



Meet the Canopy Growth (TSX:WEED) of Finance Stocks

Description

Canopy Growth Corp ([TSX:WEED](#))(NYSE:CGC) is a giant in the cannabis space. As the largest cannabis producer by revenue and market cap, it's by far the dominant player in its industry.

Canopy's low-cost production, large-scale grow space and strong retail presence have positioned it to remain #1 in its industry for the foreseeable future. These factors alone are enough to make Canopy a worthy contender for any portfolio with cannabis exposure.

What most people don't know is that Canopy has many more aces up its sleeve. In addition to its growth, production space and retail presence, Canopy also has a finance arm that puts it at a huge advantage when it comes to acquisitions. This "arm" is not a wholly owned subsidiary, but a publicly traded, Canopy-affiliated company that you can buy on the TSXV.

Canopy Rivers (TSXV:RIV)

Canopy Rivers is an investment company that seeks to find partners and acquisitions that complement Canopy Growth's business. Think of Canopy Rivers as a mix between a venture capital firm and [an incubator](#). The company not only invests in cannabis startups, but also seeks to help them grow through partnerships with Canopy Growth (a major investor in the firm). In this respect, Canopy Rivers can not only earn money by investing, but can also help its parent company grow and thrive by capturing market share in emerging cannabis niches.

How the company invests

Canopy Rivers' investing philosophy is based on finding cannabis-related businesses whose operations are synergistic with Canopy Growth's. To this end, it invests in many companies that fall outside of the traditional cannabis purview. One subsidiary, Headset, provides inventory management solutions for the cannabis sector.

Another subsidiary, Herbert, is working on cannabis-infused beverages. A third, Civilized, produces pro-

cannabis media and content. While these three companies differ significantly in their operations, they share the common feature of complementing Canopy's business—whether through logistics, product development or media.

Why this could be great for Canopy Growth

Acquisitions are a huge part of the modern cannabis landscape. However, the industry has been widely criticized for the overly aggressive way it has handled M&A. When **Aphria** was the subject of [short attacks](#) last year, one of the big criticisms it received was that it had been paying too much for acquisitions that weren't worth it. Other cannabis companies have been on the receiving end of similar jabs.

By creating a dedicated subsidiary with a team of industry and financial professionals to carefully seek out opportunities in the cannabis space, Canopy may benefit from a more focused and value-driven investment approach than other cannabis companies have been known for.

And of course, this same approach may make Canopy Rivers a solid investment in itself. In the three months ended December 2018, Canopy Rivers had positive diluted EPS, operating income, and cash flow from financing activities. This demonstrates that the company is generating income from its investments, which have value in themselves independent of their role as adjuncts to Canopy Growth.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

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

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis

Date

2025/07/05

Date Created

2019/05/07

Author

andrewbutton

default watermark

default watermark