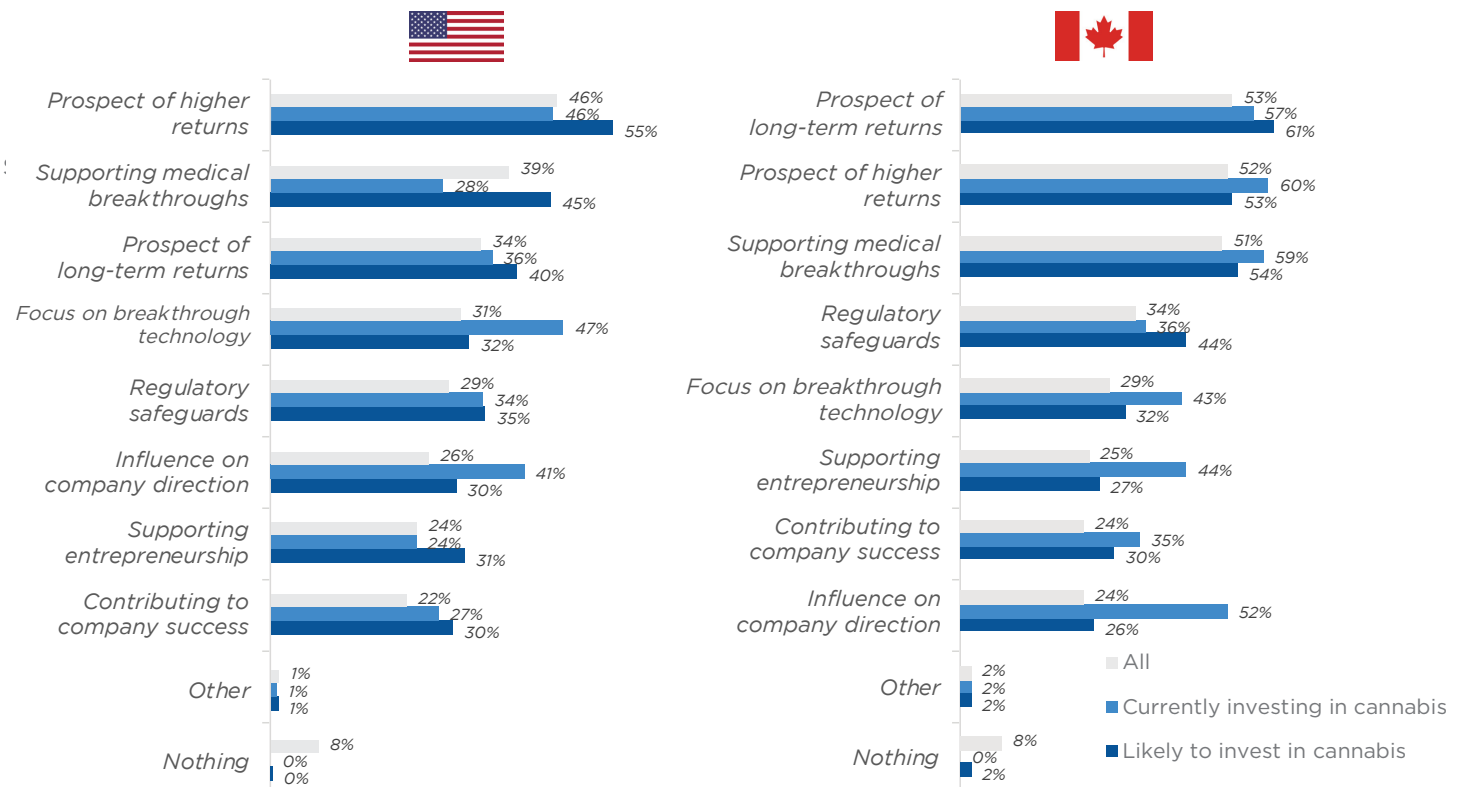
FTI’s Eckhardt also sees consolidation coming about in a future, more normalized cannabis industry. “The big multinational corporations, whether it be Altria or some consumer products firms like Procter & Gamble, Coca-Cola, are definitely aware of the opportunities, but they haven’t acted yet because the opportunities aren’t big enough yet to warrant these companies coming in and consolidating a lot of the smaller players, but I think that inevitably will happen,” he speculates.

