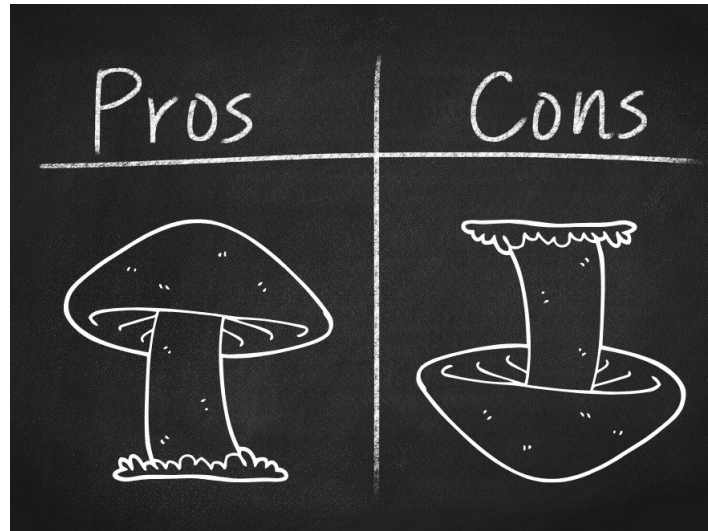


## COMPASS Pathways (CMPS)

### The Platform Mental Health Company 50 Years in the Making

### Price Target \$100



Today marks the start of Mental Illness Awareness Week introduced by US Congress in 1990 in an effort to increase awareness of mental health issues. Never in the past 30 years has this been more important than NOW as depression levels have soared as much as over 3x during the pandemic. Medications to treat both depression and anxiety are prescribed at alarming rates, often as long-term treatments with little significant improvement in patient health overall.

<https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2770146>

<https://www.nami.org/get-involved/awareness-events/mental-illness-awareness-week>

<https://time.com/5886228/depression-covid-19-pandemic/>

With that as a backdrop, we introduce what we believe to be the most compelling IPO of the year whose significance to humanity has the potential to be a generational stock – COMPASS Pathways (CMPS).

This is how CMPS describes itself:

*“We are a mental health care company dedicated to accelerating patient access to evidence-based innovation in mental health. We are motivated by the need to find better ways to help and empower people suffering with mental health challenges who are not helped by existing therapies.”*

CMPS is a biotech company that has received breakthrough therapy status from the FDA and is using a patented synthetic version of psilocybin (i.e., the active agent in “magic mushrooms”) to target the treatment-resistant depression (TRD) market of >100 million people who have tried two or more existing treatments without success.

\*Note – breakthrough therapy status from the FDA is given to therapies that have shown great promise and clinically significant improvement over available therapies.

<https://compasspathways.com/compass-pathways-receives-fda-breakthrough-therapy-designation-for-psilocybin-therapy-for-treatment-resistant-depression/>

Yes, the use of psilocybin to treat depression is the new idea 50 years in the making and COMPASS Pathways is the leader in regulated scientific use of this treatment.

Citron notes that it is important to recognize CMPS as a platform company that will expand psilocybin therapy into new indications beyond TRD, explore other compounds and therapies to address areas of unmet need, and create a new model for mental healthcare using digital technology to improve access to all.

The global TAM for medicinal psilocybin therapy is so large there is no reason why CMPS is not \$100 immediately, which would make it only a \$3.5 bil company.

## **2020 – The Year of the Psychedelic Renaissance**

<https://medium.com/the-psychedelic-renaissance>

CMPS picked a perfect time to go public, as they are the leader in psychedelic pharma at a time when the topic is achieving its long-awaited renaissance.

Psychedelics and specifically psilocybin have been widely covered by:

- 60 Minutes
- The Washington Post
- Time Magazine
- NY Times #1 bestseller “How to Change Your Mind” by Michael Pollan

Last month, UC Berkeley launched its center for psychedelic science and education with the statement:

*“Fifty years after political and cultural winds slammed shut the doors on psychedelic research, UC Berkeley is making up for lost time by launching the campus’s first center for psychedelic science and public education”*

The topic of healing psychedelics has even gone as mainstream as being the topic of a Joe Rogan podcast last week.

