



## 2 Top Marijuana Stocks With Great Buy-and-Hold Appeal

### Description

There is no doubt that marijuana stocks are from a highly speculative segment of the market, where it's tough to come up with a credible valuation model based on the companies' fundamentals.

Built into the prices of top marijuana stocks is hope and speculation that someday these companies will be highly profitable as more and more countries legalize the recreational use of pot, following the Canadian example.

But that doesn't mean that there isn't a long-term investment case for some top marijuana stocks. With this theme in mind, I have shortlisted two cannabis producers that fit the bill.

### Tilray

The British Columbia-based medical marijuana company **Tilray** ([NASDAQ:TLRY](#)) is uniquely positioned to benefit from a possible federal legalization of marijuana in the U.S. for recreational use.

Tilray has recently gained approval from the U.S. Drug Enforcement Administration to import medical cannabis into the U.S. for testing purposes.

Investors have been pushing Tilray stock higher on hopes that the company will get a share of the potentially massive American market. Recreational marijuana is currently legal in 10 states and many now see federal U.S. legalization as inevitable within the next five years.

Shares of Tilray jumped nearly 31% last Friday after U.S. Attorney General Jeff Sessions resigned. Sessions, an opponent of marijuana's legalization, had given prosecutors a green light to aggressively enforce federal laws against the drug in states where it has been decriminalized.

Tilray recently announced a deal to acquire its partner in Chile. According to my fellow writer [Andrew Walker](#), the agreement will give the company a solid base to import, produce, and distribute medical cannabis in the country, and the country will serve as Tilray's hub for the Latin American market.

Since its IPO in July, Tilray shares have surged more than 400% in a roller-coaster ride filled with highs and lows of great magnitude. But if you're a long-term investor, Tilray stock could be one of the contenders for your dollars.

## Canopy Growth

**Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), the world's largest cannabis company, is another play for long-term investors due to the company's dominant position in Canada and its fast-growing operations globally.

**Constellation Brands**, the maker of Corona beer, boosted its stake in the company to 38% in August after investing \$3.8 billion.

What makes Canopy different from other producers is its market size, capacity to ramp up production, the diversification of its product offerings, and its international reach.

Canopy currently operates weed growing facilities with over 2.4 million square feet of space. But the producer has been expanding its operations fast with a potential to manage more than five million square feet of production space by next year.

That market power, however, hasn't yet been reflected in the company's bottom line, as it invests heavily to ramp up production and prepare its distribution network.

## The bottom line

Investing in marijuana stocks is a risky trade and should suit those investors who have the stomach to wait and ride out the market volatility. After Canada's opening of the market for recreational use of pot, these producers have a launchpad for their future growth.

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1. Investing

## POST TAG

1. Editor's Choice

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hanwar

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