



Alert: This Cannabis Stock Could Double in August

Description

Don't say you weren't alerted!

CannTrust Holdings (TSX:TRST)(NYSE:CTST) soared 41% in a single trading session on Friday following news that its auditor KPMG had withdrawn reports relating to its financial statements.

After CannTrust's recent compliance fiasco over illicitly grown cannabis within secret rooms, the company's financials are now undoubtedly subject to uncertainty. This shouldn't have come as a surprise to investors, but the wild intraday moves made on Friday seemed to suggest otherwise.

Significant changes will indeed be made to the quarterly numbers, and although they're now likely to fall short of original expectations, given the stock's already massive decline, the odds of reporting better-than-feared results, I believe, is high given how low the bar will likely be set and how many investors have already ditched the stock based on speculation rather than fact.

I've [pounded the table](#) on CannTrust with three buy recommendations published over the last week, noting that the name as the only cannabis producer with a valuation that made sense with a risk/reward trade-off that was more than favourable for those with a high enough risk tolerance.

In a [prior piece](#), I'd noted that CannTrust stock could easily triple or go to \$0 over the near term depending on how events would unfold in subsequent weeks.

Although such an all-or-nothing bet is unattractive to Foolish investors, I'd also noted several reasons why I thought the odds of making doubling or tripling up were substantially higher than a scenario that'd result in the loss of most or all invested principal. As such, I touted CannTrust as an attractive short-term trade for those who had the stomach and disposable income.

As we saw Friday, it really didn't take much to send CannTrust stock skyrocketing into the stratosphere at the close after getting pummeled in the morning on what investors deemed to be a negative event.

Indeed, CannTrust stock has been all about overextended moves in either direction, much like a swinging pendulum. Any little bit of news leading up to Health Canada's final say will likely cause

further double-digit moves, and until the ultimate punishment is doled out, CannTrust stock will continue to be a trader's playground.

Even after the 40% pop on news that shouldn't have been so material, I still think CannTrust is a buy. The big bounce is just another small blip in the grander scheme of things. So, if you're looking for a potential multi-bagger with relatively decent odds, now would be an excellent time to bet on CannTrust.

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