<https://www.cbsnews.com/news/psychedelic-drugs-ld-active-agent-in-magic-mushrooms-to-treat-addiction-depression-anxiety-60-minutes-2020-08-16/>

<https://www.washingtonpost.com/magazine/2020/09/21/psychedelic-medicine-will-it-be-accessible-to-all/?arc404=true>

<https://time.com/4586333/psilocybin-cancer-anxiety-depression/>

<https://www.amazon.com/Change-Your-Mind-Consciousness-Transcendence/dp/1594204225>

<https://news.berkeley.edu/2020/09/14/uc-berkeley-launches-new-center-for-psychedelic-science-and-education/>

<https://www.youtube.com/watch?v=gzAQ7SkIDxo>

## **Why COMPASS Pathways? Can’t Anyone Make Psilocybin?**

To be clear, COMPASS Pathways is a biotech/pharma company with world-class thinkers and investors. This is not about recreational drug use.

What differentiates CMPS and their moat in this space is their product. This is not psilocybin but rather COMP360, their investigational psilocybin formulation. By developing a synthetic version, CMPS can approach the FDA and other agencies with a product that can be tested, replicated, and most of all scaled for distribution with consistent potency. COMP360 is an Investigational Medicinal Product (IMP).

As explained by the Multidisciplinary Association for Psychedelic Studies (MAPS):

*“While psilocybin is a naturally occurring molecule, psilocybin as an Investigational Medicinal Product or IMP is a regulatory entity that includes a detailed description of a GMP-compliant, scalable and reproducible manufacturing process; associated preclinical data; and ongoing safety data collected in clinical trials. The IMP can be thought of as a product’s fingerprint, so that regulators can recognize the safety and efficacy evidence gathered in the clinical trials as it relates to this unique product.*

*The creation of an IMP is an extremely complex and expensive process that requires sustainable funding and a serious multi-disciplinary team effort."*

Because of a controlled formulation, CMPS was able to acquire a patent on the process, U.S. Patent No 10,519,175, relating to methods of treating drug-resistant depression with a psilocybin formulation. The patent covers the use of COMPASS' synthesized investigational psilocybin formulation, COMP360, in a psilocybin therapy protocol for patients with treatment-resistant depression.

This is what the FDA approved as breakthrough therapy.

## **CMPS: Management, Advisory Board, and Investors are Beyond Noteworthy**

Investors must note – this is not some cannabis company being run by Canadian stock promoters or people from the spirits industry or some pipe dream being sold on Wall Street.

This is a pharmaceutical company who is driving the most innovative advances in mental health care in decades.

CMPS' board of directors and scientific advisory board includes:

- David Norton – former Chairman of Global Pharmaceuticals giant Johnson & Johnson
- Tom Insel – former Director of the US National Institute of Mental Health (NIMH) and co-founder of Mindstrong Health
- Thomas Lonngren – former executive director of the EMA (i.e., the European FDA)
- Professor Alan Schatzberg – Director at the Stanford Mood Disorders Center and Professor of Psychiatry at the Department of Psychiatry and Behavioural Sciences at Stanford University School of Medicine
- Professor David Nutt – Neuropsychopharmacology chair at the Imperial College London, President of the The European Brain Council, and former

President of the European College of Neuropsychopharmacology

- Professor Diego Pizzagalli – Professor of Psychiatry at the Harvard Medical School. At the McLean Hospital, he is the Director of the McLean Imaging Center, the Director of the Center for Depression, Anxiety and Stress Research, the Director of Research at the Division of Depression & Anxiety Disorders, as well as the Director of the Laboratory for Affective and Translational Neuroscience
- Professor Gül Dölen – Associate Professor of Neuroscience, Brain Science Institute, Wendy Klag Center for Autism & Developmental Disabilities, Kavli Neuroscience Discovery Institute, the Johns Hopkins University, School of Medicine

Chief Development Officer Trevor Mill who spent the past 25 years at Biogen, Pfizer and Johnson & Johnson leads the CMPS R&D department.

