



## Take the Risk Out of Cannabis Investing by Buying This 1 Company!

### Description

Investors with a penchant for dusting off the history books and digging into the archives may note some similarities between the “green rush” of today’s soon-to-be-legal cannabis sector and gold rushes of the not-so-distant past. As licences (claims) are doled out, miners (or weed farmers) come out of the woodwork, each looking for a golden ticket to Charlie’s Chocolate Factory. After all, the entirety of Canada’s publicly traded cannabis sector is only a couple of years old, and some companies that have not yet sold an ounce are trading at valuations that peg their upstart enterprises in the eight-digit range.

While some of these companies that have received licences to sell medical marijuana have been around for years, since the beginning of February, some 89 companies have staked their claims, being given licences to legally produce cannabis by Health Canada. Some 250 applications are also pending Health Canada approval, making this crowded trade even more crowded from a potential-supply point of view.

As with gold rushes of the past, placing a bet on which claim will hit pay dirt can be a tricky task. With hundreds of Canadians lining up to put their life savings on the line in the bid to become the next billion-dollar-market-cap cannabis producer, such as **MedReleaf Corp.** (TSX:LEAF), the odds of picking the right small-cap cannabis play are growing thinner by the day. That being said, investing in a company that provides cannabis producers with the tools necessary to grow their product could turn out to be the better long-term play for those looking to capitalize on this revolution.

One company, which has been highlighted in the past as a core holding of the **Horizons Marijuana Life Sciences ETF** ([TSX:HMMJ](#)), is **The Scotts Miracle-Gro Company** ([NYSE:SMG](#)), a company with little to do with cannabis plants, but everything to do with cannabis production. As a broad-based play on the sector, investors can take a piece of the action by investing in the companies that are poised to benefit from the large-scale greenhouse and agricultural revolution anticipated to stem from the renewed interest in cannabis.

I believe that by the end of 2018, cannabis production numbers should shoot through the roof, which is one of the key reasons I am bearish on the cannabis sector. Instead of focusing on what may turn out to be a bearish long-term supply/demand scenario, taking a look at companies that win no matter what

the price of cannabis turns out to be certainly seems like a smarter way to play this sector.

Stay smart (and Foolish), my friends.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:SMG (The Scotts Miracle-Gro Company)
2. TSX:HMMJ (Horizons Marijuana Life Sciences Index ETF)

## PARTNER-FEEDS

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

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