



This 1 Pot Stock Is Recession-Proof

Description

Yes, you read the title correctly, and no, I am not trying to pull your leg. This cannabis stock is truly *that* good.

I know what you're thinking: How can a stock possibly be recession-proof?

To answer this question, let me ask you a question: If you buy something on sale, are you still getting a good deal if the sale is steeper the next day?

For some of you, buying an item and not paying the full price is good enough, but we are only human, and humans are greedy, so most of you would say you would prefer the steeper sale.

Truth be told, this stock is meant for greedy investors — the ones that won't buy an item unless it is on the top-shelf of the clearance rack.

The stock I'm referring to is **Fire & Flower** ([TSX:FAF](#)) which is an independent cannabis retailer specializing in marijuana and marijuana-related accessories. Based on an investment from Couche-Tard, the stock's implicit value is \$2.16, which means it is currently *undervalued by 64%*! That's one heck of a sale.

Couche-Tard investment

A couple of weeks ago, [I published an article raving](#) about Fire & Flower. It turns out that I'm not the only entity interested in this company, as **Couche-Tard** recently made a \$26 million investment for 9.9% equity in the company.

The details of the transaction include an option to invest an additional \$380 million in growth capital for Fire & Flower's potential global expansion. In addition to this, Couche-Tard will have an option to purchase warrants which represent up to 50.1% of Fire & Flower's equity.

Couche-Tard operates over 16,000 convenience stores worldwide, which means its expansion

experience is priceless to Fire & Flower. The transaction also involves Fire & Flower moving from the TSX Venture Exchange to the Toronto Stock Exchange, which gives it access to more equity from investors.

This upgrade also improves Fire & Flower's status on the stock market, as many financial institutions are prohibited from investing in stocks that don't meet certain standards. This is definitely a step in the right direction.

Plans to expand

Fire & Flower has an aggressive expansion strategy with its 12-18-month outlook as follows: five to eight stores in British Columbia, 30-70 stores in Alberta, five to 15 stores in Saskatchewan, five to 15 stores in Manitoba, and 10-40 stores in Ontario.

On July 10, 2019, the company announced it has received its 23rd licence to operate a cannabis retail store. The licence was issued from the Alberta Gaming, Liquor, and Cannabis Commission (AGLC).

Investors should be excited about this, as it indicates that the AGLC has confidence in Fire & Flower's ability to operate cannabis stores, which makes it favourable to receive additional licences in the future both from AGLC and commissions in other provinces and territories.

Summary

I seriously [could not believe my eyes when I researched this stock](#). The reason why the true value of the stock is so different from the current price is because *most investors have not caught on*.

For those of you who are more experienced investors, you will know that a stock's volatility is proportionate to its popularity. This stock is currently not in the spotlight, which means that institutional investors have not started manipulating the price yet.

If I were you, I would get in before the stock doubles!

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