



3 Marijuana Stocks to Avoid at All Costs

Description

The current state of the legal marijuana industry is messy, if not chaotic. If you're one of the many hoping to make thousands of bucks on weed stocks, be careful which ones you pick. Some are not worth your money, so you'd better avoid them at all costs.

CannTrust (TSX:TRST)(NYSE:CTST), **Alcanna** (TSX:CLIQ), and **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) are not the best choices. Don't let the low prices lull into a false sense of security. The enormous gains you're dreaming of might not come at all.

Dirty tricks

CannTrust was producing and selling "bad" weed. The atrocious part was that its top executives knew the company was violating Canada's cannabis regulation laws. As of this writing, the stock is trading at \$2.19, and it's down 66.67% year to date.

Health Canada's non-compliance report last July was telling. CannTrust was growing cannabis in five unlicensed rooms at its greenhouse facility in Pelham, Ontario, from October last year to May this year. The cultivation rooms had pending applications with Health Canada while the dirty antics were happening.

CannTrust's problems will not end, as compliance issues against the company are mounting. One report mentions that a CannTrust employee bought seeds from the black market that found their way to the company's growing facility. The scandal has completely ruined the company's reputation.

Mixing the brew

Alcanna is not a pure-play marijuana stock. The company is a retailer of wines, beer, and spirits but is capitalizing on the marijuana hype. While Alcanna is a fixture in Canada's retail liquor business, the stock has no gains to show in the last 16 months.

By entering the cannabis market and transforming liquor stores to cannabis shops, Alcanna is hoping to build a strong foundation for long-term growth and stock appreciation. It has nine retail cannabis stores at the moment and 20 more might open by the end of 2019.

The company can't boast of profits in the last 12 months. You can't be sure if alcohol and marijuana is the right mix to help the company re-establish its market foothold. In mid-May 2018, CLIQ was trading at \$9.52. Today, it's down by 38.1% to \$5.89. If you don't want to lose money, pick other weed stocks.

Shrinking giant

Shares of Canopy Growth are selling 48.64% cheaper today at \$35.70 from almost \$70 in late April. You might say this is an excellent buying opportunity. But if you know that the largest cannabis producer by market capitalization can lose \$1 billion in a quarter, it's a letdown.

Canopy Growth has better chances than CannTrust and Alcanna to succeed. However, you should be willing to [wait longer to realize gains](#). The company is still headless and looking for a new leader to steer the ship.

The bright spot is the coming of Canada's Cannabis 2.0 market. Expect Canopy Growth to be at the forefront of cannabis-infused beverages, vapes, and cannabis edibles, among others. Until then, the cannabis giant is still in a coma.

Heed the warning

For your pocket's sake, heed the advice. CannTrust, Alcanna, and Canopy Growth are not [good investment options in the cannabis space](#). Only one has the potential to redeem lost glory.

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