



## For Cannabis-Style Upside, Look Beyond Cannabis Stocks

### Description

Shareholders looking for the same kind of upside enjoyed by cannabis investors last year might want to consider dropping some of the bigger, overvalued marijuana stocks and zeroing in on the rash of IPOs hitting the Canadian and U.S. stock markets this year.

While some pundits are calling for long positions in the bigger names in weed, traders looking to score some fast capital gains might need to look outside the marijuana patch.

The idea of looking beyond cannabis to get cannabis-like returns is starting to catch on, although the potential market for the green stuff is still getting talked up as being enormous.

The issue is that cannabis investment is a Frankenstein's monster of a space: On the one hand, you have a sin industry going head-to-head with alcohol while battling the black market, and on the other, you have a fairly staid pharmaceuticals play.

### One formerly exciting pot stock to sell

Unless you have a particular soft spot for **Constellation Brands** and you think that beer and other alcoholic drinks are a good long-term investment, it might be worth selling its majority controlled cannabis producer, **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC).

The weed stock is over-bought and no longer displays the kind of momentum that makes some other cannabis stocks so exciting. Indeed, **Curaleaf** and **HEXO** are looking like stronger contenders at the moment.

While edibles may end up being an exciting space with some keen upward momentum in the run up to Cannabis 2.0 this fall, the American market and CBD in particular may be better plays for steady growth – which, after all, is the name of the game in cannabis.

This is where stocks with direct access to existing American markets comes in, with Curaleaf being popular right now among cannabis market observers.

## Is it time to quit the marijuana patch?

It's been hard to stay bullish on Canopy Growth after a run of negative headlines, not the least of which covered the surprise change of management.

Following the **CannTrust** debacle, marijuana stocks are having something of an identity crisis and trying to look as relevant as possible in a pre-edibles legal market.

How successful this drive might be really depends on how bullish one is on a [rebooted Canadian pot market](#).

As Constellation Brands will potentially end up steering Canopy Growth unilaterally, investing in the latter is almost more of an investment in beer than in cannabis.

If you're looking for a long position in the green stuff, it might be better to go for something like Curaleaf and [bet on growth directly in the U.S. market](#).

If you're simply looking for a lot of quick upside, however, there are some exciting non-cannabis IPOs in the pipeline, such as **GFL Environmental** and the showbiz industry's **Endeavor**.

## The bottom line

There is certainly a case for selling Canopy Growth at today's high prices. Having Constellation Brands at the helm is unlikely to change Canopy Growth's momentum, meaning that an investor looking for a wild ride may want to consider selling their share in Canopy Growth and switching to stocks more likely to reward with upside in the foreseeable future.

### CATEGORY

1. Cannabis Stocks
2. Investing
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