



# Let's Toke Business



March 8, 2024

Large caps correct as Artificial Intelligence stocks head lower after huge rally.....	p 2
U.S. cannabis stocks sag as reports say the DEA is having doubts about rescheduling.....	p 3
Question of the Week.....	p 4
The Cannabis Report Model Portfolio.....	p 4
<b>Special Report:</b> Lexaria has a week for the record books.....	p 5
Updates of Lexaria, 1933 Industries, Predictmedix AI, Jushi, Organigram and Khiron.....	p 7
How do elections affect the stock markets.....	p 9
Health Canada issues no new licenses for an adjusted total of 981.....	p10

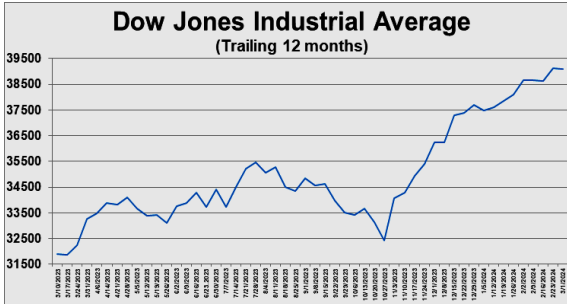
If you would benefit from additional input on timing your buys and sells, subscribe to the paid version of this called "The Cannabis Report" written by Let's Toke Business author Ted Ohashi and hosted by InvestorsHub in Europe. For a monthly subscription, or a discounted annual subscription click [Subscribe Here](#).

IF YOU ARE INTERESTED IN ADVERTISING HERE  
PLEASE CONTACT [TEDOHASHI@GMAIL.COM](mailto:TEDOHASHI@GMAIL.COM)

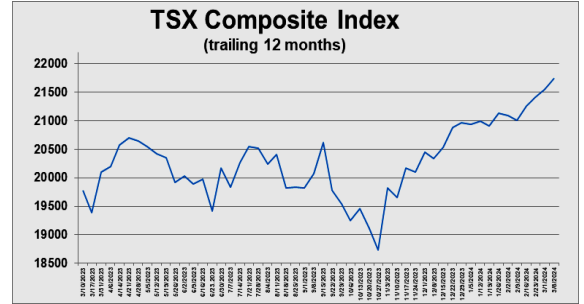
## Stock Market Review & Outlook

**LTB MARIJUANA INDEX: 1wk -2.2% 1 mo -8.9% 3 mo -8.6% 6 mo -25.2% 1 yr -42.9%**

The blue chip stocks were into correction mode last week although the declines were relatively modest which is what I would expect in this stage of the cycle. The Dow Jones Industrials, the



Standard and Poor's 500 and the NASDAQ Composite all recorded small losses while the Toronto Stock Exchange managed a small gain. The

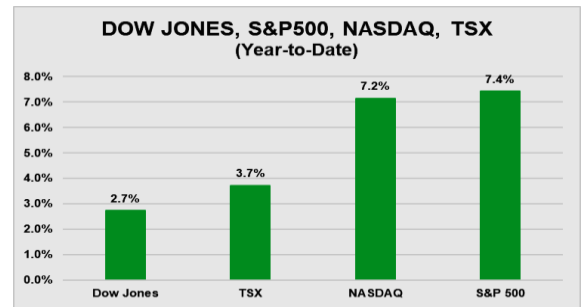
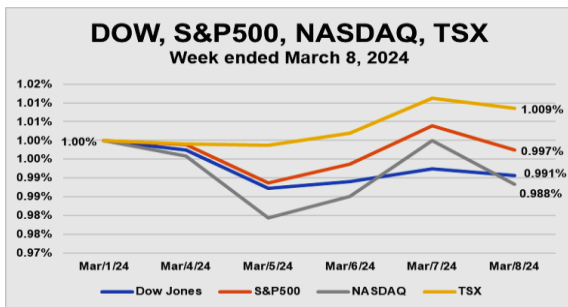


