

# Is It Time to Buy Marijuana Stocks?

## Description

How quickly things change in the [marijuana industry](#) and with marijuana stocks.

After another week of marijuana stocks getting decimated, many investors are surely wondering if now is the time to establish positions in order to get exposure to this new and exciting business.

**Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) stock has increased more than 300% since the fall of 2017 and 23% year-to-date.

But those investors who have gotten in more recently are down big, as the stock has plummeted 40% from highs of this summer, and down 8% in the last week.

**Aurora Cannabis Inc.** ([TSX:ACB](#))(NYSE:ACB) stock has increased 170% relative to 2017, 13% since last year, and declined 50% from its summer highs.

Finally, **Aphria Inc.** (TSX:APHA)(NYSE:APHA) stock has risen only 13% relative to the fall of 2017, fallen 44% versus a year ago, and plummeted a whopping 62% from summer highs.

The [speculative nature](#) of these stocks come to life when we do this price review.

And in a new development this week, we have the short seller report on Aphria, alleging that the company's international acquisitions are worthless and were done to benefit insiders.

This report and the market's reaction is partly a reflection of the lack of visibility and uncertainties that exist in this new and emerging industry one that we can all agree is not only relevant, but also ultimately make money, albeit it is currently mired in speculating investors, lofty valuations, heavy growth spending, and an all-around lack of visibility.

I am still staying on the sidelines, awaiting a reduction in the risk profile of these stocks, and better visibility.

## A different way to get exposure

And then on Friday, U.S. cigarette maker **Altria Group Inc.** ([NYSE:MO](#)) made the announcement that they are buying 40% of **Cronos Group Inc.** ([TSX:CRON](#))(NYSE:CRON), in a \$1.8 billion investment that will give Altria 45% ownership of the company, bringing life back into marijuana stocks.

Altria is counting on this move to help it combat the continued decline in cigarette sales.

Chronos stock rallied approximately 20% on this announcement, as it is yet another vote of confidence for the industry and the company.

As expected, other marijuana stocks on the TSX rallied off of this news.

Personally, for the time being at least, I would rather participate in the marijuana upside by buying a more developed company such as Altria, a dividend stock currently yielding 5.78%, and trading at under 15 times this year's earnings.

Yes, the upside is not as high, but the downside risk is also not as big, and the volatility and seemingly random stock price movements will not be an issue. That would be a trade-off I would be willing to accept.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:CGC (Canopy Growth)
3. NASDAQ:CRON (Cronos Group)
4. NYSE:MO (Altria Group, Inc.)
5. TSX:ACB (Aurora Cannabis)
6. TSX:CRON (Cronos Group)
7. TSX:WEED (Canopy Growth)

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