



Let's Toke Business

The Commerce of Cannabis

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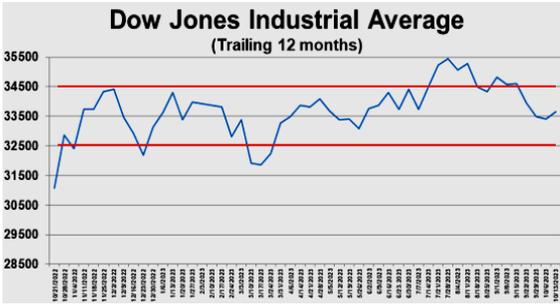
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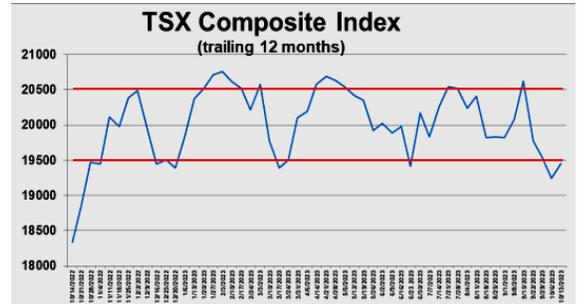
Stock Market Review & Outlook

LTB MARIJUANA INDEX: 1wk -0.9% 1 mo -14.6% 3 mo -13.9% 6 mo -28.1% 1 yr -47.5%

Although the Dow Jones Industrials and Toronto Stock Exchange Composite managed to post gains last week, the pattern is ominous for the week ahead. The markets moved higher early in

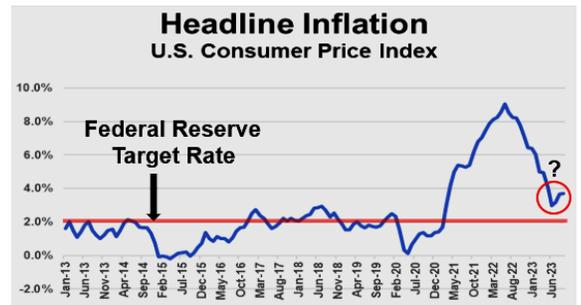


the week riding a wave of positive momentum from the week before. Then came the Consumer Price Index report as I mentioned last

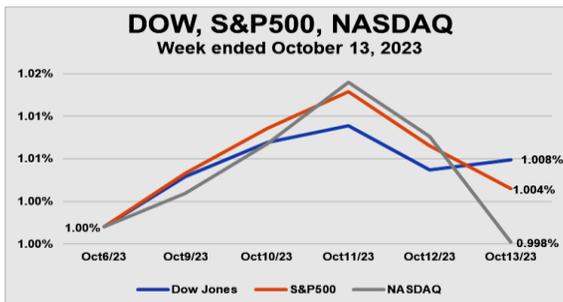


week. When September inflation came in a little hot, the markets headed lower with the Standard & Poor's 500 able to stay on the plus side for the week while the NASDAQ Composite dipped below. Under normal circumstances, I would have expected the negative momentum to carry forward into next week. But on Saturday came news of a Hamas terrorist attack on Israel of which I have more to say below.

The U.S. Consumer Price Index (CPI) increased to 3.7% in September compared to 3.7% in August and 3.2% in July. Core inflation, that is Headline inflation less food and energy prices rose to 4.1% in September. The inflation figures for the past year have been held down by a -37% adjustment to health insurance prices. This adjustment is now complete and starting in October, there will be no further adjustments made. Gasoline prices increased +2.1% in September which is very important. The gasoline price is roughly half the total energy cost component in the CPI. I explain the threat the situation with Hamas in Israel presents and the impact it could have on gasoline prices and inflation.



The chart below left shows the major index performance last week. As I indicated last week, we would probably see a carry over of the strength in stock prices at the end of the previous week and



we did. But with the Consumer Price Index report on Thursday, all three of these indexes lost ground over Thursday and Friday. The

