



3 Cheap Pot Stocks to Buy Under \$2

Description

Cannabis stocks have taken a beating in recent weeks. The lack of profitability in the cannabis sector is making investors impatient. Regulatory issues at **CannTrust Holdings** is another factor that has damaged the industry's credibility.

Does this mean that you should stay completely away from the cannabis sector? If you don't like to take risks, you should probably stay away from that sector for its high risk and volatility. But if you're willing to take some risk and be patient, you could be well rewarded.

Some small pot stocks still have strong growth prospects and are trading for very low prices. I'm talking here about **Auxly Cannabis Group** (TSXV:XLY), **Supreme Cannabis Company** (TSX:FIRE) and **Fire & Flower Holdings** ([TSX:FAF](#)) stocks, which are trading for less than \$2 at writing.

Let's see what makes these stocks good buys.

Auxly Cannabis

Auxly is a cannabis company based in Vancouver that has operations across Canada and Uruguay. This small pot company has a market capitalization of \$525 million. The stock has soared almost 30% over the last month.

What helped to boost the stock price is a [partnership](#) that Auxly concluded at the end of July with **Imperial Brands**. The British tobacco giant signed a \$123 million investment agreement with Auxly, representing a 19.9% stake in the company.

As part of the deal, Auxly is being granted global licenses to Imperial Brands' vaping technology and intellectual property as well as access to its vapor innovation business, Nerudia. This will help to accelerate Auxly entry into the high growth vape category.

Auxly will also gain access to Imperial's global distribution network and will become its exclusive global partner for future cannabis-based products.

The deal is expected to close in the third quarter.

Supreme Cannabis Company

Supreme Cannabis owns a globally diversified portfolio of marijuana companies, products, and brands.

With a market capitalization of around \$430 million, Supreme's stock is a relatively small player in the industry.

The Toronto-based company is well positioned to capitalize on the booming marijuana industry. And thanks to a recent announcement, there is one more reason for investors to get interested in Supreme's stock.

A month ago, Supreme announced that it reached an agreement to acquire Truverra, a private cannabis company also based in Toronto. The transaction, valued at around \$20 million, is expected to close before August 30.

This deal could help Supreme prepare for Cannabis 2.0, or the legalization of cannabis edibles, which is expected to occur on October 17. At the same time, the deal would also boost Supreme's international presence, as Truverra is already offering cannabidiol (CBD) products in Europe.

Supreme is growing at extremely fast growth rates. In the last quarter, the company generated \$10 million in net sales, marking an impressive 382% increase year over year.

Fire & Flower Holdings

Fire & Flower operates or licenses 24 cannabis retail stores in Alberta, Saskatchewan, Yukon, Manitoba, and Ontario. The company expects to have [65 stores](#) opened by July 2020.

Fire & Flower has a market capitalization of \$150 million. The stock has soared by 45% in only one month.

At the end of July, the Edmonton-based company announced a major investment from **Alimentation Couche-Tard**. The giant Quebec-based convenience store owner is paying almost \$26 million for a 9.9 % stake in the cannabis seller that includes warrants to increase its ownership to 50.1%.

This transaction will benefit Fire & Flower in many ways. It will accelerate the pot company pace of growth and expansion by increasing the number of stores it will be able to open and giving it access to more markets.

With 16,000 stores across 25 countries, Couche-Tard's investment gives the company access to an international platform.

The investment will also provide Fire & Flower additional funds to support the further development of

its proprietary Hifyre digital retail platform, which is used to better understand its customers and communicate with its vendor partners.

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