



## Thinking of Investing in Pot Stocks? Here's Why You Should Buy Today

### Description

After seeing their share prices soar endlessly in 2017, cannabis stocks have seen some big corrections take place this year. However, despite the sell-offs, there are still plenty of reasons to invest in pot stocks today.

#### Legalization will offer stocks a big boost

A big reason why pot stocks aren't soaring is that the hype has died down, and many investors have looked to cash in on their gains from last year. However, as we get closer to cannabis legalization, and perhaps once we have a firm date set in stone, we're likely to see the excitement return to pot stocks, which will send many back on the ascent. Ultimately, it's that optimism that drove many pot stocks to higher prices, and if you're trying to look for an argument as to why the stocks are good value buys, you won't.

#### Steep declines in price could add to the upside

While **Aphria Inc.** (TSX:APH) focuses on a low-cost strategy, and it is one of the few companies in the industry able to turn a profit, it still trades at nearly 60 times its earnings and more than four times its book value. The stock has also faced some [controversy](#) this year, and that's a big reason why its performance has been worse than its peers, declining 50% year to date. The company badly needs a distraction from the negative press it has seen recently, and progress towards the legalization of marijuana would be a welcome change of pace.

Aphria isn't the only company to have been hit hard in 2018, as **Aurora Cannabis Inc.** ([TSX:ACB](#)) has also declined more than 30% so far this year, as it lacks the excitement that it had last year when it was [in pursuit](#) of a high-profile acquisition. It has positioned itself to be the main rival of **Canopy Growth Corp.** ([TSX:WEED](#)), which has long been the top dog in the industry. Canopy, however, has also declined more than 5% to start the year, and a big reason for its smaller decline is that the stock didn't go on as big of an increase last year, and so naturally it didn't have as far to fall.

Even medical marijuana stocks haven't been exempt from the sell-off, as **MedReleaf Corp.** (TSX:LEAF) has been down 40% to start the year.

### **More acquisitions are likely on the way**

We saw what a big acquisition did for Aurora's stock price, and there's likely plenty more of that to come, as the pot industry remains very fragmented. Acquiring smaller players in the industry is how many of these big companies have grown thus far, as it allows easy access to a new market without having to take on additional risk or requiring more capital.

### **Bottom line**

Positive news and developments have been behind the growth in the cannabis industry, and it's likely we'll see more of that to come as we get closer to legalization. While the recent downturn in stock prices has likely discouraged some investors, opportunistic buyers have a chance to secure some low prices, which could help maximize their returns in the end.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. TSX:ACB (Aurora Cannabis)
2. TSX:WEED (Canopy Growth)

### **PARTNER-FEEDS**

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

### **Category**

1. Investing

### **Date**

2025/08/28

### **Date Created**

2018/04/12

### **Author**

djagielski

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