



## Tech and Marijuana: A High-Growth Combination for Stock Investing

### Description

As cannabis becomes more of a mainstream investment, should stocks like **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) join outperforming tech in a capital gains portfolio? Let's review the stats for the TSX index's breakout [marijuana stock](#) and compare them against some of the tech growth stocks it most closely resembles, plus one mining stock that makes a feasible tech proxy

### Canopy Growth could be *the* front-line marijuana stock

Up 8.7% in the last five days at the time of writing, Canopy Growth saw returns of 133.2% over the past year, illustrating an outperforming stock in a bold new industry. If it's a clean, green stock you're looking for, Canopy Growth's low level of debt at 10.7% of net worth shows its balance sheet is suitable for a lower-risk investment.

Selling around six times its future cash flow value, it's not exactly a cheap stock, though a P/B of three times book is certainly low for the kind of high-performance tickers it keeps company with. The big draw here is a significantly high 98.5% expected annual growth in earnings, however.

### What kind of tech stocks should investors pair with marijuana?

**Alphabet** ([NASDAQ:GOOGL](#))([NASDAQ:GOOG](#)), one of the [American FAANGs](#), is up 2.12% in the last five days on tech bullishness that saw some of its peers enjoying a boost in share prices, making a suitable match for Canopy Growth. Alphabet's returns of 15.2% outperformed the U.S. interactive media and services industry, which itself saw returns of 7.9% for the same period, while one-year past earnings growth of 142.7% signified a good year and beat its own five-year average of 10.4%.

Alphabet carries debt of just 2.3% of net worth, making for another lower-risk stock, though valuation could be better: see a P/E of 28.1 times earnings and P/B of 4.9 times book. In terms of upward momentum, there may be a case for market saturation here, since Alphabet is looking at only a moderate expected annual growth in earnings of 12.9%.

Meanwhile, up 12.18% in the last five days, **Twitter** ([NYSE:TWTR](#)) shows that it's not just the NASDAQ that can reward with high growth in the tech sector. Past-year returns of 33.7% aren't as high as Alphabet's, while, over the past year, Twitter has achieved an 18% return on equity, showing that better use could have been made of input from shareholders.

Indeed, a drop of 13% in annual growth in earnings might not be the kind of future performance one would expect from a stock like Twitter, with the app having obtained a kind of peerless ubiquity that's made it the go-to social media platform for everyone from marketers to politicians.

Investors looking for a more roots-focused tech proxy may want to go for a metals stock instead. Something like **North American Palladium** (TSX:PDL) should fit the bill here, with lower market ratios than your average tech stock, but a positive future performance indicated nevertheless. Low market ratios, a solid track record, and a clean balance sheet make for a solid play on palladium on the TSX index.

## The bottom line

Twitter's comparative debt level of 40% of net worth shows borderline good health in terms of its balance sheet, while Twitter insiders have only sold shares in the past three months. In other words, a "better" tech stock, such as Alphabet, could be paired with Canopy Growth for a high-yielding tag team, though momentum investors have a range of options in this space, spread across the TSX index, NYSE, and the NASDAQ.

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1. Cannabis
2. Editor's Choice

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2. NASDAQ:GOOG (Alphabet)
3. NASDAQ:GOOGL (Alphabet Inc.)
4. NYSE:TWTR (Twitter)
5. TSX:WEED (Canopy Growth)

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