



TFSA Picks: 1 Cannabis Growth Stock for All Value Investors

Description

Charlotte's Web Holdings ([TSX:CWEB](#)) is headquartered in Boulder, Colorado. The company is the market leader in the production and distribution of innovative [hemp-derived](#) cannabidiol (CBD) wellness products under a family of brands which includes Charlotte's Web and Harmony Hemp. The company's premium quality products start with proprietary hemp genetics that are American farm grown and manufactured into whole-plant hemp extracts containing a full spectrum of naturally occurring phytocannabinoids.

Charlotte's Web's founders, the Stanley brothers, have garnered [substantial international media and legislative attention](#) over the past several years. In addition to the power of the Charlotte's Web brand and substantial goodwill generated from the company's media exposure, the company has several competitive advantages.

Cultivation experience and capacity

The Stanley brothers have significant cultivation expertise, with over 10 years of experience in plant cultivation. The company has selected prime farmland to grow hemp with access to substantial additional farmland for future capacity. The company is also exploring international cultivation and distribution opportunities. Charlotte's Web has significant experience in bringing large-scale, hemp-based cannabis operations to the market while maintaining impeccable product quality.

Industry-leading manufacturing capability

Charlotte's Web leases a 135,000-square-foot industrial building located in Louisville, Colorado, which houses the company's primary production and research and development (R&D) divisions. This facility is staffed with professional personnel responsible for production management, quality control, analytical chemistry, product development and process engineering to ensure product quality.

Control of supply chain

The company is substantially vertically integrated and maintains control over Charlotte's Web's proprietary genetics throughout the entire cultivation and extraction processes, from seed to packaged products. Many companies in the CBD industry produce products from imported hemp pastes of unknown origin, quality, and purity.

Rigid quality-management system

The company has implemented a rigid quality-management system that includes documented internal quality processes and both internal testing laboratories as well as independent, third-party testing laboratories.

Proprietary genetics

The genetics of the company's hemp plants refers to a variety of CBD-rich hemp cultivars developed by the Stanley brothers. The company has seen positive media exposure surrounding the proprietary strain has made Charlotte's Web the most sought-after brand in the emerging hemp and CBD markets. The company currently uses select contract manufacturers for topicals and capsules who manufacture products according to the company's specifications and standards.

Significant intangible assets

Currently, the company protects Charlotte's Web intangible assets through trade secrets, technical know-how, and proprietary information. The company protects intellectual property by seeking and obtaining registered protection, developing and implementing standard operating procedures, and entering agreements with parties that have access to the company's inventions, trade secrets, and proprietary information such as business partners, collaborators, employees, and consultants.

The company's patent portfolio covers the company's plant genetics, extraction, and cannabinoid isolation. The duration of the protection afforded by the company's registered intellectual property varies by the nature of the registration, but Charlotte's Web manages renewals and notices on an on-going basis to ensure that the company's intellectual property is protected to the full extent possible under applicable law. Patents add significantly to the company's intrinsic value.

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