



Canopy Growth Corp. Is Not Done Growing

Description

Did you pick up shares of **Canopy Growth Corp.** ([TSX:WEED](#)) when [I'd suggested](#) you invest some money in it last month? If you had, you would be up just shy of 20% in a few weeks. But perhaps you missed out on that buy and you're now wondering if you should buy now.

My philosophy on Canopy has always been that it's speculative, not fundamental, investing. But many great investments start out as speculations and then evolve into strong, fundamental businesses. Canopy isn't slowing down with its growth prospects. On the contrary, it appears to be doubling down.

Fellow fool writer David Jagielski talked about how [Canopy is looking to acquire Alcaliber SA](#), a pharmaceutical company that creates morphine and thebaine. The acquisition makes sense because Alcaliber is focused on the pain business, and one of marijuana's major uses for pharmaceutical patients is pain management, but in a non-addictive way.

While the deal is not a guarantee, since there are other companies looking to buy Alcaliber as well, I expect these sorts of deals to continue popping up. Canopy has a product that pharmaceutical companies are going to care about, so I think there's legitimate growth on this front.

The other deal that I'm excited about is the partnership with **Constellation Brands Inc.** ([NYSE:STZ](#)), which owns Corona, Modelo, Svedka, and other beer, wine, and spirits brands. Constellation bought 10% of the company, and I fully expect Constellation to introduce cannabis-infused beverages at some point. That could be a huge product offering for the companies.

Regulation has become favourable here in Canada. The provinces are preparing for the legalization of marijuana this summer. And while some provinces are a bit laxer than others with their regulation, it appears that Canopy will be in a good position to grow as demand increases.

One catalyst on the price that I'm waiting on is the upcoming listing on Nasdaq. Currently, U.S. investors can't really invest in Canopy. At the Economic Club of Canada, Canopy CEO Bruce Linton suggested that they were ready to list on Nasdaq back in October, but they pulled back when the Constellation deal went down. When this listing happens, I believe the stock will rise quite a bit.

Another catalyst is legalization of marijuana in the United States from a federal level. We don't yet know when it'll happen, but depending on how the 2018 and 2020 elections go, this could be a huge win for Canopy.

My stance on Canopy hasn't changed. The company is a speculative investment. Canopy is currently the leader right now, but there's a possibility that things could turn south. Nevertheless, if you believe that the cannabis business is going to grow, a small investment in this company makes sense.

CATEGORY

1. Investing

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1. Editor's Choice

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2. TSX:WEED (Canopy Growth)

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Date

2025/09/28

Date Created

2018/03/14

Author

jaycodon

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