



This Pot Stock Just Got Listed on the NYSE: That's Big News

Description

In late February, **CannTrust Holdings** (TSX:TRST)(NYSE:CTST) began trading on the NYSE.

While a simple exchange listing may not seem that exciting, it is. With the cross-border listing, CannTrust has access to billions in additional capital. Now, retail investors that only have access to U.S.-listed stocks can buy shares.

Additionally, many mutual funds have mandates that limit their ability to purchase foreign-listed stock. With its NYSE listing, the floodgates have opened for CannTrust.

Apart from the NYSE listing, there's one other factor you need to pay attention to. Read on to learn more.

A momentous 2018 with a caveat

At the close of 2018, Fool contributor Sean Williams did a terrific [roundup](#) of CannTrust's biggest accomplishments that year. They included

- The partial launch of the Niagara Greenhouse facility
- Four recreational brands introduced
- A push into alternative sales channels
- The appointment of a new CEO

I strongly encourage you to read his full article, but I want to dive deeper into perhaps the most exciting development: the launch of branded cannabis.

You may have seen many of the headlines calling out specific cannabis markets that are wildly over-supplied. For example, in January, news headlines wrote that Oregon was "drowning in one million pounds of excess weed." That month, I [reported](#) that "the inability for Oregon producers to export their product has put the entire statewide industry in chaos."

Sure, demand is rising exponentially due to legalization, but as with any commodity, producers were rushing to bring new supply online, leading to pricing crashing across several localized markets.

Take a look at any cannabis company's investor presentation today. What you'll notice across nearly every pitch is their aggressive pursuit to bring on additional capacity. While cannabis bulls expect rising demand to soak up all of this supply and then some, we're already seeing cases where that's simply not true.

Prices will come down, ruining the bright prospects of many cannabis producers. The ones that will survive best are those with pricing power. How do you maintain pricing power in a commodity? The answer is simple: branding.

Stick with branded cannabis

Brands are incredibly powerful, providing the healthiest profit margins of any product or service. Take **Coca-Cola Co** for example. Its products are built with commodities, largely water and sugar. Yet Coca-Cola can charge orders of magnitude more than their cost due to branding.

It's still unclear whether branding will work for cannabis, or which brands will win, but if you invest in cannabis companies that aren't focused on building brands, the future will be tough as prices come down.

Last May, CannTrust launched three new brands: Liiv, Synr.g, and Xscape. As Sean Williams wrote in his piece, these brands "are focused on creating an emotional connection with the consumer, which'll become more important as dispensaries become crowded with product."

Investors are excited about CannTrust's NYSE listing, and for good reason. Even more exciting, however, is the company's nascent but growing brand portfolio. That's where the real profits will come from.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis

PARTNER-FEEDS

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

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis

Date

2025/07/06

Date Created

2019/03/06

Author

rvanzo

default watermark

default watermark