Factors Driving Cannabis Investment

Retail investors in the U.S., regardless of whether or not they would personally invest in the cannabis industry, consider the “prospect of higher returns” (46%) the main factor driving investment. Those in Canada point to the “prospect of longer-term returns” (53%), suggesting a longer-term perspective among Canadian investors. “Supporting medical breakthroughs” is also particularly important for investors (39% U.S., 51% Canada). Those currently investing in cannabis in the U.S. say the main driver is the “focus on breakthrough technology” (47%).

Carey emphasizes the important role of medical cannabis in the future of the industry, saying that “as research is done, I think 10 years from now, what people will be talking about with cannabis is not the fact that you can get high walking down the street, but the medical breakthroughs you’re going to see.”

Which of the following factors do you believe will drive investment in the cannabis industry in your country over the next 12 months?

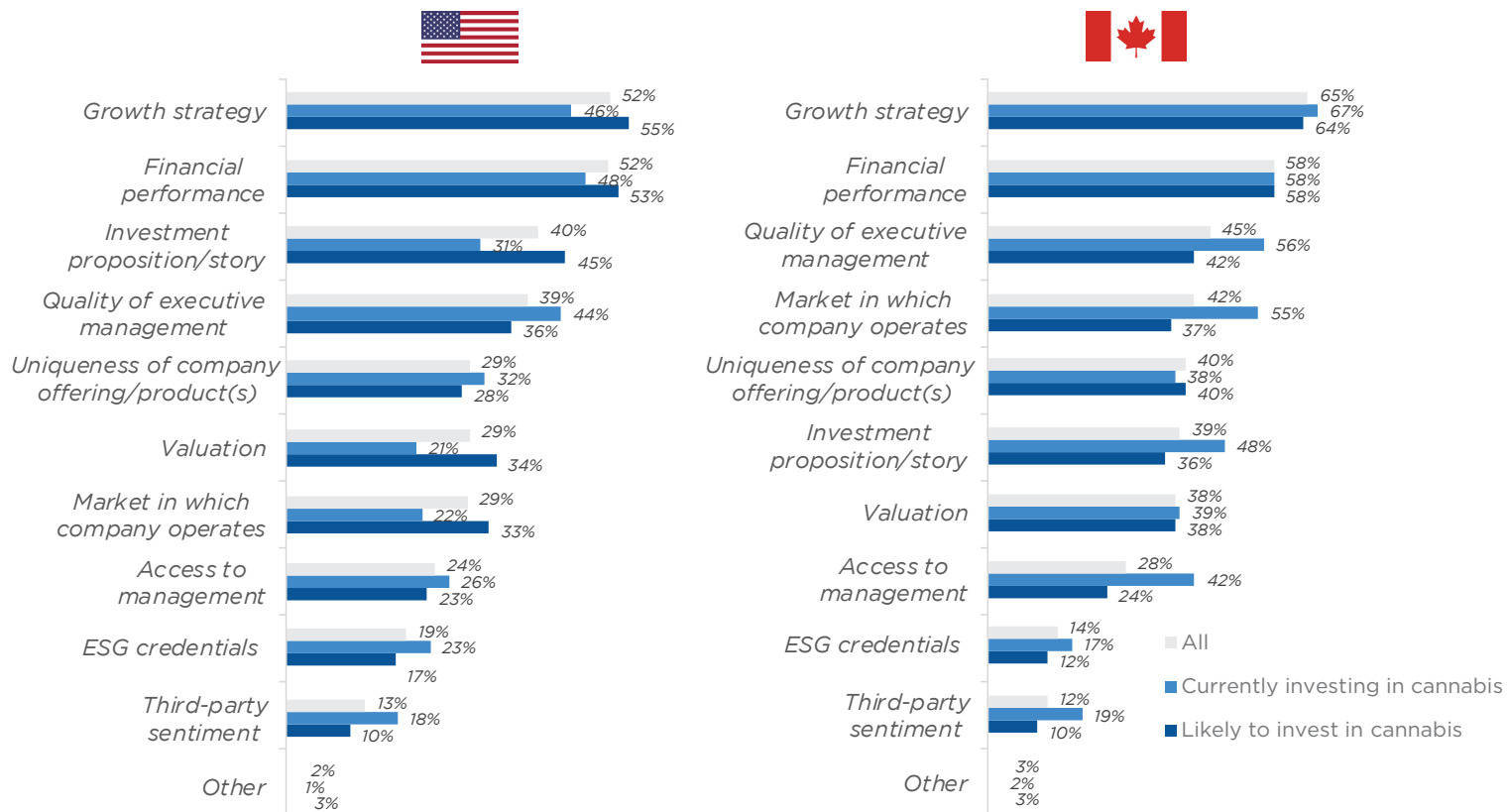


The “growth strategy” of cannabis companies is considered to be the most important and influential aspect on cannabis investment decisions, according to retail investors overall in the U.S. (52%) and Canada (65%). This result came as a surprise to Karban, who believes growth strategy will become less important, and companies that have been overly focused on growth will be “crying out in pain for not having been more rigorous around fundamentals like a professionalized management team, corporate governance, risk management and profitability.”