U.S. jobs report late in the week contained data that wasn't totally expected. There were 275,000 jobs added in February that was down from a revised 229,000 in January but more than the 200,000 consensus forecast. The Associated Press described it as "surprisingly robust" and "a sign of continued economic strength," The Wall Street Journal described it as a "red-hot start to the year that has renewed fears that inflation could remain stubbornly high." At the same time, the unemployment rate rose to 3.9%, the highest in over two years. Although the results were probably not enough to move the Federal Reserve to raise interest rates, it is evidence of the economy continuing to produce stronger than expected results in the labour sector. It probably does mean, however, that traders will be watching the Consumer Price Index that will be reported Tuesday and the Producer Price Index due to be reported on Thursday. We should also bear in mind that after the State of the Union address, presidential campaigning starts in earnest with President Biden using the SOU to kick off his campaign.



The chart below left shows the large cap indexes remained tight and lower early in the week with a brief rally mid week before ending on the downside. This fits within my "dynamic phase" model in that

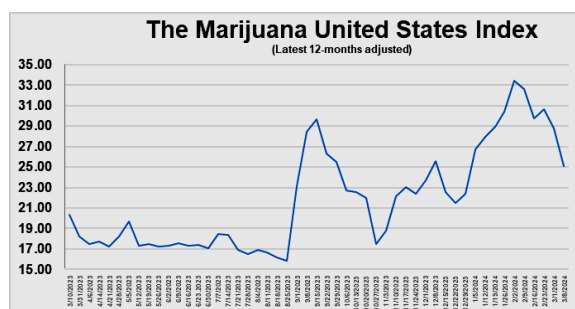
the correction is comparatively small as expected. The chart to the right shows the major markets remain in positive territory year-to-date. There



was some shuffling in positions with the Toronto market overtaking the Dow and the Standard &

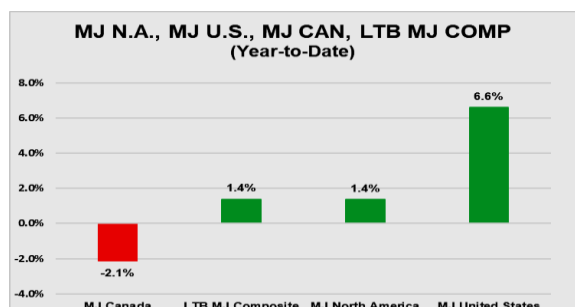
Poor's edging ahead of the NASDAQ. The tech sector took a bit of a hit on Friday as Nvidia (NASDAQ: NVDA) was hit with some selling.

**The Cannabis Indexes extended their decline with the Marijuana United States Index leading the way with a decline of -12.8%.** The reason apparently finds its roots in a report by the Wall Street

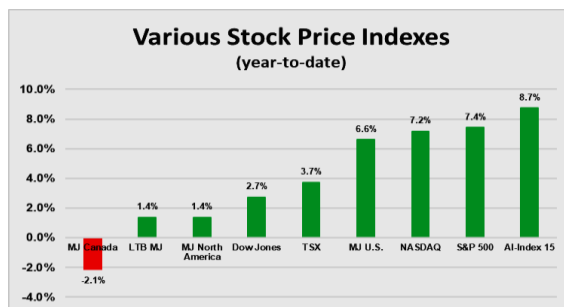


and if the U.S. sector falters, so will the Canadian cannabis stocks. It was about this time I said we could be facing a critical decision on the U.S. cannabis sector which means the Canadian sector as well. I will be reviewing things carefully during the week ahead and expect to have a decision shortly.

The charts below show that the equity markets have been losing ground over the past few weeks although they are generally on positive ground. As explained above, the cannabis sector is in a



difficult time as investors try to sort out the next move by the DEA. The blue chips are still being influenced by the Artificial Intel-



ligence sector that is currently adjusting downward following a very strong opening two months of the year. Also, the U.S. presidential election is coming ever closer. Once we get to mid year, politics will have completely taken over the news cycle. Currently, investors are considering the candidates and wondering how they will impact the markets. By June or July, we'll be watching the markets to see how it might affect the election.

## Question of the Week

Thank you for sending in your questions and I hope you will keep them coming. It's your questions that keep this feature interesting and useful. Send your questions to: [ltbletter@gmail.com](mailto:ltbletter@gmail.com) Include your initials or a pen name we can use along with your city and country of residence. Questions might be edited for clarity and brevity.

