

Cannabis – a unique growth story! With the evolving legal landscape around the globe, shifting public perceptions, and growing demand for cannabis products, this sector presents a unique opportunity for investors to be an early mover and capitalise on an emerging, fast-growing market.

1. Growing Industry

Key Facts:

- Global cannabis market USD 57bn in 2023, expected to reach USD 445bn by 2030.
- USD 100bn total target addressable market in the US (currently at USD 34bn).
- EUR 230bn total target addressable market in Europe (currently at USD 1.3bn).

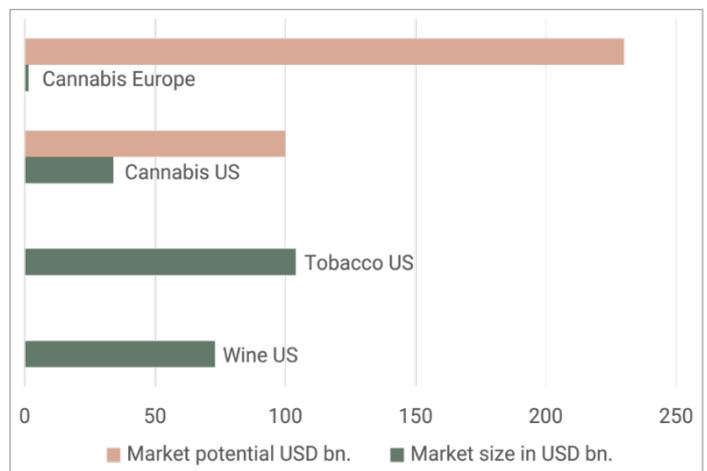
projected to reach close to USD 70 billion in sales in 2028 (CAGR of 14%). The total addressable market in the US is estimated at USD 100 billion.

The European total addressable market is estimated to be EUR 230 billion, of which only around EUR 1.3 billion is currently exploited.

A particular characteristic of the cannabis industry is the fact that there is no need to "create" a new market – demand for cannabis products has existed for centuries and, where illegal, it is supplied by the black market.

The cannabis market is experiencing unprecedented growth, fuelled by increasing legalisation in the US both on state and federal level. The 2023 global cannabis market was estimated to be USD 57 billion, a number which should rise to USD 445 billion by 2030 (CAGR of 34%).

According to industry analysts, the US cannabis market is



2. Legalization

Key facts:

- Cannabis legalisation is a global trend.
- More than 50% of the US population lives in states that have legalised.
- Recreational and medical use is legal in 24 and 40 US states and the District of Columbia, respectively.

Cannabis legalisation is widely supported in the US. Surveys suggest that only one in ten US adults says cannabis should not be legal at all.

The US cannabis industry has indeed come a long way since 1996, when California was the first state to legalise medical marijuana: The medical use of cannabis has since been legalised in 40 states, the District of Columbia, Guam,

and Puerto Rico, with the recreational use having been legalised in 24 states and the District of Columbia – and the trend continues. In 2023 alone, Delaware, Minnesota, and Ohio have legalised recreational use. Most recently, the Florida Supreme Court ruled that Florida voters will get to vote on the legalisation of recreational use in November 2024. Florida

5. Catalysts Ahead

Key facts:

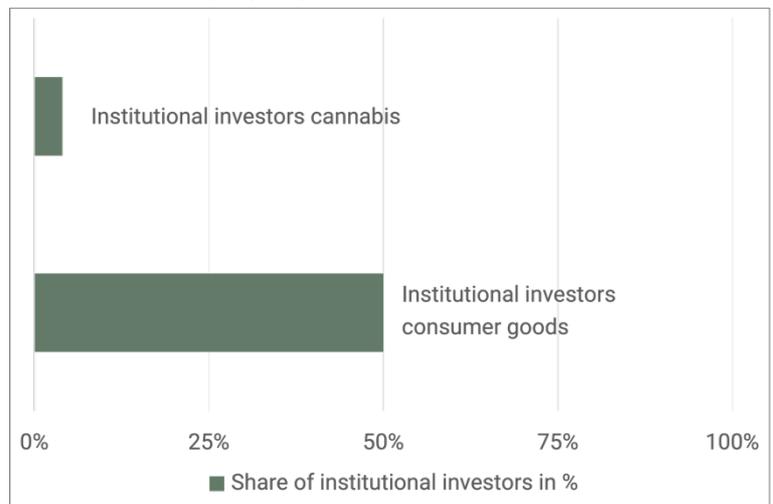
- Major catalysts in addition to continuing legalisation include re-scheduling, removing 280e, up-listing, custody by large banks, and inflow of institutional money.
- HHS for the first time confirmed positive medical effects.

Continuing legalisation efforts around the world, and in particular recent legislative developments in the US, including the Drug Enforcement Administration (DEA) agreeing with the recommendation of the US Department of Health and Human Services (HHS) to reclassify cannabis from a Schedule 1 to a Schedule 3 drug, and the first official endorsement of cannabis' medical benefits in a 250-page document, suggest a continuing positive shift in the

regulatory environment. As more US states move towards legalisation and potential federal reforms, the industry is prepared for significant expansion, reducing regulatory uncertainties.

Deregulation will have additional positive effects that will drive growth even further, such as:

- Custody by large US banks: currently large US banks don't offer custody for US cannabis stocks.
- Up-listing of US cannabis operators to major US exchanges such as NASDAQ: currently the US cannabis companies have to list at the small The Canadian Securities Exchange (CSE).
- Inflow of institutional money: currently only around 4% of money invested in US cannabis companies is from institutional investors, vs. 20% in Canadian cannabis companies, and 50% in CPG.
- Elimination of huge tax burden: currently, US cannabis companies are prohibited from deducting business expenses due to IRS Tax Code 280e, resulting in effective tax rates of 50-80% on gross profit level. Based on 2023 figures, it is expected that US cannabis companies would save around USD 2 billion per year in excess taxes.



Conclusion

The US cannabis industry represents a compelling investment opportunity with significant further growth potential as more and more US states and countries worldwide continue to legalise, especially as the broader cannabis investment market is still in its early stages and offers ample room to develop. As soon as institutional investors can also invest in a simplified manner, a wave of capital will flow into the sector and boost growth enormously. Investors with a long-term view who want to ride this wave should position themselves now.

Freigeist Cannabis Opportunity AMC (ISIN: CH1139762392)

The Freigeist Cannabis Opportunity AMC is an actively managed certificate (AMC) investing in the fast-developing US cannabis industry. It closes the gap for CHF-investors, as most commonly known cannabis ETFs are USD denominated and many are overly diversified for regulatory reasons, while some funds are even restricted from investing in US «plant-touching» companies. The Freigeist Cannabis Opportunity AMC is issued by Zurich Cantonal Bank (AAA-Rating) and managed by the team of Freigeist Asset Management AG with 10+ years of cannabis industry expertise.

- Launched in 2022
- No management fee, performance fee only
- Daily liquidity via SIX Swiss Exchange
- Issuer: Zurich Cantonal Bank (AAA-Rating)
- Manager: Freigeist Asset Management AG
- Designed for CHF-investors (Swiss ISIN)

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