



## Why This Pot Stock Could Triple!

### Description

Pot stocks have been struggling in recent months. [Scandals](#) and [poor earnings](#) are some of the big factors behind a lot of bearishness in the industry these days. However, that doesn't mean all pot stocks are bad buys. The good news for opportunistic investors is that the sell-offs we've seen in the industry have created some great buying opportunities for stocks that have simply been collateral damage.

A company like **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) is an example of a stock that hasn't been involved in any scandal, and yet its price has tanked 30% over the past three months. However, with a market cap of more than \$8 billion, it still comes at a hefty valuation. We're seeing investors start to value cannabis stocks more conservatively, and Aurora stock may still need to come down significantly before it starts looking like a good buy.

And therein lies the problem: as well as Aurora may perform here on out, its upside may be limited. The odds that Aurora will be able to double in value are remote, unless there is a major development that happens that makes profitability more certain. With many up-and-coming U.S. pot stocks starting to attract more and more investors, it isn't going to get any easier for Aurora to generate excitement around its stock.

One company that might have a lot more potential, however, is **Auxly Cannabis Group** (TSXV:XLY). The stock recently shot up more than 20% on news that it had received an investment from Imperial Brands for \$123 million. The company will be purchasing convertible debt that could give it a 19.9% stake in Auxly. One of the big advantages for Auxly is that it would gain access to Imperial's vaping technology to help grow that part of its business.

## Deal could position Auxly for significant growth in the edibles segment

The timing comes of the deal comes with the edibles market just months away from becoming legal in Canada and certainly gives Auxly a big advantage with a key partner now in place.

The company's President Hugo Alves sees the new partnership as one that could help speed up Auxly's growth plans: "This investment from Imperial Brands will enhance Auxly's ability to continue to deliver on our business plans and accelerate our growth initiatives to expand our portfolio of branded derivative products."

Although Auxly has not generated much in the way of revenue over the years, that could certainly change once the edibles market gets going and especially with the company being able to take advantage of Imperial's vaping technology. Vaping has been rising in popularity and it's been big business south of the border, where it's helped provide a lot of growth for the cannabis industry.

Once Auxly can start showing some strong sales growth, it might not take long for the stock to take off. The stock finished last week at just \$0.90, and with a market cap of around \$530 million, there's a lot of room for it to rise in value. Doubling, even tripling in value is certainly not out of the question, now that it has a key partner that can help the company grow its business much more quickly.

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2. Investing

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1. Cannabis
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