Marijuana Investors: 3 Cannabis Stocks to Make You Rich

Description

Recently, we've seen corrections in [a number of marijuana stocks](). This is not the first time this has happened. So far, their price actions have been quite systematic, at least when it comes to **Canopy Growth** ([TSX:WEED])(NYSE:CGC) and **Aurora Cannabis** ([TSX:ACB])(NYSE:ACB) stocks, as I'll describe later in the article.

In October 2018, Canada legalized the recreational sale of cannabis, including products like dried cannabis flower and cannabis oil. However, popular derivatives, such as edibles, infused beverages, concentrates, topicals, and vapes weren't a part of that.

By December, these alternative consumption products are expected to be available legally, which can trigger the next wave of growth in cannabis stocks.

The corrections in weed stocks can be great entry points for investors to get ready for December's "cannabis legalization 2.0."

Canopy Growth stock

[Canopy Growth]() is a market leader in medical marijuana with operations in 12 countries on five continents. Additionally, it's a recreational marijuana market leader in Canada with its network of Tweed and Tokyo Smoke branded stores. Therefore, the company can take advantage of greater economies of scale as legalization 2.0 unfolds.

WEED stock has traded within the range of roughly $25 and $70 per share since 2018. It has hit the $70 range before falling to the $30 range. This is the second time it has done so.

There's a strong support coming up. Additionally, the stock trades at more than a 40% discount from the average analyst target of $56.67, which represents 74% upside potential. So, now's a good time to start buying some Canopy Growth stock.

Aurora Cannabis stock

Aurora Cannabis is another key medical and recreational marijuana player with global operations in 25 countries.

ACB stock's price action has been similar to WEED stock. ACB stock has traded within the range of roughly $6 and $14 since December 2017. It has hit about $14 three times before correcting to about the $6 range.

The stock trades at more than a 40% discount from the average analyst target of $13.23, which represents 78% upside potential. So, now's a good time to start buying some Aurora Cannabis stock.

A great long-term investment

I'd consider WEED and ACB as speculative investments because their valuations are still sky-high — at about 35 and 39 times sales, respectively. However, they could be buying opportunities after their big corrections.

For a much safer investment for long-term growth, consider **Alimentation Couche-Tard** (TSX:ATD.A)(TSX:ATD.B). In July, it began investing in **Fire & Flower Holdings**, a cannabis retailer with 23 operated or licensed stores in Alberta, Saskatchewan, and Ontario, wholesale distribution operations in Saskatchewan, and a digital retail platform.

Couche-Tard is a safe and conservative investment option to gain exposure to the high-growth cannabis industry. The global convenience and fuel retailer is highly profitable and has generated tremendous shareholder value thanks to its successful M&A strategy over the last three decades.

In the last 10 years, the stock has been a 13-bagger; in other words, it delivered annualized returns of about 30% per year. Adding cannabis into the mix will simply add another growth factor to its performance.

Despite rising 32% in the last 12 months, Couche-Tard stock isn't expensive. It's expected to increase earnings per share by more than 10% per year, while it trades at about 19 times earnings. Moreover, investors get a fast-growing dividend as well.

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2. NASDAQ:CGC (Canopy Growth)
3. TSX:ACB (Aurora Cannabis)
4. TSX:ATD (Alimentation Couche-Tard Inc.)
5. TSX:WEED (Canopy Growth)

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Date
2025/08/24
Date Created
2019/09/05
Author
kayng

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