

HOW TO UNCOVER THE TOP CBD STOCKS OF 2020



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At the beginning of January, we here at the *National Institute for Cannabis Investors* proclaimed 2019 as the “Year of CBD.”

Shortly after, we were proven right.

On March 21, **CVS** announced that it would sell CBD products in 800 stores throughout Alabama, California, Colorado, Illinois, Indiana, Kentucky, Maryland, and Tennessee.

Shortly after, **Walgreens** announced that it would sell CBD creams, patches, and sprays in nearly 1,500 stores in Oregon, Colorado, New Mexico, Kentucky, Tennessee, Vermont, South Carolina, Illinois, and Indiana.

Not to be left behind, **Rite Aid** announced in April that it would sell CBD lotions and lip balms in more than 200 stores in Washington and Oregon.

Vitamin Shoppe also started selling CBD soft gels.

And that race to get CBD products on the shelves for major pharmacies and health stores really got the ball rolling for other retail outlets...

In May, **Sheetz** gas stations started selling CBD patches, tinctures, vape pens, pouches, capsules, and pet products in 140 stores throughout Pennsylvania.

Family Video, the largest video rental chain in the United States, started selling CBD in 70 stores in Michigan.

And in a sign that CBD is ready for the mainstream, athletes began signing on as spokespeople for various CBD companies:

- U.S. soccer star **Megan Rapinoe**
- Former Olympian **Lolo Jones**
- Former NFL star **Rob Gronkowski**

- Golf stars **Greg Norman** and **Bubba Watson**
- Former NBA player **Paul Pierce**

Just to name a few.

Looking at all of that, it's easy to see why 2019 was truly the Year of CBD.

But that's just the start...

By 2024, Arcview Market Research projects CBD sales will surpass *\$20 billion*.

As a reference point, the entire legal North American cannabis industry was worth \$10.8 billion in 2018.

So the CBD industry – a market that just got the green light for sales in 2018 thanks to the Farm Bill – is going to be worth double the legal marijuana industry in just a short period of time.

CBD products are going to keep popping up everywhere, which is why now is the time to add the top-tier companies to your portfolio.

In this guide, we're going to provide you with the top things to consider before buying a CBD stock, as well as a list of CBD stocks to watch in 2020.

Let's jump right in!

Chapter 1:

Focus on Branding

People use CBD for a variety of reasons, so companies need to make sure their branding is telling a story about what the product will do for a consumer.

In other words – a company needs to clearly brand itself so consumers know what it’s all about.

For instance, **Charlotte’s Web Holdings Inc.** offers CBD gummies to help aid in sleep, calmness, and recovery.

As you can see from the image of the “Sleep” product, it is very peaceful. It doesn’t have vibrant or bright colors, and the design ties in perfectly with the idea that the product could help in aiding a restful night’s sleep.



Source: [CharlottesWeb.com](https://www.charlottesweb.com)

The company uses the same design approach for its “Calm” and “Recovery” gummies.

Lord Jones, another CBD company, takes a different approach.

“Lord Jones manufactures and distributes the world’s finest CBD infused products. Lord Jones gumdrops and chews are made by hand in small batches from single origin Ecuadorian dark chocolate, imported natural European fruit essences and broad spectrum CBD extract derived from select hemp cultivated in the USA. Lord Jones High CBD Formula skincare products have been developed by a veteran team of personal care experts to provide calming, soothing moisturization. Lord Jones High CBD Formula Tinctures have been expertly crafted from five ingredients. Our tinctures retain the plant’s original terpenes and phytocannabinoids to deliver a broad spectrum formula,” the company says on its website.

You can quickly tell from the packaging that the company aims to reach an upscale clientele.

It was the first CBD brand available on **Sephora.com**, and Lord Jones was named one of *Fast Company's* "Most Innovative Companies of 2019."

Abacus Health's CBDMedic brand, which Rob Gronkowski is a spokesperson for, has an athletic look and feel.

The company offers topical pain solutions that it says provides natural relief for arthritis, everyday aches and pain, and occasional pulled muscles.

It also sells skin-care products for Eczema, itches and rashes, and face care.

The company takes a very direct approach on its packaging.

It has its logo printed and places a lot of emphasis on clearly stating what the product is designed to do, which easily draws in a potential new customer.

There are a lot of CBD brands to try out there, but CBDMedic shows up front why you should try its products.

The worst thing in the world is trying to be all things to all people, and the three companies we talked about above clearly know the type of audience they are looking to attract.

Also, as you saw from all the images, the companies aren't taking a gimmicky approach or a "stoner" vibe. These companies are serious about producing top-notch products, and they want the customers to know they take their businesses very seriously.



Source: LordJones.com



Source: CBD-Medic.com

Chapter 2:

Focus on Management

For this chapter, we're going to start with a look at Charlotte's Web again because it provides one of the best lessons about management.

The company was started by seven brothers, and how the company got its name is a heartwarming tale.

A little girl named **Charlotte Figi** was having 300 seizures a week, and her parents were trying desperately to find anything that could help provide some relief. They found that CBD oil almost completely stopped the seizures.

The family then met with the Stanley brothers, who grew a strain of cannabis that was low in THC but high in CBD.

That all happened around when she was five.

At age six, thanks to the CBD oil, Charlotte was down to just two to three seizures a month.

In honor of Charlotte, the Stanley brothers decided to change the name of their company to Charlotte's Web.

This is one of the best stories in the cannabis industry.

A family that's working together and has dedicated the company name to a brave little girl.

However, when you have a family-run business, it's fair to question the structure.

Would the company be better off with outside help?

What makes one of the family members more qualified at their position than an outside candidate?

Do the family members in key executive positions have the skill sets to take the company to the next level?