The objective of the 'Question of the Week' feature is to allow readers to ask questions about investing about investing that is on their minds rather than have me guess what you are wondering about. Here is a question sent in this week.

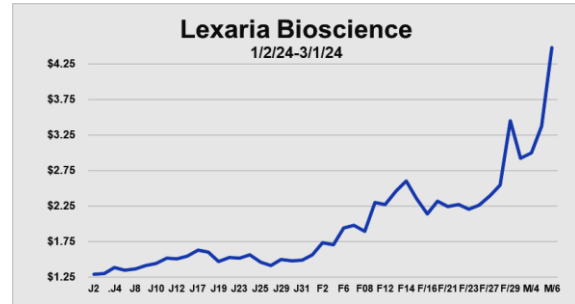
## The Cannabis Report Model Portfolio

Another positive week for the model portfolio which advanced 10% or more for the second week in succession. The two largest holdings are **Lexaria Bioscience (NASDAQ: LEXX)** and **1933 Industries (CSX: TGIF)(USOTCQB: TGIFF)** while **Predictmedix AI (CSX: PMED)(USOTC: PMEDF)(FRA: 3QP)** and **Khiron Life Sciences (TSXV: KHRN) (USOTCQX KHRNF) (Frankfurt: A2JMZC)** remain prominent holdings. The two representative positions are **Organigram Holdings (NASDAQ: OGI) (TSX: OGI)** and **Jushi Holdings Inc. (CSX: JUSH) (USOTCQX: JUSHF)**. Cash is around 17%.

## Special Report

### Lexaria Biosciences has a week for the record books

I apologize if the past few weeks have seemed less like Let's Toke Business and more like Let's Toke Lexaria. But the past couple of weeks have been dominated by **Lexaria Bioscience (NASDAQ: LEXX)**. First have a look at the chart to the right. This is LEXX so far in 2024. On a year-to-date basis, LEXX is up +326%. This is an amazing performance on the markets.



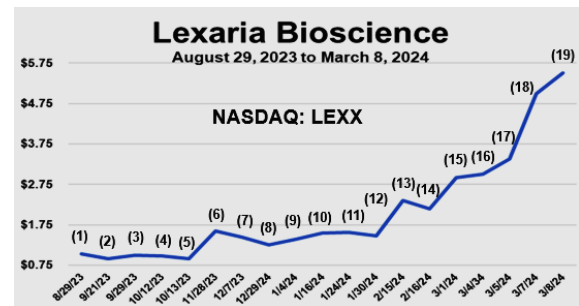
Recently I came across an article in U.S. News and World Report that listed the top ten stock performers in 2024, year-to-date. The one factor that reduced the population of companies considered was the requirement of a \$1 billion market cap that excluded LEXX. Below is the list with LEXX included.

	Company	Stock Symbol	Primary Activity	% Δ y-t-d	Market Cap
(1)	Janux Therapeutics	(NASDAQ: JANX)	Preclinical Pharma	+351%	\$2 B
(2)	Viking Therapeutics	(NASDAQ: VKTX)	Social Media	+314%	\$7B
(3)	SoundHound AI	(NASDAQ: SOUN)	Artificial Intelligence	+250%	\$2B
(4)	Vera Therapeutics	(NYSE: VERA)	Clinical Stage Biotech	+206%	\$2B
(5)	Super Micro Comp	(NASDAQ: SMCI)	Semiconductors	+205%	\$63B
	<b>Lexaria Bioscience</b>	<b>NASDAQ: LEXX)</b>	<b>Biotechnology</b>	<b>+176%</b>	<b>\$68M</b>
(6)	Sana Biotech	(NASDAQ: SANA)	Develops Engineered Cells	+146%	\$2B
(7)	Nature Wood Grp	(NASDAQ: NWGL)	Forestry Holding Company	+141%	\$166M
(8)	Digital World Acq	(NASDAQ: DWAC)	Engages in M&A	+135%	\$2B
(9)	Immunome	(NASDAQ: IMNM)	Biopharmaceuticals	+126%	\$1B
(10)	Ocular Therapeutix	(NASDAQ: OCUL)	Biopharmaceuticals	+125%	\$1B

