



Are You a Prudent Investor Who's Interested in Bitcoin or Cannabis Stocks?

Description

If you're a prudent long-term investor who's not at all interested in trading and would rather find a stock with a margin of safety, then you're on the right track to becoming a wealthy investor over the long term. Sticking with such a prudent investment strategy year after year can be tough, however, especially if you keep hearing about how a friend of a friend of yours got rich overnight by investing in Bitcoin or **Canopy Growth** ([TSX:WEED](#)) (NYSE:CGC) stock at the ground level.

You can choose to ignore the hype, as it has nothing to do with you, and such speculative investments may go against your investment philosophy. But it can be tough, especially for beginners, to stay the course with your original investment strategy and not be enticed to sprinkle in a bit of Ethereum or a small puff of Canopy stock without being carried away by the euphoria that triple-digit percentage returns over the short-term can bring.

As an investor, you need to understand the difference between investing and speculating entirely. They're a world apart. Investing is investing and speculating is more like gambling. Some people are more drawn to the possibility of "quick riches" than others, and for these people, all it takes is one coin in a slot machine (or a fraction of a Bitcoin token) and next thing you know, that same person is betting exorbitant sums of money on the roulette table (or 'HODL'ing Bitcoin to \$0).

If you're comfortable with speculating and won't let it derail your investment portfolio, then make sure you've set the boundaries so you don't find yourself selling your reliable dividend stocks to ready yourself for the next bounce in Bitcoin, which may ultimately end up in an implosion to \$0.

While you could certainly become the [next minted millionaire](#) from a fast-appreciating investment opportunity, it's notoriously difficult to tell the difference between a bubble and an actual paradigm shift that could lead to massive riches over the near term.

Today, marijuana stocks like [Canopy](#) and cryptocurrencies like Bitcoin are the two "sexiest" plays out there, and while the word "bubble" has been thrown around by some pundits, other equally qualified pundits are on the other side of the spectrum who are thinking "opportunity of a lifetime."

It's a tug-of-war between bulls and bears. And while you could certainly get rich, you could also fall into

financial ruin in an instant.

Moreover, being on the right side isn't a matter of how "smart" you are, as even one of the greatest minds that's ever existed has fallen victim in the wrong side of the "sexy play" of his time, the South Sea bubble.

When it comes to topics like the rapidly emerging nascent cannabis market or ridiculously perplexing blockchain-based cryptocurrencies, it's hard to know what you're dealing with as an investor.

Nobody really knows how such new entities will fair in the public markets over a prolonged period. And like most complex concepts in macroeconomics, sometimes all we can do is sit back and watch what happens in spite of our attempts to make comparisons to events that happened in the past.

For a prudent investor who wants to ensure proper due diligence, there are far too many scenarios that could go horribly wrong. Thus, neither cryptocurrencies nor cannabis are suitable for such prudent or conservative investors, but for these types of investors who are keen on obtaining at least a small position in a speculative "get rich quick" asset, it may make sense to create an isolated speculative portfolio that uses "mad money" or disposable income that can be speculated with. Like gambling, set a limit and stay within it.

For such a portfolio, I'd stick with cannabis stocks and take a pass on all cryptocurrencies, as I think most (if not all) of them could realistically be worth \$0 in the future. The same can't be said about marijuana stocks where there are real, tangible assets and a more fathomable opportunity at hand.

Stay hungry. Stay Foolish.

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Date

2025/08/19

Date Created

2018/08/22

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