Those who currently invest in cannabis in the U.S. rank “financial performance” highest, at 48%, while Canadian cannabis investors see “growth strategy” as most important (67%). Other factors cited as important and influential in cannabis investment decisions include the “uniqueness of company offering,” which Canadian retail investors rank 10% higher than their American counterparts. In this more developed market, brands are likely more cognizant of the need to differentiate themselves in the market.

In the U.S., where the industry is in a more fundamental process of defining itself, investors say the “investment proposition/story” is important in investment decision-making. This strikes a chord with Tony Kiehn, Managing Director and Co-Founder of Fortis Pacific, who says, “My big point to all the operators I work with is, whether you’re \$5 million or \$50 million, this is no different than being a tech company or a biotech company. You’ve got to educate the market, and you’ve got to educate the investor pool, and you’ve got to get your story down, and you’ve got to repeat, repeat, repeat.”

Which of the following do you consider particularly important and influential upon your decision to invest in cannabis companies?



Barriers to Investment

Given the cannabis industry’s ambiguous legal standing in the U.S., it is to be expected that many have reservations about investing, despite their interest in doing so. But investors are not assessing risk only through this murky prism, particularly in Canada, where more conventional concerns arise.

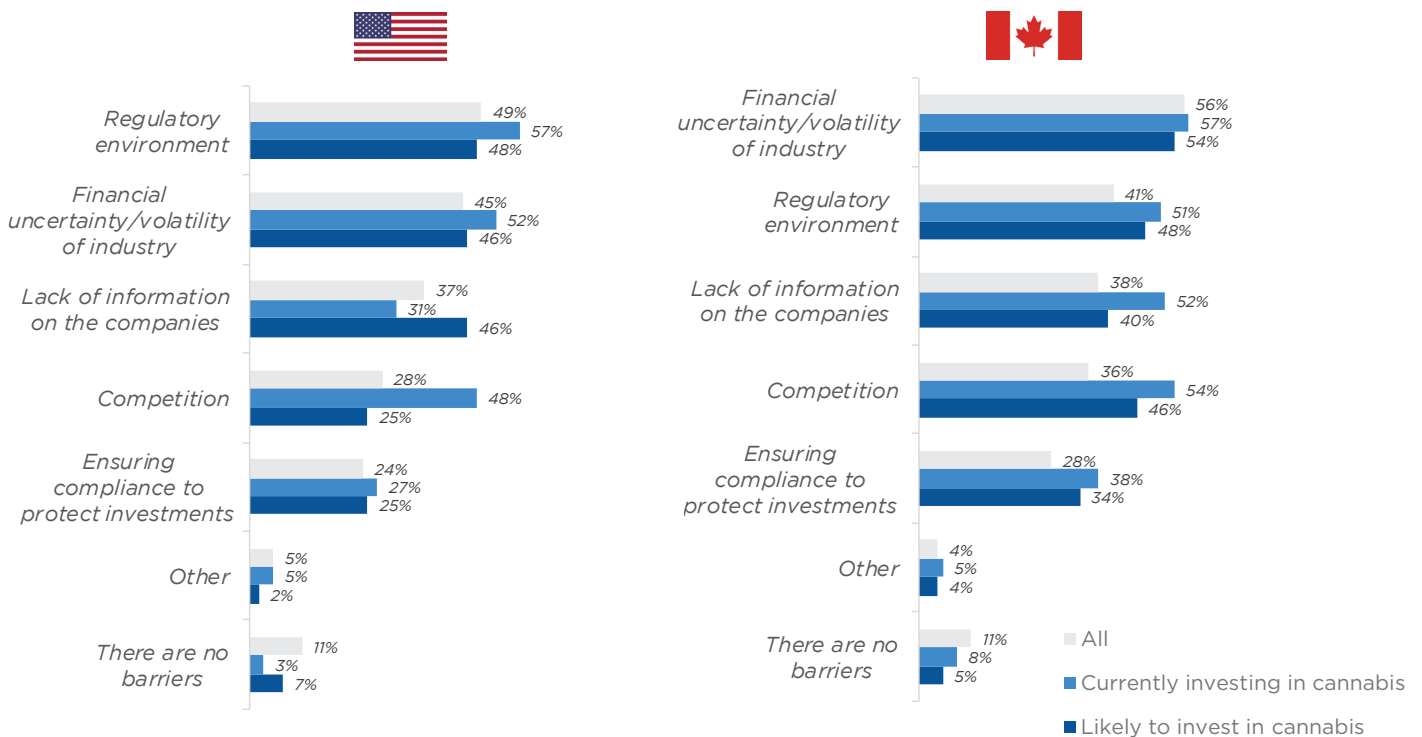
In the U.S., the usual challenges of an emergent industry are complicated by federal illegality and the lack of anything resembling a uniform regulatory framework. Accordingly, the majority (49%) of U.S. retail investors cite the “regulatory environment” as a barrier restricting investment over the next 12 months. Analysts confirm this finding, with one stating unequivocally that “the biggest impediment is undoubtedly the regulatory environment.”

