Marijuana on Sale: Buy These 3 Battered Pot Stocks Before They Bounce Back

Description

Hello, Fools. I'm back to call attention to three stocks that have fallen sharply over the past three months. Why? Because the biggest market riches are made by good companies: during times of extreme investor pessimism; and when they're selling at a big discount to intrinsic value.

This week, we'll take a look at the three marijuana plays that have been particularly bruised in recent months. There could be a millionaire-making opportunity at hand.

Let's get to it.

Trust issues

Leading off our list is medical marijuana specialist **CannTrust Holdings** (TSX:TRST)(NYSE:CTST), whose shares are down a whopping 41% over the past three months.

FDA uncertainty and a recent stock offering are weighing heavily on the stock, but it might be the perfect opportunity to pounce. In CannTrust's Q1 results last month, revenue spiked 115% to $16.9 million, net income improved 12%, and harvested production jumped to 9,424 kg.

"The CannTrust team delivered exceptional operational growth in the first quarter, with harvested production of over 9,400kg," said CEO Peter Aceto. "This is a 96% increase in production over the prior quarter and reflects the impact of the investments made into our facilities, as well as process improvements to increase throughput."

CannTrust is down 23% over the past year.

Up in smoke

With a decline of 30% over the past three months, medical marijuana provider **Aphria** (TSX:APHA)(NYSE:APHA) is next on our list of losers.

Allegations regarding inflated assets and insider dealing have plagued the company over the past several months, but there's reason to remain bullish. Despite posting a net loss of $50 million, the company managed to grow sales 239% to $73.6 million. Moreover, Aphria seems to be making progress on the strategic and competitive front.

"Aphria will continue to drive sustainable long-term shareholder value by leveraging its strong brand positioning, superior distribution model, product innovation, industrial scale cultivation and automation, medical-use leadership and strategic global platform," said Chairman and Interim CEO Irwin Simon.

Aphria shares are down 25% over the past year.

Chrome finish

Rounding out our list is medical marijuana company **Cronos Group** (TSX:CRON)(Nasdaq:CRON), which is down 31% over the past three months.

Cronos shares have been hampered by short-term capacity issues and uncertainty over its U.S. growth trajectory. But on that note, management recently came out and said that it's aiming to be "aggressive" in its cannabidiol (CBD) launch south of the border.

That prompted Bank of America/Merrill Lynch analyst Christopher Carey to upgrade the stock for two main reasons:

"(1) improving near-term visibility in the largest market for cannabis derived compounds in the world, (2) CRON beginning to flex its near group-leading balance sheet ($2.4-billion cash) and partnerships (Altria, MO) to begin a transformation we see creating a vastly different co. in the years ahead."

Cronos is still up 107% over the past year.

The bottom line

There you have it, Fools: three contrarian stocks worth checking out.

As always, don't see them as formal recommendations. Instead, view them as a starting point for more research. Trying to catch a falling knife can be hazardous to your wealth, so plenty of homework is still required.

Fool on.

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