<https://compasspathways.com/our-team/board-of-directors/>  
<https://compasspathways.com/our-team/scientific-advisory-board/>  
<https://www.linkedin.com/in/trevor-mill/>

Investors in CMPS include everyone from Otsuka, a \$20 bil Japanese pharmaceutical company, to Perceptive Advisors, arguably one of the best biotech investors in the world.

## How COMPASS Pathways Became the 800lb Guerilla of Psilocybin

CMPS management recognized that in order to commercially market a product it would need clinical studies, patented formulation, FDA approval and insurance acceptance. As Co-founder Dr. Ekaterina Malievskaja stated:

*“As the previously published synthesis processes did not scale to meet regulatory standards, we had to invent our own process. As he would have done for anyone who would have asked for his help, David Nichols advised our manufacturing team. With his support our team has solved over 60 distinct technical problems in the synthesis and formulation process. Some of these inventions became the basis for our manufacturing patents. “*

*“To date, we have had conversations with regulators in many different countries in Europe and North America. We have assembled hundreds of*

*pages of detailed feedback on the clinical development of psilocybin for depression and other indications, and on regulators' general views of the challenges and opportunities for the clinical development of psilocybin."*

*"One way to decrease this uncertainty and ensure the accessibility of the treatment is by engaging in frequent in-depth conversations with the regulators and payers early in the process... This remains our main strategy today."*

CMPS proceeded to partner with King's College London, the premier center for mental health and related neurosciences research in Europe that has produced more highly cited publications in psychiatry and mental health than any other university in the world, to conduct the largest randomized controlled clinical trial with psilocybin ever with its Phase I clinical trial.

CMPS is now conducting the world's first large-scale psilocybin therapy clinical trial (Phase IIb), in 20 sites in nine countries in North America and Europe from Stanford University to King's College London to the National Institute of Mental Health Czech Republic.

The importance of the global study was underscored by the response of the United Nations Secretary-General in response to the global pandemic

*"Mental health services are an essential part of all government responses to COVID-19"*

<https://www.un.org/en/coronavirus/mental-health-services-are-essential-part-all-government-responses-covid-19>  
<https://clinicaltrials.gov/ct2/show/NCT03775200?term=compass+pathways&draw=2&rank=2#contacts>

It is widely assumed that Phase 2 will be positive.

As noted by Professor Roland Griffiths of Johns Hopkins:

*"There is nothing more interesting that I have done in my almost 50 years of doing clinical pharmacology research. There is nothing that compares to this"*

Walter Dunn, professor of clinical psychiatry at UCLA, who advises the FDA on drugs that affect the brain stated:

*“There’s nothing else on the market like it”*

<https://www.youtube.com/watch?v=bYuPgTpwIJ4>

<https://www.bloomberg.com/news/articles/2020-01-07/psychedelic-mushroom-therapy-startup-edges-toward-fda-approval?sref=3cTPkhw>

A clinical study at Johns Hopkins found that 80% of patients continued to show clinically significant decreases in depression and anxiety six months after being treated with psilocybin.

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5367557/>

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5367551/>

<https://nyulangone.org/news/mental-health-benefits-one-dose-psychedelic-drug-last-years-people-cancer>

<https://www.nature.com/articles/s41598-017-13282-7#Sec1>

<https://pubmed.ncbi.nlm.nih.gov/30965131/>

[https://www.swissinfo.ch/eng/psilocybin\\_magic-mushrooms-and-meditation-can-alleviate-depression/45323170](https://www.swissinfo.ch/eng/psilocybin_magic-mushrooms-and-meditation-can-alleviate-depression/45323170)

It is important to note that CMPS CEO George Goldsmith is particularly well-suited to lead the company through the regulatory approval process. Goldsmith’s prior company, Tapestry Networks, had drug developers as a major client group who paid Tapestry to help accelerate drug approvals with the FDA and European Medicines Agency (i.e., the European FDA).

What COMPASS Pathways is doing is taking a widely accepted belief in the field of clinical pharmacology and taking it through the process of commercialization.