Looking ahead, Rob Wertheimer, Founding Partner & Director of Research at Melius Research, is confident that change is on the horizon as normalization progresses. “I think they are going to fall completely. I think over time legalization will proceed in the U.S. in different ways so I think the barriers will change radically.”

In Canada, where cannabis is legal and there is a much more established public capital market involving cannabis, 56% of investors say “financial uncertainty/volatility of the industry” is a barrier to investment. This difference can be seen as a reflection of the learning curve. As Karban states, investors in Canada are now confronting “where the real risks and uncertainties in this industry are, as they get smarter and more entrenched in it, and as regulations relax.” At this stage investors are asking a different set of questions: Is the company making profits? Does it have assets? What is the management team like?

Investors in the U.S. are not far behind their Canadian peers, however. Experts see the barriers to investing there increasingly hinging on the conventional factors that determine success or failure in any other industry – the fundamental integrity of the businesses that are engaged in it.

Which of the following do you consider to be barriers restricting investment in the cannabis industry in your country over the next 12 months?



Another principle barrier to investment in the cannabis industry relates to a dearth of knowledge, as discussed earlier in this report. Over a third of investors (37% U.S., 38% Canada) cite a “lack of information on the companies.” Approximately a quarter believe “ensuring compliance to protect investments” (24% U.S., 28% Canada) acts as a barrier to investment.

Canadian investors share concerns about the U.S. regulatory environment, but for quite different reasons. Once cannabis becomes a fully mainstream business in the much larger U.S. market, it will likely overtake the industry in Canada. FTI's Carey predicts that “Canada will see its heyday as the kind of leader in cannabis fade, because there aren't that many Canadians. If U.S. persons are getting into the business or investing, and don't have the federal problem, the money will be here.”



