



“Low-Risk” Investors: 2 New Routes to Cannabis Exposure

Description

There are several trains of thought when it comes to cannabis investing at the moment. While the serious capital gains enjoyed by traders in 2018 seem to have been consigned to recent history, investors are now eyeing stocks that could cash in on the coming legalization of edibles and other peripheral marijuana products this fall.

Another set of investors are realizing that a select few cannabis stocks are still rewarding with upside. With a few [new IPOs in the space to consider](#) and a number of interesting outliers bringing the opportunity for upside to eagle-eyed stock pickers, it would appear that the green gold rush isn't over yet — indeed, it may have barely even begun. Let's take a look at two options that may be going overlooked at the moment.

Village Farms International

There's an interesting story behind the CBD-weighted stock that soared this year, coming out of nowhere to surprise TSX observers. Some of the biggest greenhouses in North America are owned by **Village Farms** (TSX:VFF)([NASDAQ:VFF](#)), which, as its name may suggest, until recently, had been in the business of growing food. Having spotted an opportunity to make some serious cash, the veggie growers decided to try its hand at an altogether different type of crop.

Having popped almost 230% so far in 2019, this CBD-weighted stock is just right for investors seeking steeper upside potential than may currently exist in the cannabis space. With greenhouses in three states about to reach fruition, the hemp grower is overvalued but could have plenty of room to grow. Up 5.46% over the past week, Village Farms is the current target of [investors seeking cannabis upside](#).

Partnered with **Emerald Health Therapeutics** to form Pure Sunfarms, a 50/50 joint venture that combines farming and medicinal cannabis cultivation expertise and situated in Delta, B.C., Village Farms has set out to create medicinally potent cannabis in its 1.1-million-square-foot greenhouse. Doubling its original projected annual output to 150,000 kilograms, Village Farms could have more upside than the current market leaders.

Alimentation Couche-Tard

Yes, the convenience store giant is the latest industry outsider to bet on for cannabis upside.

Alimentation Couche-Tard (TSX:ATD.B) has picked up a 9.9% stake in pot retailer **Fire & Flower Holdings** in a deal worth over \$25 million. The deal also includes room for the grocery store umbrella company to grab ownership of up to 51%.

The cash from the deal will allow Fire & Flower to grow its presence beyond the Alberta, Saskatchewan, and Ontario and develop its digital retail platform. Alimentation Couche-Tard's CEO Brian Hannasch said, "Couche-Tard is excited to make this strategic investment in one of the fastest-growing cannabis 'pure-play' retailers." Fire & Flower also stated that the global reach of Alimentation Couche-Tard would be "transformative" for the cannabis retailer.

The bottom line

While there are, in fact, several tickers here to unpack, with Pure Sunfarms offering investors two routes to riches under one banner, and Fire & Flower set to list on the TSX as part of its deal with Alimentation Couche-Tard, the farmer and the grocery parent company look like safe bets in the cannabis space. While greater upside may be had elsewhere, these two stocks may carry less risk while still offering the chance for capital gains.

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