



## Navigating Our Way Around Cannabis Stocks: Should We Buy Now?

### Description

Cannabis stocks continue to roar on, as the [cannabis industry](#) continues to move forward and make good on its promise of high growth.

But returns and profits are a different story, and we are still waiting to see which companies will be the ultimate winners.

Let's take a look at three of the biggest cannabis companies, some latest developments, and stock price performance.

**Aurora Cannabis's** ([TSX:ACB](#))(NYSE:ACB) stock price has rallied 71% year to date and is down 20% from its October 2018 highs in what continues to be a volatile but successful run.

One of the biggest concerns with this stock is the shareholder dilution that has taken place.

Aurora Cannabis shares outstanding have more than doubled in the last year, effectively eating away at existing shareholders' holdings, and it doesn't look like this will stop any time soon.

On top of this, the company recently filed a prospectus to enable it to raise up to \$750 million through common shares, debt securities, subscription receipts, units, warrants, or any combination thereof during the 25-month period that the prospectus is effective.

This — combined with the mounting losses, as selling, general, and administrative expenses rise and research and development costs rise, as well as increased capital investment into Aurora's growth plans — makes me nervous about Aurora Cannabis stock and its future path.

Similarly, **Canopy Growth's** ([TSX:WEED](#))(NYSE:CGC) stock price has rallied 68% year to date and is down 11% from its October 2018 highs.

Most recently, Canopy Growth has been rallying off the announcement of its plan to acquire leading U.S. cannabis operator Acreage Holdings. In an attempt to keep its first-mover advantage and extend it to the U.S., Canopy Growth has made this unprecedented move to acquire "at such time as cannabis

production and sale becomes federally legal in the United States.”

Canopy remains the leading cannabis stock, with one of the most extensive global presences and operations in 12 countries across five continents.

Lastly, **Aphria’s** (TSX:APHA)(NYSE:APHA) stock price has rallied 28% year to date and is down 52% from its 2018 highs.

With Aphria’s third-quarter fiscal 2019 earnings results, we saw its stock price get hit hard, plummeting almost 15% on the day of the release.

In what may be a sign that the company and the stock is attempting to hit the reset button, we have seen management take a write-down of its Latin American acquisition in the latest quarter. This was partly to blame for a greater-than-expected net loss, but even without this, the net loss was \$0.20 per share, as Aphria is also taking a hit from lower-than-expected revenue and higher-than-expected costs.

## Final thoughts

In summary, we know that if and when the market turns more risk averse again, cannabis stocks are especially at risk.

So, if you’re thinking of buying, know this and make sure you maintain a well-diversified portfolio to ensure strong overall performance.

Be prepared for a wild ride, and if you’re up for it, add on weakness and take profits to protect your money while you attempt to profit from this burgeoning business.

### CATEGORY

1. Cannabis Stocks
2. Investing

### POST TAG

1. Cannabis

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2. NASDAQ:CGC (Canopy Growth)
3. TSX:ACB (Aurora Cannabis)
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