THE PATH TO LEGITIMACY

The Trust Factor

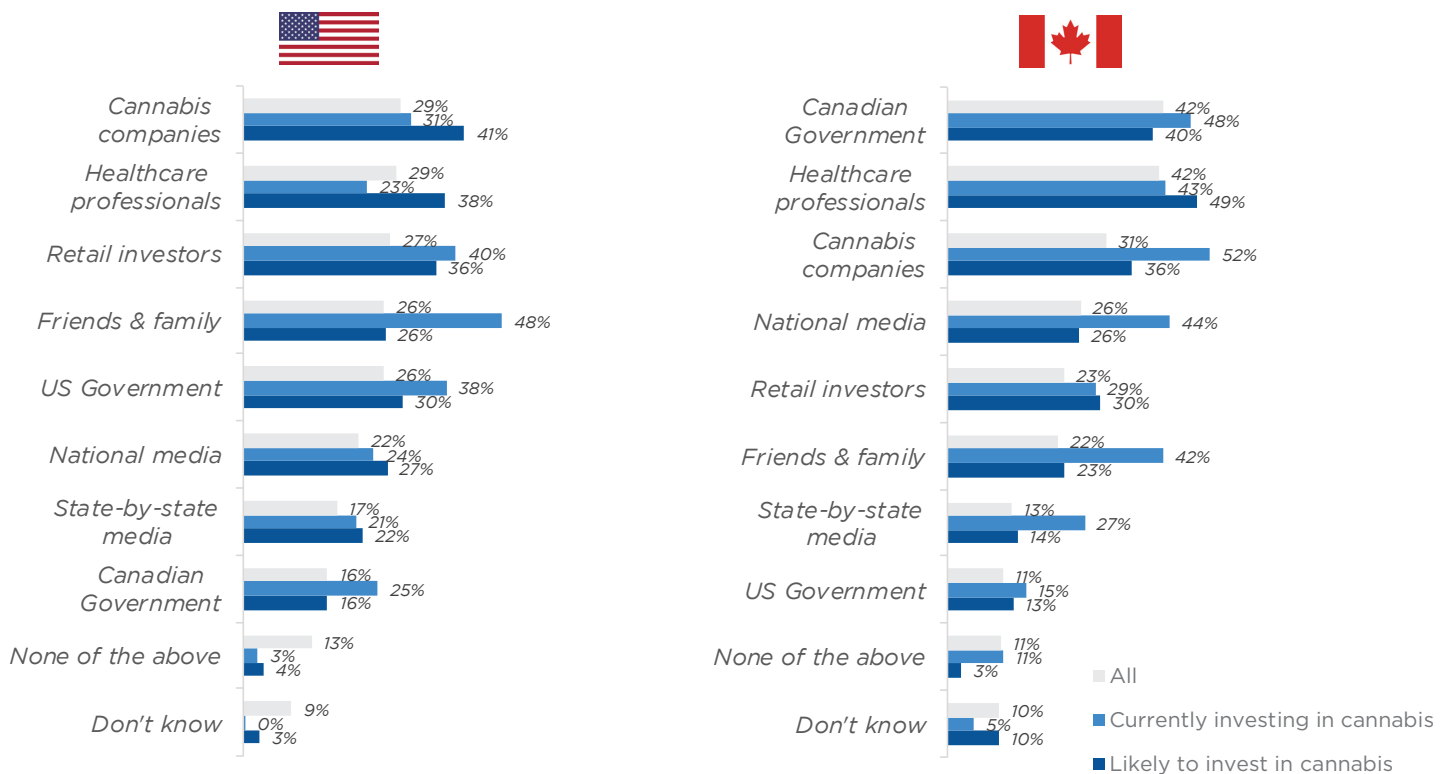
Cannabis became illegal in the U.S. with the passage of the Marijuana Tax Act of 1937. The stigma surrounding it predates this, and has deeper roots. Many investors who are watching the industry intently are still reluctant to be associated with it. Carey believes this is changing. “A year ago, people who were investing in it were still pretty much keeping it quiet,” she says. “Really within the last year, even a little bit more, suddenly you’re seeing many more mainstream investors, including PE firms and VC firms that are openly talking about it and doing it.”

The stigma, paired with legal limbo, make it crucial for the industry to establish trust and prove its integrity. In terms of risk mitigation, cannabis companies may need to work twice as hard. Emphasizing the need for vigilance, Karban says that “right now the emphasis is on regulatory compliance on an ongoing operational basis,” but good governance must go beyond regulatory oversight and implementation. “Everything else around the enterprise has to be even more unimpeachable. You need to be on a higher standard on all of the conventional aspects of how you run the business,” he adds.

Communication is integral to building trust, especially where information is perceived to be lacking and there is an expressed need for greater knowledge. Asked which sources they trust to provide accurate and honest information on opportunities to invest in the cannabis industry, U.S. retail investors cite “cannabis companies” and “healthcare professionals” as equally trustworthy (29%). In Canada, the level of trust in cannabis companies is similar (31%); however these investors rank “healthcare providers” and the “Canadian Government” equally high as the most credible sources (42%).

Eckhardt confirms that in the U.S., cannabis companies are seen as the most knowledgeable and informative resource about potential investments, due to their proactive efforts to raise awareness and educate investors. “They’re the ones who are getting the opportunities out there in the marketplace. They’re the ones who are holding the conferences, doing a lot of the educational heavy lifting,” he points out.