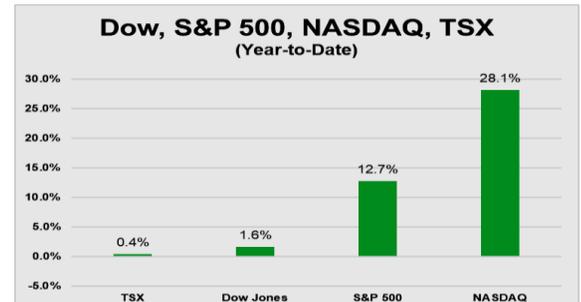
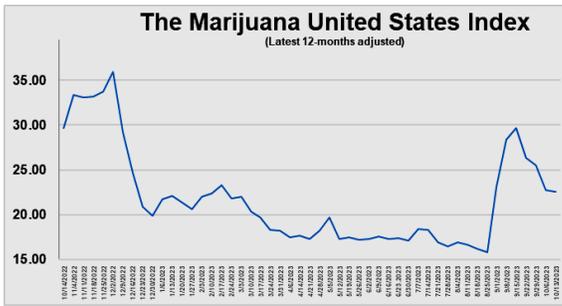
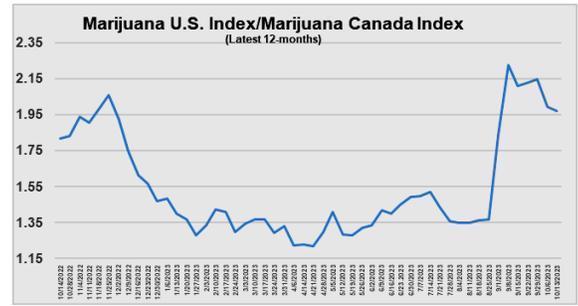


chart to the right shows that on a year-to-date basis, all four indexes clawed back into positive territory. The NASDAQ Composite and the Standard & Poor's 500 lead the way with a heavier technology component, primarily the Artificial Intelligence stocks as the AI-15 gained +7.0% last week.

The Marijuana United States Index has corrected back half of its gain in the previous rally which is a time at which the next upswing should begin. The timing seems pretty good as Senate

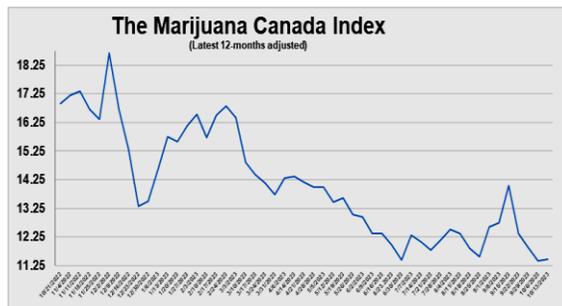


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Majority Leader Charles Schumer and others indicated it would be around the middle of October that a Senate vote on the Secure and Fair Enforcement Regulation (SAFER) legislation can be expected. I will point out again that the U.S. operators have outperformed their Canadian counterparts and I expect that will continue to be the case. Of course, the Republicans are having trouble settling on a Speaker of the House of Representatives having ousted Kevin McCarthy and finding at one point the best replacement might be the same Kevin McCarthy. It's called "Eating Your Young" and the Republicans are getting some experience at it.

Not much change in the Canadian cannabis sector last week. There will be some third quarter earnings report coming through and if there is any good news to be had, it could prompt a rally in the



Conclusion: In addition to **Predictmedix AI (CSE: PMED) (USOTC: PMEDF) (FRA: 3QP)** that I mentioned above, I draw your attention to **1933 Industries (CSX: TGIF) (USOTC: TGIFF)** was down -20.0% and **Jushi Holdings (CSX: JUSH)(OTCQX: JUSHF)** as two companies that are also poised to underperform in the rally in the U.S. cannabis group. **Lexaria Bioscience (NASDAQ: LEXX)** is another company that warrants your attention. Although I continue to await word on the delay of their Investigational New Drug (IND) application, business goes on. This past week, LEXX announced two new patents issued by Canada and a commercial agreement with SulfoSyn Limited for the exclusive, worldwide use of the DehydraTECH™ technology. For more information see below. I continue to hold **Organigram Holdings (NASDAQ: OGI) (TSX: OGI)** for exposure to the Canadian cannabis sector. Alvaro Torres, CEO of **Khiron Life Sciences (TSXV: KHRN) (OTCQX: KHRNF) (Frankfurt: A2JMZC)** was away last week but will be back next week and we will hook up then.

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 Include your initials or a pen name we can use along with your city and country of residence. Questions will 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.

The Cannabis Report Model Portfolio

The two largest holdings are **1933 Industries (CSX: TGIF)(USOTCQB: TGIFF)** and **Predictmedix AI (CSX: PMED)(USOTC: PMEDF)(FRA: 3QP)** while **Lexaria Bioscience (NASDAQ: LEXX)** and **Khiron Life Sciences (TSXV: KHRN) (USOTCQX KHRNF) (Frankfurt: A2JMZC)** remain prominent holdings. The two smallest positions are **Organigram Holdings (NASDAQ: OGI) (TSX: OGI)** and **Jushi Holdings Inc. (CSX: JUSH) (USOTCQX: JUSHF)**. Cash is around 17%.

Special Report

Problems in the Middle East could have negative implications for the U.S.

On Saturday, October 7, 2023, a report circulated indicating Hamas militants were engaged in a well-organized terrorist attack on Israel involving the killing and hostage taking of men, women and children in a particularly brutal fashion the likes of which have not been seen since the holocaust in World War II. The reasons for the conflict are extremely complex and far reaching. But it is important to have some small understanding of the circumstances.

