



Morally Conscious Investors: Why Marijuana Stocks Might Not Belong in the “Sin Bin” After All

Description

We all have our own moral compass, and depending on yours, it's up to you to ensure your personal investments (ETFs and index funds included) are aligned with your beliefs.

Personally, I'd never invest a dime into a cigarette company like **Phillip Morris International**, whose business model relies on getting people hooked to a substance that may ultimately lead to their demise. Even if Phillip Morris were the most significant opportunity to exist in the entire market, I still wouldn't invest in it because it compromises my morals and it may compromise yours too.

I take it a step further by avoiding all passively managed investments like ETFs or index funds, which may own a position in a tobacco company, even if it's a tiny or insignificant position relative to other holdings in the basket.

With morally responsible investing, everybody has their own view. Some investors have no problem investing in a taboo tobacco company, as they see it like any other stock that's on the market. Heck, the dividend yield on select tobacco stocks are attractive to prospective retirees, and given how hard it is to kick smoking, the company will likely fare well come the next recession. So as an investment, why not?

While I wouldn't personally touch or recommend any tobacco companies solely because of my morals, my beliefs on marijuana are entirely different. Some investors will have no problem throwing pot stocks into the “sin bin” along with the likes of Phillip Morris, however.

Smoking is smoking, after all. And the name *marijuana* is actually a slang term that was originally used in reference to wild tobacco plants, so I can see why prospective investors would group cannabis stocks and tobacco stocks together as “sin stocks” when they're actually a world apart.

When compared to tobacco cigarettes, cannabis is a harmless recreational product and a medicine that can help improve the lives of many people. The same can't be said about cigarettes and tobacco!

Now, I'm not trying to convince you to back up the truck on cannabis stocks like [Aurora Cannabis \(TSX:ACB\)](#) if you're not comfortable with the implied risks. Instead, I'm trying to encourage investors

who've shunned cannabis in the "sin bin" to consider the medicinal applications and the immense value that cannabis legalization may stand to add to society.

Cannabis has a huge stigma surrounding it, and bringing up the subject is taboo. In time, however, I do believe the taboo and stigma will fade as select morally conscious investors warm up to cannabis and remove it from the same category as tobacco stocks.

Foolish takeaway

Everybody has their morals, and morally conscious investing is important. But when it comes to cannabis, I think many risk-tolerant growth investors may be on the sidelines for the wrong reasons.

As we head deeper into a [post-legalization era](#), it's not too far-fetched to think that the negative sentiment on cannabis will fade quickly, especially if cannabis-related therapies show promise in the treatment of a particular ailment.

If you've done your research on cannabis and still think it goes against your personal beliefs, then you're free to continue to shun and categorize all pot stocks as "immoral sin stocks." If your perspective has changed over time, however, you may find that the industry can provide you with an opportunity to jolt your returns a way that doesn't compromise your morals. Given the volatility and potential risks, pot stocks could compromise your returns if you don't ensure proper due diligence before deciding to take the plunge.

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