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Investors pile in on psychedelic drugs

After years on the outer, psychedelic drugs are making a comeback as a legitimate treatment for patients with mental illness - and investors are taking notice.



Psychedelic drugs might be about to become the next medical marijuana for investors. **Getty**

Jill Margo *Health editor*

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Psychedelics are approaching a new high. After decades of being stigmatised, they are emerging as a legitimate treatment for psychiatric disorders.





They are also emerging as a legitimate new global market for investment. This may sound like an inversion of the world order, but it's under way in



Three weeks ago, an application was made to the Australian regulator to reschedule psychedelic substances to enable psychiatrists and specialist addiction physicians to use them, in a limited way, to treat patients with mental illness.

The application to the Therapeutic Goods Administration was for MDMA (known as ecstasy), to be used for depression and for hallucinogenic psilocybin (magic mushrooms in its natural form) to be used for post-traumatic stress disorder.

Psychedelic drugs in modern medical research

Name	MDMA 	LSD 	Psilocybin 	Ketamine 
Street drug	Ecstasy	Trip	Magic mushrooms	Special K
Discovered	1912, by German Anton Kollisch	1938, by Swiss Albert Hofmann	1958, by Swiss Albert Hofmann	1962, by American Calvin Stevens
Duration	3 to 6 hours	8 to 12 hours	4 to 12 hours	8 to 12 hours
Medical form	Pill	Solution	Pill	Nasal spray, IV
Studies/trials	43	12	40	925
Used to treat	PTSD, alcoholism, autism	Depression, anxiety, chronic pain	Depression, anorexia, addiction, OCD, migraines	Pain conditions, suicidal patients, depression

SOURCE: VISUAL CAPITALIST, MEDIUM, FINANCIAL REVIEW

Many may ask how illegal drugs that can change perception, take people into another reality and often get them into trouble can be used to treat serious mental illness?

Well, there is emerging evidence to show that when administered in a controlled way, by trained professionals, two or three sessions with these substances can lead to remission for otherwise intractable illnesses in some patients.

The substances are used to assist psychotherapy in well-supervised clinical settings. Over the past decade, more than 120 studies have examined the potential of these drugs to treat mental illnesses resistant to orthodox therapies.



Mind Medicine launched the application for rescheduling with the TGA, which is holding a public consultation on the matter until September 28, with an interim decision due in February.





and raising capital in North America, Canada and Europe; 18 months ago, there was one.

— Peter Hunt of Mind Medicine Australia

Last year, esketamine (ketamine) became the first psychedelic drug to be approved for depression by the US Food and Drug Administration, with caveats. Delivered by a nasal spray, it had to be taken with an oral antidepressant and was only available through a restricted distribution system.

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The FDA also granted breakthrough therapy status, which enables fast-tracked research, to progress trials with MDMA for post-traumatic stress disorder and psilocybin for major depression. Last month, Canadians with terminal cancer received approval to use psilocybin to relieve end-of-life distress.

In Australia, the push for legitimacy follows the successful drive to legalise medical cannabis which took place in 2016. Three years later, [Mind Medicine Australia](#), a not-for-profit organisation, opened its doors.

Established by retired investment banker Peter Hunt and his partner, Tania de Jong, a social entrepreneur, it aims to develop regulatory-



Hunt, the former chairman of Greenhill Australia, says a large market is growing globally for therapeutic psychedelics.

“Momentum is building around the world. More than 30 companies are now focused on psychedelic medicine and actively raising capital in North America, Canada and Europe; 18 months ago, there was only one. Almost weekly, a new public company announces it is initiating research into psychedelics. Most are already active in medicine development, R&D and/or clinic rollouts.”

Hunt says this month the UK biotech Compass Pathways flagged a planned \$US100 million (\$137 million) IPO in the US to further develop its depression treatment based on psilocybin.

He says recently a high-net-worth group from Silicon Valley and Wall Street donated \$US30 million to fund research into the therapeutic use of MDMA.

“It’s been estimated the total market for psilocybin could be \$US34 billion by 2024.”



“We could provide the infrastructural base for research needed to enable the development of new medical, research, and therapeutic industries.”

But persuading people to think more broadly about the potential of psychedelics is difficult, particularly because these substances are associated with irresponsible behaviour and criminality.

It wasn't always so. From the 1940s, they were seriously researched as therapies for mental illness and in the 1950s and early 1960s, more than 40,000 patients were treated with them.

But as the body of scientific literature grew, so the world was changing, a counter-culture was developing and during the loose, loving, freewheeling 1960s, these substances were overused for "consciousness expansion" and plainly abused for recreation.

War on drugs

In the 1970s, US President Richard Nixon stopped research as part of the “war on drugs” and psychedelics were locked into the most restrictive of drug schedules.

Most other countries followed suit and clinical research exploring their potential slowed considerably but didn't stop. As the century began turning, so the research mood changed and potential clinical applications began emerging again.

De Jong, a professional soprano and founder of Creativity Australia, says MDMA and psilocybin-assisted psychotherapy have the capacity to “fast-track” psychotherapy to produce long-lasting changes.

"Mind Medicine promotes only accredited professional training and the legal use in medically controlled environments," she says. "The rescheduling will not affect existing legal prohibitions on the recreational



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“The rescheduling would move these medicines from Schedule 9 of the Uniform Scheduling of Medicines and Poisons (which deals with prohibited substances) to Schedule 8 (which deals with controlled medicines).”

While the research is promising for PTSD and depression, it is still very early days, according to the Royal Australian and New Zealand College of Psychiatrists. Its president, Dr John Allan, says the benefits appear to lie in the side effects of these substances rather than in their direct effects.



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It is not their curative effect, but their mind-altering properties that may benefit psychotherapy.

"But the college is concerned this is not quite ready to get out there yet. All the evidence about safety, efficacy and how the drugs actually work is not in yet," he says.

While therapeutic doses are lower than those in party drugs, it is very important therapeutic use is not mixed up with recreational use. If the application is successful, Australia would become the first country in the world to reschedule these substances for their therapeutic potential.



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