Here are some observations:

- In the first two months of 2024, LEXX was a leading performer. I'm not going to claim LEXX was the second best performer but clearly it was a leading performer.
- Half of the top ten according to U.S. News and World Report were Biopharmaceutical-Biotech companies. Given the aging population, in 2022, 10% of the world population was over 65 years old and by 2100, it is forecast that almost 25% will be, health and healthcare will be ever more important.
- In addition, nine out the top ten were billion dollar market cap companies. LEXX has a meagre \$68 million market cap which means it has the potential to go much higher from here.
- The next chart shows the stock price of Lexaria as key pieces of information were reported since August 29, 2023.

- (1) 8/29/23 - HHS recommends rescheduling marijuana.
- (2) 9/21/23 - To evaluate impact on oral performance of GLP-1 drugs
- (3) 9/29/23 - Prices \$1.6 million direct offering
- (4) 10/12/23 - Two new patents received
- (5) 10/13/23 - License agreement with SulfoSyb
- (6) 11/28/23 - Lowers blood glucose more effectively than Rybelsus
- (7) 12/7/23 - IND application expected within 45 days
- (8) 12/29/23 - Last day of trading in 2023
- (9) 1/4/24 - Improved oral performance of GLP-1 drug
- (10) 1/16/24 - 2024 plans for GLP-1 study
- (11) 1/24/24 - Annual Letter from CEO Chris Bunka
- (12) 1/30/24 - Submits hypertension IND application
- (13) 2/15/24 - Announces U.S. \$3.6 million financing
- (14) 2/16/24 - Closes U.S. \$3.6 million financing the next day
- (15) 3/1/24 - FDA clears Phase 1b Hypertension trial
- (16) 3/4/24 - Reports 7% weight loss in Animal Study
- (17) 3/5/24 - Starts diabetes/weight loss study
- (18) 3/7/24 - Awards contract for next GLP-1 Human Pilot Study
- (19) 3/8/24 - LEXX advances +10% on positive momentum



As you review the information provided here, I have some observations to make:

- (a) The events that came together over the past three to six months, were not random. There is a lot of foresight, even more hard work and a sprinkle of good luck along the way required to bring this all together.
- (b) Readers have written in along the way to complain that although LEXX was advancing nicely, they are still down on their original investment. That's too bad because in The Cannabis Report I produce a model portfolio and by averaging down from time to time while the stock was falling, we managed to get our average cost well below LEXX's price of \$5.50 per share on Friday. Portfolio management can add value to your overall return.
- (c) You will note of the top ten performers list, half were biopharmaceutical or biotech companies and 90% had market caps of U.S. \$1 billion or more. I am not forecasting a \$1B market cap for LEXX but I am saying it is in the realm of possibilities. So, at current prices ( $\approx$  \$5.00 per share), I doubt we have seen the highs. In fact, we could be a long way from any peak.
- (d) We've all heard the stories of "if you bought 100 shares of Microsoft on its Initial Public Offering, you would have earned a 54794.6% annual return and your original 100 shares would now be 14,400 shares and your original \$10,656 investment would be worth \$5,849,567 today. SPOILER ALERT! Other than a few insiders, the people who bought MSFT shares in 1986 are not the same people who own it today.

**Conclusion:** It should come as no surprise if I say **Lexaria Bioscience (NASDAQ: LEXX)** will probably not perform as well in the next six months as it did in the past six months. But if you think about the information provided above, it might and there aren't many opportunities you can say that about.



**FYI** – On March 5, 2024, Maxim Group analyst Michael Okunewitch stuck with his buy recommendation on LEXX and raised his target price from \$3 to \$12 per share.

As we move ahead from here, investor focus is going to shift, at least in my eyes. As readers know, I laid out the timing of the news flow I expected from LEXX and it worked out very well. My focus was always on the hypertension Investigative New Drug (IND) application and when that was delayed, I cooled my heels on LEXX until it came through which it did. As we move forward, the hypertension work will remain important but it will be superseded by the results from the diabetes/weight loss studies. I will lay out a timeline for the diabetes/weight loss program next week. In the meantime, unless there is additional news, I expect LEXX will continue to edge higher.