Israeli leadership quickly responded denouncing the attack with Prime Minister Benjamin Netanyahu formally declaring war on Hamas the next day. At the time of writing, some 1,400 Israelis have been slain, over 3,000 more have been wounded and many others taken hostage with alleged atrocities committed by Hamas. The dead and hostages include both soldiers and civilians and American citizens. President Biden has adopted a strong pro-Israeli position. The numbers provided are from a war zone and are estimates only.

Hamas is officially the Islamic Resistance Movement founded in 1987. It is a Sunni Islamist group that is the de facto government of Palestine in the Gaza Strip with a meaningful presence in the West Bank. Hamas takes the position that Palestine extends from the River Jordan on the east to the Mediterranean Sea on the west. That means their fundamental position is the entire creation of Israel is illegitimate as are the Balfour Declaration (Britain's pledge in 1917 to establish a national home for the Jewish people in Palestine), the British Mandate (requiring Britain in 1919/1920 to put the Balfour Declaration into effect) and the United Nations Palestine Partition resolution (in 1947, divided Palestine into a Jewish state, an Arab state and the City of Jerusalem).



Although the State of Israel was established on May 15, 1948 and admitted as a member of the United Nations, a State of Palestine was not and has not been created. Areas of Palestine not included in the State of Israel such as the West Bank, the Gaza Strip and East Jerusalem, were administered by Jordan and Egypt until 1967.

This conflict has significant implications for world stability.

- It could become a second major ongoing world conflict along with Russia/Ukraine. This raises international tensions with the United States, Europe and the United Kingdom supporting Israel and China, Russia and India calling for peace talks mainly for humanitarian reasons but also suggesting a separate state for Palestinians.
- Although a terrorist attack with the indiscriminate killing and hostage taking of civilians cannot be condoned, the Palestinian position has support especially in the region but also throughout the rest of the world. At the same time, one cannot blame Israel for protecting the land it was granted by the United Nations. Clearly it is a complicated issue without a simple solution.
- There is a real threat that the Israel/Hamas conflict could spread into other regions in the Middle East. Hizballah, a militant, terrorist group supported by Iran based in Lebanon, is already reported as joining the conflict against Israel alleging Israeli munitions have struck Lebanon. Iran, one of Israel's main enemies, has said they would not "remain a spectator" if Israel invaded the Gaza Strip that has been under control of Hamas. U.S. Secretary of State Antony Blinken has visited Bahrain, Egypt, Jordan, Qatar, Saudi Arabia and the United Arab Emirates in recent days. The threat of a growing conflict is real which could trigger an international war. While not likely, it is possible.
- If this conflict should spread throughout the Middle East, it could be disruptive for crude oil deliveries. For example, the map to the right shows the positioning of the Straits of Hormuz. The Strait is only 20 nautical miles wide at its narrowest point with Iran on its north and Oman on the opposite side. Its location means that almost all oil and gas from the Organization of Petroleum Exporting Countries (OPEC) flows through the straits. That is 17.2 million barrels per day or 17% of the world's oil exports and this is the only way much of this oil can connect to the open ocean. Bank of America, Citigroup



and Goldman Sachs are companies that all forecast US \$100 per barrel oil before the Hamas/Israel conflict.

- I would be the first to admit my lack of in-depth knowledge with regard to the history of the Middle East but I do understand more about inflation. If crude oil moves above US \$100 per barrel, then U.S. inflation will be back nearer double-digit levels. Such an eventuality would be bad for both the U.S. economy and stock markets.

Conclusion: Until we have more clarity with respect to the conflict between Israel and Hamas, I think the stock markets will be volatile and lower.

Marijuana Matters

As my readers know, I like **Predictmedix AI (CSX: PMED)(USOTC: PMEDF)(FRA: 3QP)** because of their involvement in Artificial Intelligence (AI). There are still many people who doubt AI will fulfill the market's expectation of a \$15.7 trillion added to the global economy by 2030. The fact is they may be right. Not every new technology works out as advertised. And even when it does, not every investor makes huge returns.

How do we know that AI is going to be one of the winners? A rule that has worked well in the past is "follow the smart money." If you read many things about Artificial Intelligence as I do, it's hard to know who the smart money is - Bill Ackman, Mark Cuban, Bill Gates, Elon Musk, Peter Thiel, and many others have extolled the virtues of AI. There are also smart companies like Alphabet, Amazon, Apple, IBM, Meta, Microsoft, Nvidia and Tesla are all regularly mentioned in the context of being AI leaders. But there is one investor I have been reading about for most of his 58 years in the investment industry. Although he is one of the wealthiest persons on earth, he has lived in Omaha, Nebraska for all of those years in the same house where he was married to one wife and raised three children. He was remarried after his first wife passed away in 2004. His annual meetings have become like massive cult meetings and his annual reports are like collector's items. He says he doesn't invest in new technology stocks because he doesn't own businesses he doesn't understand. He is considered one of the leading investors in history and is known as the 'Oracle of Omaha.'