## **CMPS Next Market for COMP360/Psilocybin**

While CMPS is currently focusing on the depression market, there are many other potential indications for psilocybin/COMP360. The one Citron believes is most compelling and will get speedy FDA approval for compassionate use is the cancer/end of life market.

Last year, Charles Grob, professor of psychiatry & biobehavioral sciences at UCLA, gave a presentation on the benefits of using psilocybin to help people cope with death.

[https://www.semel.ucla.edu/sites/default/files/integrativementalhealth/pdf/Grob\\_psilo.study.ucla.march-2019.pdf](https://www.semel.ucla.edu/sites/default/files/integrativementalhealth/pdf/Grob_psilo.study.ucla.march-2019.pdf)



Consider this – about 40% of the global population will be diagnosed with cancer in their lifetime and 100% of the global population will die. How big is the TAM for people that are going to die?

Dr. Stephen Ross, psychiatrist and researcher at NYU Langone, led one of three randomized double-blind clinical trials using psilocybin to treat anxiety and depression in cancer patients. Ross stated:

*"It was very surprising and very moving to see somebody terminally ill with cancer feeling like their life is over, scared out of their mind, disconnected from family and friends and their spirituality, to suddenly just be out of that terrible place and feeling so much better"*

<https://www.inverse.com/mind-body/cancer-patients-psilocybin-psychedelic-therapy>  
<https://nyulangone.org/doctors/1083825590/stephen-ross#clinical-trials>

If a single dose of psilocybin is able to help people cope with death or TRD, then it's an easy decision for insurance companies to quickly reimburse this therapy vs. covering the cost of a lifetime supply of antidepressants.

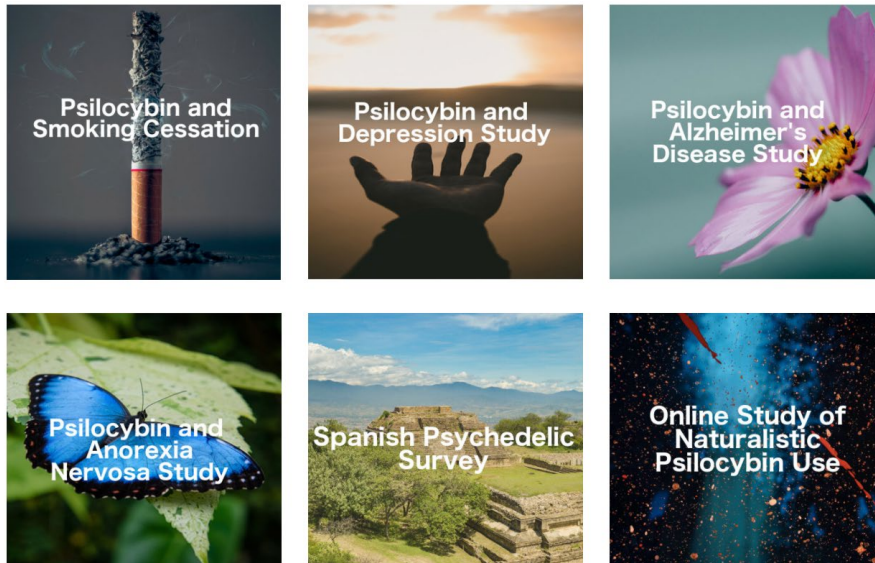
The TAM is enormous.

In addition to the current research that has already been done, as we discussed, psilocybin is hitting stride in clinical research.

In 2019, Johns Hopkins opened the Center for Psychedelic and Consciousness Research to work on studies using psilocybin to treat smoking cessation, depression, Alzheimer's and anorexia.