## Cannabis Recommendations

**Lexaria Bioscience (NASDAQ: LEXX):** LEXX has been one of the leading stock market performers through the first two months of 2024. In January and February, LEXX was up +176% and through March 8, 2024, LEXX had gained a staggering +340%. After such a strong advance in such a short period of time, it is always difficult to say what will happen next. What we know is that the U.S. Food and Drug Administration has given LEXX clearance to proceed with their Investigational New Drug application for the treatment of hypertension and LEXX is prepared to begin a series of tests in the area of diabetes/obesity treatment.

**1933 Industries (CSX: TGIF) (USOTC: TGIFF):** is a Nevada-based cannabis company focussed on the cultivation and manufacturing of a large portfolio of cannabis consumer-packaged goods in a variety of formats for both the wholesale and retail markets. Having followed TGIF through an emergency rescue program starting in 2020, it is gratifying to see the company very close to a self-sustaining point. TGIF is scheduled to report on April 1, 2024 and I expect these results to further solidify the company's increasing positive financial position. If cannabis is rescheduled in the United States, a company like TGIF will suddenly become a more attractive asset to industry buyers as well as stock market investors. On the market, there has been a battle between buyers and sellers in the \$0.01 to \$0.02 per share range. Lately, however, my reading is the buyers are getting the upper hand. As a result, I can see the potential for a breakout to the upside sooner rather than later.

**Predictmedix AI (CSX: PMED)(USOTC: PMEDF)(FRA: 3QP)** has settled into the \$0.05 to \$0.06 per share range which I think is appropriate. From here, I would be a buyer if the stock slipped lower. I still await news from the major Indian and Indonesian market sectors where PMED invested considerable time and money and indicated a sales and income potential that hasn't materialized yet. Without such news that is needed to confirm that management really had high expectations for these markets, I would not be a buyer. It is the same position I took when LEXX had a delay in submitting their IND application. I waited and when the news came, LEXX soared higher. An improvement in PMED's stock price is certainly warranted but at this point it is up to management to deliver on its promises.

**Jushi Holdings (CSX: JUSH)(OTCQX: JUSHF):** is a vertically integrated cannabis company, a multistate operator (MSO) with a strong management team schooled in Investment Banking. As a result, JUSH's growth strategy includes "...opportunistic acquisitions, distressed workouts, and competitive applications." I am concerned that the U.S. operators are overly optimistic about rescheduling of marijuana and there may be some disappointment ahead. But I am more than comfortable having a representative U.S. operator in my portfolio and JUSH is my choice. JUSH has outperformed as the U.S. sector has again shown strength on the expectation of rescheduling of marijuana. I remain concerned about the U.S. Drug Enforcement Administration's willingness to move off a longer term anti-marijuana position. I remain watching events closely.

**Organigram Holdings (NASDAQ: OGI) (TSX: OGI):** is a Canadian Licensed Producer of cannabis for medical and recreational consumers with an excellent portfolio of adult use products. OGI has a partnership with British American Tobacco (BAT) that is currently in the process of increasing its ownership through a \$124.6 million equity investment. A substantial share of this cash will be used to expand OGI's international footprint. The Canadian cannabis market is coming into supply/demand balance and with BAT's support, OGI will be adding to its international presence. OGI also stands to benefit from a review of the Cannabis Act that is now underway.

**Khiron Life Sciences (TSXV: KHRN) (OTCQX: KHRNF) (Frankfurt: A2JMZC):** has been halted since May 8, 2023. I have been in touch with CEO Alvaro Torres regularly, most recently in February 2024 and I reported KHRN remains in survival mode. The government in Colombia is attempting to nationalize the health insurance business and in this attempt, companies like KHRN are becoming collateral damage. Companies like KHRN are in an ever tightening spot and all that they can do is try to hang on until the government is finished. Torres is professionally and personally committed to keep KHRN going as long as it can.