Fortunately, the brothers at Charlotte's Web knew their limitations and brought in outside help.

Deanie Elsner was the former President of U.S. Snacks at the **Kellogg Company**, and she became the CEO of Charlotte's Web effective as of May 15. For the CBD company, she's bringing 25 years of experience in consumer packaged goods and marketing. She also served in various roles at Kraft Foods.

If you've been following along with some of the new products and packaging changes Charlotte's Web has introduced, you can see that she didn't waste any time making an impact.

Remember that a cannabis firm is just like any other business, so the packaging has to attract and engage an audience just like any other product.

The branding of the products we talked about earlier are all under the direction of Elsner.

For the furry members of your family, Charlotte's Web has also relaunched its hemp extracts for dogs. Similar to the gummies for humans, the dog CBD products are designed to help to keep a dog calm, improve cognition, and help with hip and joint issues.

We've talked before about the pet CBD market, and in the long run, it should help give Charlotte's Web an early foothold. Remember that even Martha Stewart is creating a pet CBD line, so that shows you this segment of the CBD market is about to go mainstream.

More choices and better packaging are going to help online sales, but it's particularly going to help catch a customer's eye when that individual is in CVS and sees Charlotte's Web products on the shelves.

At the *National Institute for Cannabis Investors*, we also like seeing individuals with a legal background in key positions at a company.

They know the ins and outs of the legal system, and that's especially important when running a cannabis business.

Trulieve Cannabis Corp. is perhaps the best example of a company that understands the licensing process from front to back.

CEO **Kim Rivers** has an extensive background navigating mergers and acquisitions, and she utilized her skill set quickly; she opened the first cannabis dispensary in 19 different municipalities in Florida.

Rivers took a look around at the potential legal roadblocks, then took initiative by fighting the original cap on dispensaries in Florida. In a genius move, she attacked the 2017 law that limited the number of licenses for each operator.

That number was set at 35.

Rivers argued that because she already had licenses before the law was established, those shouldn't count towards the cap.

She won.

Now, you may be wondering about how to find out this information.

If you go to a company's webpage, it should have information about the executives running a company. It should talk about their backgrounds and their visions for the company.

If that information isn't on their website or easily found, that's a bit of an issue.

If you're going to invest in a company, then you deserve to know who is running the company.

Chapter 3:

Marketing

Marketing right now is tricky in the cannabis industry. Companies can't use traditional platforms to advertise their products, and there are also certain restrictions on social media sites when it comes to advertising cannabis-based products.

But that doesn't mean companies have to just sit around and do nothing.

For example **cbdMD Inc.** has enlisted a long list of athletes to help spread the word about CBD and the company.

- **Kerri Walsh Jennings** (Professional Beach Volleyball Player)
- **Steve Smith, Sr.** (Former NFL Wide Receiver)
- **Jonathan Stewart** (Former NFL Running Back)
- **Nathan Florence** (Surfer)
- **Ryan Sheckler** (Skateboarder)
- **Quinton Jackson** (MMA Fighter)
- **Steve Arpin** (Rallycross Driver)

It will take some time to tell if this strategy works or if it was just a money pit.

Ultimately, if cbdMD puts out a good product, this could be money well spent to spread the word.

In terms of other marketing, companies should be investing in email marketing, have a search engine optimization (SEO) strategy, and attend trade shows. Because if they're not, you really have to question how well the company is going to be able to get the word out about its products.

A company needs an email list to let current customers know when new products come out and to increase sales.

With an SEO plan, a company can get its products to rank on the first few pages of search engines like Google when people search for CBD products. If the company isn't working on an SEO strategy, it should at least have a blog to talk about its products, the company, and provide people with engaging and entertaining information.

By attending trade shows, the company can get its name out there. It can win over new customers and attract positive attention.

All of this information is easy to find out through a company's website and social media accounts or through online searches.

If a company doesn't have a newsletter sign-up option on its website; isn't ranking on the first few pages of Google; doesn't keep a blog; or doesn't appear to be taking part in conferences, interviews, or trade shows, then you have to question how well the company will be able to get the word out about its products.

Chapter 4:

A List of CBD Companies

Using the information above and looking at the financial health of a company through financial earnings reports and company projections, you have a lot of tools to find your CBD investment!

While this list below should not be considered official recommendations from this guide, it is a place to help you get started looking for CBD investments. It also does not include every company that has CBD products.

You can find these companies on brokerage accounts that deal with over-the-counter (OTC) trading.

- **Abacus Health Products Inc. (OTC: ABAHF)**
- **Cresco Labs Inc. (OTC: CRLBF)**
- **Canopy Growth Corp. (NYSE: CGC)**
- **Charlotte's Web Holdings Inc. (OTC: CWBHF)**
- **Elixinol Global Limited (OTC: ELLXF)**
- **GW Pharmaceuticals PLC (Nasdaq: GWPH)**

Of course, there are plenty of websites that just have lists of CBD stocks. You'll see a ton of different companies, but the problem is there isn't any kind of rating system or in-depth analysis report to show if the stocks are even worth buying.

A mineral company could say it is getting into the CBD market and, because of that, it makes it on lists CBD stocks to watch.

Understanding this problem, we set out to help serious investors get the information they needed.

In October 2018, the *National Institute for Cannabis Investors* launched a proprietary cannabis stock-rating system that currently has over 200 entries.

Not only do we provide ratings from 0–5 on the companies in our database, we also have analysis reports with our take on whether the company is worthy of an investment based on its cannabis- and CBD-based revenue sources.

You can find more information about that critical service we made for investors on our website.

We hope this guide helps put you in the right direction towards your CBD investing goals!

To your investing success,

NICI Staff Reports

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