I am talking about Warren Buffett who is the one person I always stop to hear, watch or read. Buffett didn't break any of his investment rules to end up with three AI stocks that make up 47% of his portfolio. By the way, the three stocks that make up nearly half his portfolio are Amazon, Apple and Snowflake. Of the three, Buffett was directly involved in making the Amazon and Apple selections and an investment manager at Berkshire Hathaway bought Snowflake. In fact, Buffett didn't buy Amazon and Apple because of their involvement in Artificial Intelligence but he selected companies that have invested heavily in AI.

Conclusion: When you invest in a company like **Predictmedix AI (CSX: PMED)(USOTC: PMEDF)(FRA: 3QP)** that is essentially a startup taking advantage of a new technology, there are always many questions. But PMED is trading at \$0.085 per share and a market cap of \$12.6 million and at such a valuation it offers a tremendous risk/reward opportunity.



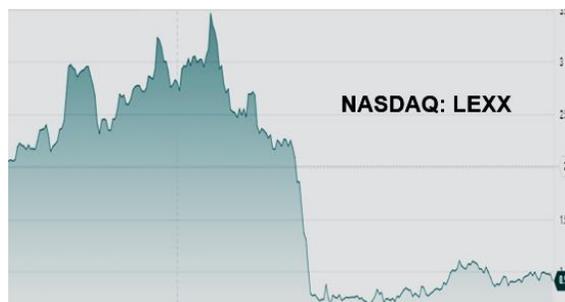
tunity. Over the past few months, I have shown that Artificial Intelligence is the place to invest, for less experienced retail investors an \$0.085 per share stock is attractive, being in the medical field is an excellent choice and India is an amazing market to select for its initial focus. I think PMED has the opportunity to be one of those IA stocks they talk about that produced exceptionally high returns for investors. At \$0.085 per share, PMED is a must own stock in my opinion.

Cannabis Quickies

Lexaria Bioscience (NASDAQ: LEXX) had two important announcements this past week:

- LEXX was issued two new patents by the Canadian Intellectual Property Office to bring their complete patent portfolio to 37 granted patents.
 1. A patent for Stable Ready-to-drink Beverage Compositions Comprising Lipophilic Active Agents was granted on September 26, 2023 and will expire on December 1, 2036. This patent recognizes LEXX's innovations in delivering lipophilic (fat-based) active drugs and molecules. DehydraTECH™ can be used in dry formats (capsules and pills) and well as liquid formats such as drops, tinctures and beverages.
 2. A patent for "Lipophilic Active Agent Infused Tobacco Leaves and/or Tobacco Materials and Methods of Use Thereof" was granted August 29, 2023 and will expire on September 13, 2039. This patent recognizes LEXX's innovations in infusing tobacco leaves directly with drugs or active molecules such as nicotine with or without cannabinoids. LEXX has also filed for international patent protection for DehydraTECH™-powered oral-nicotine following the earlier award of this patent class in the U.S.
- LEXX granted a global, exclusive license to SulfoSyn Limited for all non-pharmaceutical uses of DehydraTECH™ used with sulforaphane including the ability to sub-license these rights. An upfront cash payment has already been received, minimum future payments have been agreed to and ongoing royalty payments will be generated when they are in excess of the minimum payments. As part of the agreement, LEXX is contracted to perform related manufacturing operations for an initial term of two years that are expected to generate revenue. In extensive testing it has been determined that DehydraTECH™ confers certain superior qualities upon the sulforaphane molecule that are of commercial interest. Sulforaphane is a sulphur-rich molecule commonly found in vegetables such as broccoli, cabbage and kale that exhibits anti-inflammatory, antioxidant, antimicrobial and antiaging qualities.

Conclusion: As investors, we sometimes forget that corporate management's main responsibility is to operate a successful business. While our most important development as investors might be LEXX's Investigational New Drug (IND) application, the business carries on. Two new Canadian patents increasing their Intellectual Property portfolio to 37 is important. For a company like LEXX, the greatest contributor to value can be the value of intellectual properties. In addition, sales to commercial customers has long been an objective of LEXX and I am glad to see this potential still exists. Having said all of that, it would be great for all LEXX shareholders to find out what is going on with the IND application.



Applications Watch

Health Canada issued two new licenses last week for an adjusted total number of licenses of 972. Last week, new licenses were issued to Green Prospects Farm of Ontario for nursery operations and Olds softgels Ltd. of Alberta for cultivation, processing and sale. 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 [\(here\)](#)

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