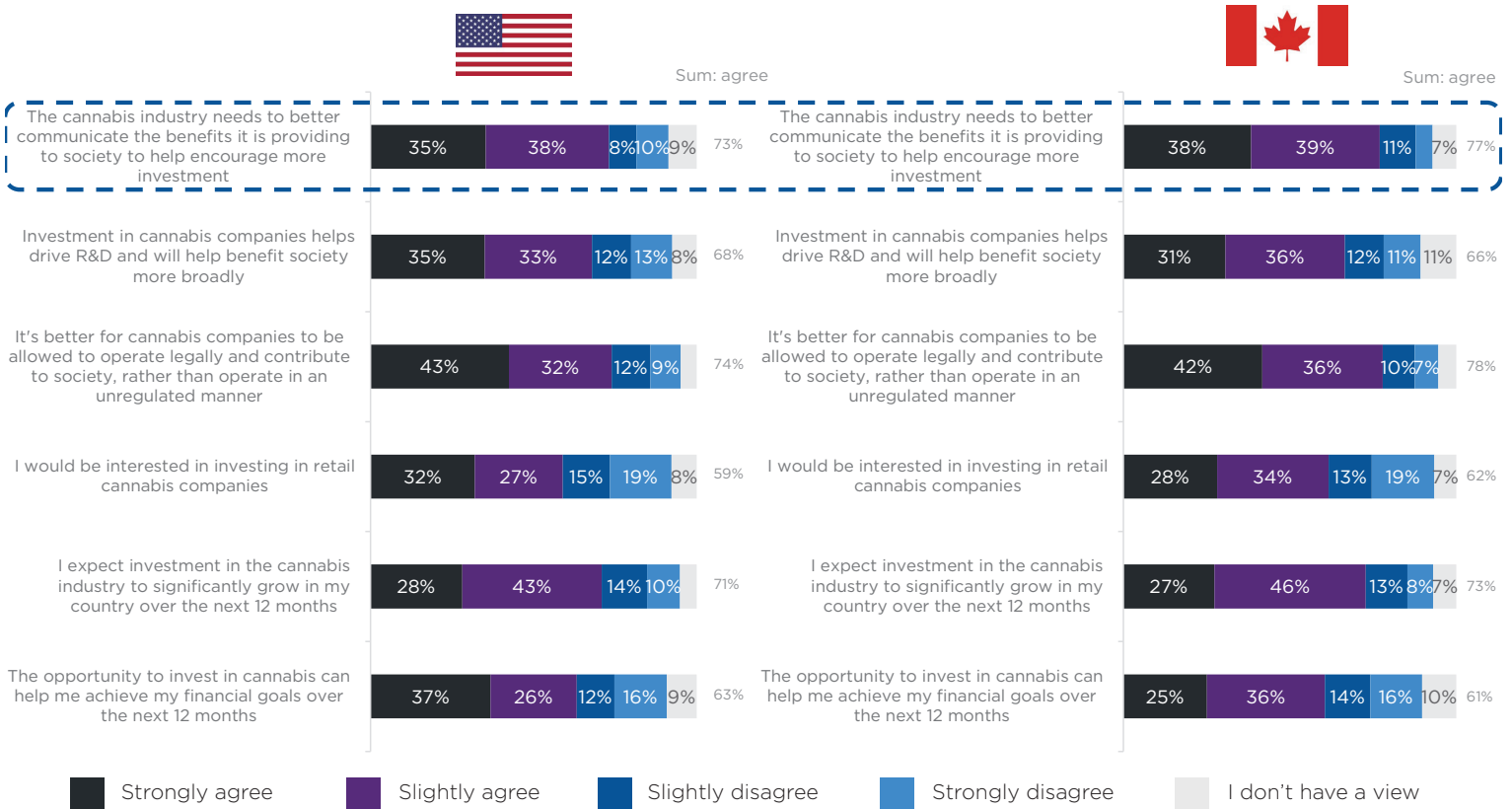
Who do you particularly trust to provide accurate and honest information on the opportunities to invest in the cannabis industry?



Communication Opportunities

In both the U.S. and Canada, the cannabis industry could be its own best advocate. This formative period in the industry’s history, when the world is watching, presents a unique opportunity to shape the narrative and modernize perceptions. Investors are eager to learn. A majority of those surveyed – 73% in the U.S. and 77% in Canada – agree that “the cannabis industry needs to better communicate the benefits it is providing to society to help encourage more investment.”

How strongly do you agree or disagree with the following statements?



