

# Investor's Digest

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## EDITOR'S NOTES

**W**hile notoriously anti-drugs and alcohol, Kiss frontman Gene Simmons is still willing to back a solid cannabis investment when he sees it, joining Invictus MD Strategies Corp. as "chief evangelist officer." Speaking at the Toronto MoneyShow, he was keen to point out he had done his research and saw marijuana as a great investment from a medical standpoint.

Cannabis is certainly the toast of the town, given that even beverage behemoth Coca-Cola Co. is considering cannabis-infused soft drinks. The flurry has spread to the U.S. too, where Canadian pot company Tilray Inc. has enjoyed a chaotic, very dramatic ride on the stock exchange. The shares were both on fire and then saw rapid declines within days.

The direction of technology was another hot topic at the Toronto MoneyShow. "What's the first thing you look at in the morning and the last thing you touch before sleeping?" asked professor Nick Bontis.

Mobile phones and similar devices are only going to become more indispensable to us.

As integrative technology tethers our phones to our refrigerators, our cars, and our heating systems, what will companies like Apple Inc. dip their toes into next? Mr. Bontis seems to think it will be driverless cars. — R.P.

IF YOU'RE LOOKING FOR THE MARKETS' NEXT CHARTBUSTER, FOLLOW THE DISRUPTORS

## Bontis bets on future Internet penetration

**“W**hat is the next frontier of technology? Where do we think we will be?” asked McMaster University business professor Nick Bontis during the opening ceremonies of the Toronto MoneyShow on Sept. 14.

The answers to those questions, he forcefully argued in his keynote address, are vital to figuring out what stocks will next capture the market's imagination and, sooner than later, grow by leaps and bounds.

Mr. Bontis serves as a member of Harvest Portfolios ETF's board of directors.

In addition, Mr. Bontis is an award-winning tenured professor of strategic management at the DeGroote School of Business at McMaster University. His groundbreaking doctoral dissertation on the mutual fund industry went on to become the number-1 selling thesis in Canada.

He was also previously an award-winning securities analyst at CIBC.

Mr. Bontis pointed out that although Canada's economy is underweight on the technology sector, Canadians should overweight high technology investments given the remarkable



ROBIN POON

growth potential for Internet use worldwide.

The professor blamed "Anglophonic arrogance" for Canadians' tendency to disregard international circumstances.

Although 91 per cent of Canadians had Internet access in 2018, that figure was only 25 per cent in 1998 and a mere four per cent in 1993, he noted. For context, in 1997, sales of personal computers exceeded sales of television sets.

Worldwide Internet use has also increased exponentially since the late 1990s. However, overall Internet penetration is still much, much lower than in this country. In 2018, 3.9 billion people around the world had Internet access, compared to 30 million in 1999, leaving almost half the world's

population offline.

Mr. Bontis further asserted that the adoption of Internet-enabled devices so far suggests that as this population joins the digital world and the rest of us upgrade, the Internet will only become more disruptive and ubiquitous.

To illustrate, he noted that in Canada, there are currently 3.1 television sets per household. By comparison, there are already 8.1 Internet Protocol-enabled devices per household.

Emerging technologies such as Apple Inc.'s driverless cars and Amazon.com Inc.'s drone deliveries indicate continued market dominance on their part. Quickly rising computing power, to the point of mirroring human thought (an event tech experts refer to as the "singularity"), will add to the adoption and then indispensability of such technology.

As for finding future titans, Mr. Bontis predicted that, like the Google search engine and iPhone, blockchain technology will soon become indispensable to life, too.

Taking pains to distinguish between blockchains and cryptocurrencies, the professor argued that the former are useful for far more than digitally con-

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## TRADING OPTIONS

### Making the bear call after a Tesla Twitter

By Sylvia Poon

**H**ow many breaking financial news bulletins report on boring stocks of little movement or staid companies smoothly chugging along, going about their normal business? Not too many out there, eh?

If you are reading this column, I assume you follow financial news, which usually report on unusual stock price movements. How often have you wished you had a crystal ball to predict what was going to happen so you could have capitalized on it?

I assume not many of us possess working crystal balls. But there are stock option strategies that capture profits precisely from the nature of price-moving events, which can be put in place AFTER such a movement occurs.

Fresh off of discussing the concept of vertical spreads in the last column, I seized an opportunity to execute a Bear Call trade that presented itself.

Many of you were probably shaking your head when you read about the frenzy surrounding Tesla Inc. (TSLA-NASDAQ, US\$299.02) stock on Aug. 7 and thereafter. On

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## Marijuana's supply-(block)chain solution

By Jordan Lazaruk

**P**rime Minister Justin Trudeau announced on June 20 that Canadians would be able to purchase and consume marijuana recreationally before the end of 2018. Setting a target rollout date of Oct. 17, the prime minister proclaimed, "This is something that we want to get right."

With less than a month remaining, provinces and businesses alike have been scrambling to set up the necessary regulations and infrastructure to handle a marijuana industry that the Parlia-

mentary Budget Officer estimates will exceed \$5.5 billion annually. Distributors, producers, and post-production processors are all gearing up for the national rollout.

One major piece of infrastructure is still lacking: efficient and effective supply chain management. However, a Canadian startup stands at the forefront of development in this field.

Rubikon Blockchain Corp., launched in August 2017, is building a supply chain solution based on blockchain and radio-frequency identification (RFID).

Designed specifically to suit national and international compliance standards, Rubikon's software is tailored to assist Canadian producers from "seed to sale". I spoke with Rubikon's founders, chief executive officer Joel Semczyszyn and chief financial officer James DeMello, about the evolving landscape of Canadian marijuana production and distribution, and their supply chain software solution strategy.

**J.L.:** What does the marketplace for marijuana distribution look like today?

**J.D.:** Virtually every retail location, or dispensary, in this country is illegal on federal and provincial levels. The City of Vancouver is similar to Amsterdam where it's illegal but the mayor decided to issue licences and there's little to no enforcement. That's where we are now.

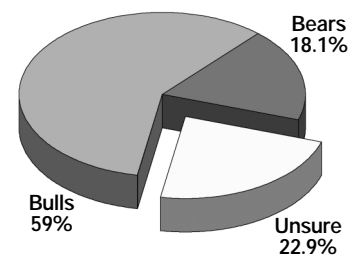
In Ontario and Quebec, there have been quite a few crackdowns or raids by the RCMP, and even here in B.C. when minors get a hold of the stuff.

In Vancouver and Toronto, there are hundreds of dispensaries. What people who haven't walked into a dispensary may not realize is that there are no consumer protections in place.

You can pick up two items from a shelf - one of them produced illegally and one of them produced legally - and there is

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## THE SENTIMENT PIE



Market sentiment is quite similar to where it was two weeks ago. In fact, the bears have stayed still at 18.1 per cent of the pie. Optimists will find easy company in the bullpen, though it lost 100 basis points since last issue to end at 59 per cent. Meanwhile, the unsure gain the same amount and take up 22.9 per cent of our Sentiment Pie as tariff threats between Beijing and Washington, D.C. intensify.

Source: *Investor's Intelligence*.