3 Marijuana Stocks to Sell in September

Description

The summer is almost over, and we can officially call it a bad one for marijuana stocks. Since June, **Horizons Medical Marijuana Life Sciences ETF**, which tracks the entire sector, has shed 23% of its value, with no end in sight.

Driven by rising losses and increasing regulatory drama, weed stocks are beginning to lose their lustre and fall out of favour with investors. Although revenue growth in the industry remains sky high, profits for the most part are nowhere in sight, and many are beginning to wonder if they'll ever become a reality.

If you still own weed stocks and aren't sure whether to hold or sell, the following are three of the sector's worst performers that it would be wise to get out of quickly.

Canopy Growth

Canopy Growth (TSX:WEED)(NYSE:CGC) has historically been the largest marijuana stock by revenue and market cap. Recently, however, it has fallen out of favour due to an unprecedentedly large net loss in Q4. The loss came in at $1.28 billion, far more than anyone expected, and sent WEED shares tanking.

It should be mentioned that Canopy's huge Q4 net loss was mainly due to the extinguishment of warrants — a one-time occurrence. The company's loss should be much smaller in the next quarter. However, even taking the warrants out of the equation, the company still lost over $100 million with revenue of $90.5 million. Signs aren't pointing to this company becoming profitable anytime soon, but it remains extraordinarily expensive, so now may be a good time for its shareholders to cut their losses.

Tilray

Tilray (NASDAQ:TLRY) was once a darling of the marijuana industry. Rising 755% in just two months after its IPO, it was one of the fastest risers in its sector.

Lately, however, Tilray has been on a massive downtrend, shedding 63% of its value this year. The usual culprits are all there: mounting losses, soaring executive compensation, etc. However, probably the biggest reason for Tilray's extra-pronounced slide was the simple fact that it had gotten so expensive in the first place. After rallying 755%, the company was one of the most expensive weed stocks around, and with basically nothing to justify its high valuation relative to its peers, some sort of slide was inevitable.

CannTrust Holdings

Last but not least, we have **CannTrust Holdings** (TSX:TRST)(NYSE:CTST). By now, the story of this company's regulatory woes is well known. After it was found growing weed in unlicensed rooms, the company had a hold put on 5,000 kilograms' worth of inventory, followed by another 7,500-kilogram hold it imposed on itself. Then Health Canada found even more unlicensed grow ops and imposed further holds.

We've reached the point where the Ontario Cannabis Store is sending unsold CannTrust product back to the company, and nobody can tell when all this will end. Once earnings for the current quarter are released, they'll almost certainly show a huge drop in revenue thanks to all the holds and probably a massive loss as well. As a result, this is not a stock you want to be messing with right now.

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