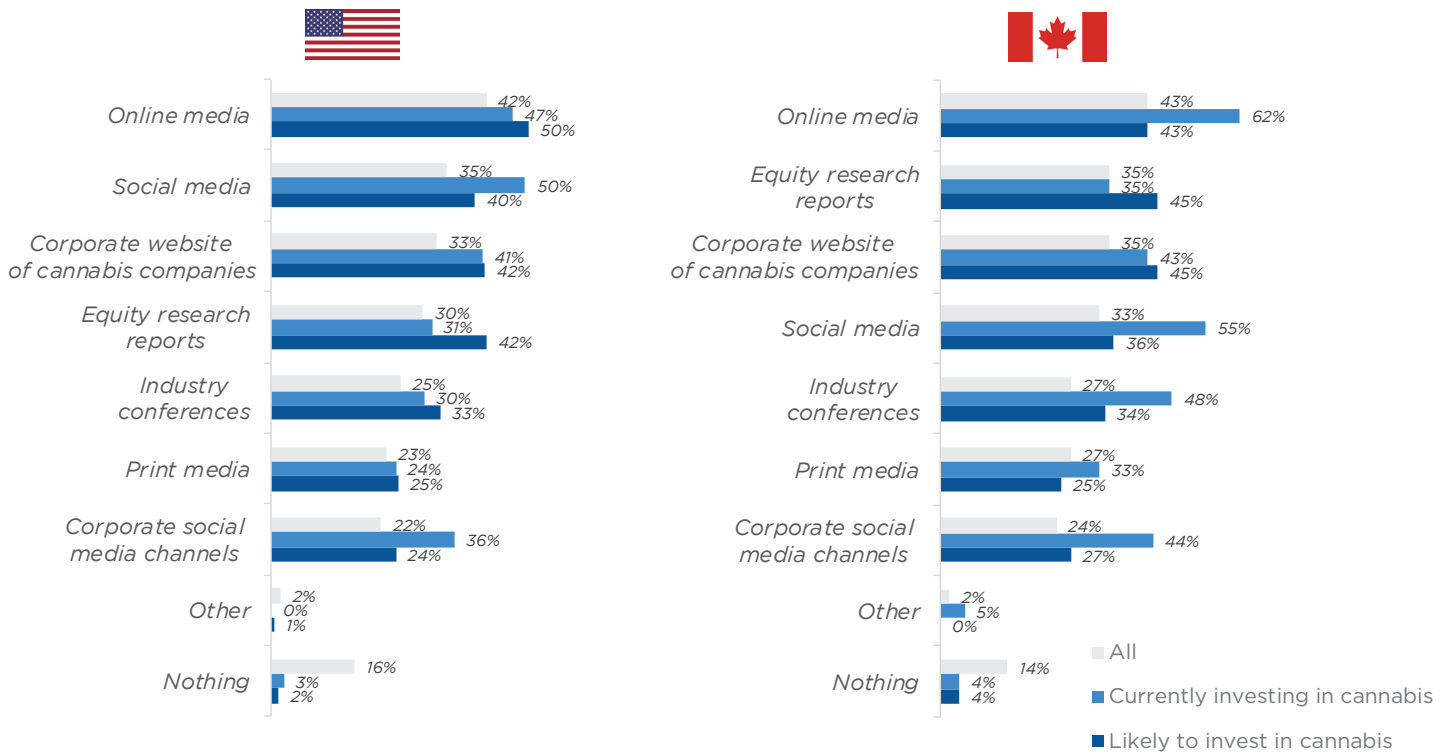
Several experts point out that brands have an opportunity to take the podium. In the U.S., branding has largely been missing from the industry. “There hasn’t been enough time for these products to really be battle-tested in the market, where it gives rise to a brand equity that includes that factor, which is trust. That’s not there yet,” Karban explains. “A logo doesn’t make the brand. It’s ultimately that trust.”

Emphasizing that time is of the essence, Kiehn warns that big brands could swoop in and seize the opportunity from smaller players. “Is there a Budweiser out there yet? Is there a Sam Adams out there yet? Nope. But I’ll tell you this much, the big brands are going to proliferate like nobody’s business, and they’re going to crush all these little guys if they don’t get their acts together.”

Acknowledging the challenges stemming from federal illegality in the U.S., which prohibits certain types of marketing, Eckhardt also sees potential for brands to better communicate with investors. “I think from an opportunity standpoint, branding is a really interesting area,” he says. “It’s hard for the U.S. operators to really develop a national brand, because every state is sort of a silo, but I think there’s huge opportunity for companies that are able to develop brand equity. This would be a real value driver.”