## Cannabis Quickies

I divide presidential election years into two parts. The first is the January to June period during which people wonder how the election will impact the performance of the stock markets. The second part runs from July to election in November during which people watch the performance of the stock markets to tell us who is going to win the election.

We are now in the stage of wondering how the election will impact the stock markets. Here are some of my thoughts:

- (a) Technically, the presidential candidate is not officially decided until they are chosen at each party's national convention; July 15 - 18, 2024 for the Republicans and August 19 – 22, 2024. It is now clear that President Biden is in line to receive the Democratic party's



choice as their candidate for President while former President Trump should get the nod from the Republicans.

- (b) There is an unusual possibility in 2024 and that is the Democratic party might choose to change the Biden/Harris ticket at the convention. Possible but not likely. Here is the problem for the Democrats. President Biden's approval rating is a historically low 38.1% while his disapproval rating stands at 56.0% according to pollster FiveThirtyEight. These ratings are hurt by the President's age, what is seen by many as his loss of cognitive ability and his open border policy. Meanwhile, Vice President Harris' approval rating that is even lower at 35.9% and a disapproval rating of 52.7%.
- (c) The same pollster has President Trump's approval rating at 42.5% and his disapproval rating at 53.3%. This data leads some people to claim that Biden and Trump each face the only person they can beat.
- (d) The House and Senate votes are also very important. In the House, the Republicans currently hold 219 seats compared with 213 for the Democrats with 218 needed for a majority. It is easier to swing a change in control of the House since all 435 seats are up for re-election every two years. It will also be the first election in 22 years, that the Democrats will not be led by Nancy Pelosi. The House is led by the Democrats with a razor-thin margin of 51 seats to 49. However, only one-third of the seats are contested every two years so changes are harder to come by.
- (e) Right now, Trump holds a slim margin over Biden in the polls while the House and Senate votes are up for grabs. Needless to say, the 2024 U.S. election outcome is an open question. The races for President and control of the House and Senate are all extremely tight. The outcome might be totally changed by one misstep on the part of Biden or Trump or one change in foreign or domestic affairs.
- (f) As a historical factoid, if President Trump wins in November 2024, he will have been elected in two non-consecutive terms. This has only happened once before when President Stephen Grover Alexander won the 1884 election, lost in 1888 and won in 1892. Another curiosity is that Alexander lost in 1888 amid accusations of voter fraud. Subsequently, there was clear evidence of fraud discovered later in some states.
- (g) An excellent report by U.S. Bank reviewed the data going back to 1948. The analysis identified three political outcomes that produced a statistically significant reaction in the markets:
  - 1. Democrats control the White House and Republicans control the House and Senate that results in positive stock market returns above average.
  - 2. Democrats control the White House and the House and Senate are split that results in positive stock market returns above average.
  - 3. Republicans control the White House and Democrats control the House and Senate that results in positive absolute stock market returns below average.

The interesting thing about this finding is the better stock market returns are associated with election outcomes that do not give absolute power to either party.

**Conclusion:** U.S. election outcomes are frequently complex matters and 2024 is shaping up to be one of the more difficult ones to figure out. Given how tight the races are for the White House, the House of Representatives and the Senate, any of the three outcomes listed above are possible.

### Applications Watch

Health Canada issued no new licenses last week bringing the adjusted total number of licenses to 982. Over 40 public companies are LPs or own an interest in one or more LPs. For a complete list of LPs and related information, Ctrl-Click ([here](#))

***(For a free copy of this newsletter or to have your name removed or to contact us with feedback, industry and corporate news, email [ted@letstoke.biz](mailto:ted@letstoke.biz))***

This report is a news report for informational purposes only. It is not a solicitation to buy or sell any products, services or securities mentioned herein. Although the information contained herein was gathered from usually reliable sources, the editors are not responsible for the veracity of any statements or to correct any information that proves to be inaccurate. Certain statements contained herein regarding a Company and its operations may constitute "forward-looking statements." All statements that are not historical facts, including without limitation statements regarding estimates, plans, objectives, assumptions or expectations of future performance, are "forward-looking statements." Such "forward looking statements" involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Please do your own due diligence and consult your professional advisor before making investment decisions. E&OE