## RESEARCH



<https://hub.jhu.edu/2019/09/04/hopkins-launches-psychedelic-center/>  
<https://hopkinspsychedelic.org/index/#research>

Clinical research already exists supporting the use of psilocybin for additional indications:

- Smoking cessation
  - In 2014, Johns Hopkins found that treating patients with psilocybin in a smoking-cessation study resulted in 80% of long-term smokers becoming non-smokers for at least six months. Varenicline is widely considered to be the most effective smoking cessation drug, yet only 35% experience six-month success rates
- Binge drinking
  - In August this year, 60 Minutes aired a special highlighting how clinical trials at Johns Hopkins and NYU found a single dose of psilocybin helped a man who was drinking 20 cocktails a night become completely abstinent
  - Johns Hopkins conducted a survey of 343 respondents to better understand the impact of psilocybin on alcohol use disorder (AUD). Of the group, 72% met the criteria for severe AUD. After having a psychedelic experience, 83% no longer met AUD criteria
- Opioid abuse
  - A 2017 study published in the Journal of Psychopharmacology found that psilocybin was associated with 27% reduced risk of past-year opioid dependence and 40% reduced risk of past-year opioid abuse.

<https://hub.jhu.edu/2014/09/11/magic-mushrooms-smoking/>  
<https://pubmed.ncbi.nlm.nih.gov/25213996/>  
<https://wamu.org/story/19/10/15/psilocybin-therapy-at-john-hopkins-finds-success-in-addiction-research/>  
<https://www.cbsnews.com/news/psychedelic-drugs-ld-active-agent-in-magic-mushrooms-to-treat-addiction-depression-anxiety-60-minutes-2020-08-16/>  
<https://journals.sagepub.com/doi/abs/10.1177/0269881119845793?journalCode=jopa>  
<https://www.inverse.com/article/55918-ld-psilocybin-alcohol-addiction-stop>  
<https://journals.sagepub.com/doi/full/10.1177/0269881117691453>  
<https://www.drugpolicy.org/blog/psychedelics-help-reduce-opioid-addiction-according-new-study>

## Price Target

*“You get paid in direct proportion to the difficulty of problems you solve”*

— Elon Musk

While most of Citron’s price targets are based on financial projections and valuation multiples, we appreciate that this concept stock is tackling the world’s largest mental health problem in depression.

The TAM for people with depression who have failed two or more previous treatments is over 100 million people.

There has not been much innovation in mental health since the invention of Prozac in 1988.

Tom Insel, former Director of the US National Institute of Mental Health (NIMH) stated:

*“Mental healthcare needs innovation... The COMPASS medication-assisted psychotherapy strategy is innovative in that it integrates medication and psychotherapy. And it is disruptive by offering patients a treatment that many people prefer.”*

Given that CMPS is a mental health company that has the potential to disrupt all of our lives, who knows how high the stock can go before big pharma has to own it.

It’s not often you see concept stocks come to market. With a clear first mover advantage, CMPS is the most well-funded psychedelic drug company in the world and the only way to play the psychedelic renaissance of 2020.

This alone is worth \$3.5 bil or \$100 a share.

## Conclusion

There is nothing more we can say except we are excited for the future. In doing the research for this stock the editor was so moved that he personally donated \$50K to the Multidisciplinary Association for Psychedelic Studies (MAPS).

Dear Andrew,

Thank you for your recent gift to MAPS of \$50,000.00 on 10/02/2020.

Your contribution supports psychedelic research and education programs. You have helped fund medical research into new ways to heal Posttraumatic stress disorder (PTSD), calm end-of-life anxiety, and end opiate addiction. You, along with thousands of others, have helped provide harm reduction services at festivals around the world, and have helped publish a website, newsletter, and *Bulletin* about psychedelic and medical marijuana research.

In appreciation of your gift, we would like to offer you:

- A complimentary MAPS-published book, including the full-color "**Modern Consciousness Research and the Understanding of Art**" by Dr. Stanislav Grof, which is not available at lower giving levels. Please [click here to choose your book](#).
- Two complimentary annual subscriptions to the tri-annual MAPS *Bulletin* (one for you and one for a friend!). If you would prefer to save paper and postage by reading the *Bulletin* online, please [click here to opt out of Bulletin mailings](#).

Always feel free to email [Tess Shelley](#), our Development Specialist, if you have any questions about your contribution.

With gratitude and appreciation,



Rick Doblin, PhD  
MAPS Founder and Executive Director

## Cautious Investing to All

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