Asked about the optimal channels for investor communication, 50% of those likely to invest in cannabis in the U.S. say they would prefer to be updated on cannabis investment opportunities via “online media.” In Canada, “online media” are favored by investors who are currently investing in cannabis (62%). Of those likely to invest in cannabis, 45% prefer “equity research reports” and the “corporate website of cannabis companies.”

Which of the following sources would you prefer to use to keep updated on cannabis investment opportunities?



DEMOGRAPHICS AND BACKGROUND

Gender

	Total	USA	Canada
Male	68%	69%	67%
Female	32%	32%	33%

Age

	Total	USA	Canada
18-20	2%	2%	3%
21-24	6%	7%	4%
25-29	7%	9%	6%
30-34	10%	12%	9%
35-39	11%	13%	10%
40-44	11%	12%	11%
45-49	11%	9%	13%
50-54	7%	6%	7%
55-59	8%	7%	9%
60-69	18%	14%	21%
70+	8%	9%	8%

Canadian Provinces

	Canada
Ontario	41%
Quebec	19%
Nova Scotia	2%
New Brunswick	2%
Manitoba	5%
British Columbia	17%
Prince Edward Island	0%
Saskatchewan	2%
Alberta	11%
Newfoundland and Labrador	0%

United States Regions

	USA
New England (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)	5%
Mid-Atlantic (New Jersey, New York, Pennsylvania)	13%
East North Central (Illinois, Indiana, Michigan, Ohio, Wisconsin)	14%
West North Central (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota)	8%
South Atlantic (Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, District of Columbia, West Virginia)	18%
East South Central (Alabama, Kentucky, Mississippi, Tennessee)	4%
West South Central (Arkansas, Louisiana, Oklahoma, Texas)	9%
Mountain (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming)	6%
Pacific (Alaska, California, Hawaii, Oregon, Washington)	23%

n=660 Qualified Survey Respondents: Retail investors across the U.S. & Canada with USD\$250,000 in total investible assets, excluding company pension plans, real estate, and employment stock plans

DEMOGRAPHICS AND BACKGROUND

Total investible assets, excluding company pension plans, real estate, and employment stock plans

	Total	USA	Canada
USD\$250,000 - USD\$499,999	39%	36%	42%
USD\$500,000 - USD\$749,999	15%	17%	14%
USD\$750,000 - USD\$999,999	17%	16%	18%
USD\$1,000,000 - USD\$2,499,999	13%	16%	11%
USD\$2,500,000 - USD\$4,999,999	5%	5%	6%
USD\$5,000,000 - USD\$7,499,999	4%	4%	3%
USD\$7,500,000 - USD\$9,999,999	4%	4%	3%
USD\$10,000,000 or more	3%	2%	4%

ABOUT THE REPORT

Methodology

ManifestSeven (formerly MJIC) commissioned FTI Consulting (NYSE: FCN) to conduct market research online with n=660 retail investors across the United States and Canada who have a minimum of USD\$250,000 of investible assets (excluding company pension plans; real estate; or employment stock plans), 28% of who have USD\$1 million to USD\$10 million or more.

The research was conducted between the dates of September 9 and September 18, 2019, beginning with a representative sample of the general population in the United States and Canada (weighted by age; gender; location; and voting behavior in the U.S. Presidential 2016 and Canadian Federal 2015 Elections), before screening for retail investors with a minimum of USD\$250,000 of investible assets. Please note that the standard convention for rounding has been applied and consequently some totals do not add up to 100%. Further information on the results and methodology can be obtained by emailing james.condon@fticonsulting.com

About ManifestSeven

ManifestSeven (M7), formerly known as MJIC, is the first integrated omnichannel platform for legal cannabis, merging compliant distribution with a retail superhighway. ManifestSeven, based in Commerce, California, services the needs of lawful operators across the supply chain, from the cultivator to the consumer, through an expansive network of seven facilities stretching from the San Francisco Bay Area to San Diego. M7 further augments its business-to-business value proposition with a growing portfolio of owned and operated retail operations located in major metro markets, including brick-and-mortar dispensaries, local on-demand delivery services, e-commerce and subscription offerings.

For more information, visit www.manifest7.com.

