



## My Marijuana Stock Investing Experience

### Description

In late 2016, a friend who worked at a company with marijuana clients told me about a legitimate fledgling marijuana company.

It wasn't [the type of investment I'd normally invest in](#), but I thought, well, since my friend keeps talking about it, there might really be something there. So, despite the stock having risen substantially from a penny to a dollar stock — the share price had gone up nearly 12 times as much in about a year — I still made a small bet on it.

I was under the water soon after the purchase, but I managed to close my eyes and hold on. In about two weeks, I got out of the position with a ~7% gain. The stock went on to appreciate another ~21% about one week after I sold it. It was silly of me to have sold with a 7% gain, right?

Wrong. I was lucky.

If I had held on, I might have gotten greedy and not settled for the ~21% additional gain.

Where's the stock sitting at now? Nearly 29% below my sale price.



The fact is that this stock was still losing money in the most recent quarter. In the last three reported quarters, the marijuana company's biggest expenses were in the categories of general and administrative, sales and marketing, and stock-based compensation. Research and development was less than 5% of all of those expenses together.

Now that I think about it, I shouldn't even have bought the stock in the first place.

### **What if I had bought a bigger marijuana stock?**

The biggest marijuana stock is **Canopy Growth Corp.** ([TSX:WEED](#)). It has been a great stock investment in the last 12 months, rising +300% in that period.

However, it is a risky investment. As Canopy Growth posted a loss in the last two reported quarters, it's really a speculative momentum stock right now.

As long as there's someone out there willing to pay a higher price for the stock, it will continue to rise. But it's anyone's guess how long that will last.

### **Investor takeaway**

It takes a different mentality from what I'm used to (as a primarily value and dividend investor) to invest in a speculative momentum stock such as Canopy Growth, which can deliver strong returns but at much higher risk.

If you're still interested in investing in pot stocks after reading this, [here's what you need to know](#). Remember that the bubble can keep growing until it pops, or at least deflates. Ultimately, you'll probably be better off betting some of your money in up-and-coming growth stocks.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. TSX:WEED (Canopy Growth)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Investing

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