



Cannabis Investing: 3 Promising Strategies Ahead of Cannabis 2.0

Description

As an investor, allocating some of your portfolio to the cannabis sector is a prudent move. With cannabis 2.0 right around the corner, it's critical for investors who have the risk tolerance to expose themselves to the sector to not miss out on any gains made.

This brings us to the ultimate questions: Which stock should you buy, and which strategy should you use?

There are three ways you can go about it. For starters, you could find the largest companies that are expected to dominate the industry.

Secondly, you can look for value, investing in a company that is clearly undervalued to its peers and wait for it to appreciate.

Lastly, you can find a growth company — one that is small today but has a ton of potential, especially when the edibles and extract market is legalized.

Size

If you are looking for the largest company that is expected to dominate the industry, then look no further than **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC). For more than three years, Canopy has been growing itself, mainly through acquisitions.

It has recognized the power and ability of consolidation and has been making tons of strategic acquisitions. At first, the acquisitions helped to build its medical patients and growth capacity.

Soon, it began acquiring international companies as well as making strategic acquisitions to gain intellectual property.

Canopy today is focused on building its brands and building its global reach with medical cannabis. It sees global growth in medical cannabis as one of the top opportunities in the sector.

Its branding is still important too, and Canopy has done deals with a number of celebrities, such as Martha Stewart and Snoop Dogg, to help build its brand appeal among consumers.

Value

Investors interested in finding an undervalued cannabis company should consider **Village Farms International** (TSX:VFF)([NASDAQ:VFF](#)). Village Farms is one of the most undervalued cannabis stocks in Canada. In addition, it is also one of the only companies that has managed to turn a [profit](#) already.

Complementing its cannabis cultivation are Village Farms's greenhouses, which are currently being used to grow vegetables.

In addition, these greenhouses, most of which are located in the U.S., act as a leg up on competition for when the U.S. gets around to legalizing cannabis federally. This is because Village Farms is in a unique position, where it can use its vegetable greenhouses as a turnkey cannabis cultivation facility, rather than having to build all new infrastructure.

Its roughly 33 times P/E ratio may seem like it isn't that undervalued, but it's priced for growth, just like all of its peers, which gives it a premium. Nonetheless, it's still at an attractive valuation with a market cap of roughly \$680 million.

Growth

For those investors looking for a growth company, one of the best companies with huge potential is **Medipharma Labs** ([TSX:LABS](#)). Medipharma is engaged in cannabis [extraction](#), so the company is set to boom when edibles and extracts are legalized in October.

The edibles market is expected to grow to be a nearly \$3 billion industry within the first five years. This is on top of the other cannabis spending that is forecasted and presents a major opportunity for investors.

Medipharma is one of the leading extraction and purification companies. It has built a wealth of proprietary methodologies and has been investing in its state-of-the-art technology.

It's has also been ramping up its business model and product offerings, now having products for vaping, inputs for edibles, cannabis oils, soft gels, and extracts for pharmaceuticals.

It's clear as the edible and extract market grows, Medipharma will directly benefit.

Currently, its market cap is around \$630 million, which surely won't last, as a company with this kind of potential will inevitably hit the \$1 billion mark and will most likely surpass it.

Bottom line

Whether you choose to invest in the large companies, the ones with the most value, or in high-potential growth companies, the important thing is that you get your exposure and take advantage of the huge opportunity being offered ahead of the second wave of legalization.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NASDAQ:VFF (Village Farms International, Inc.)
3. TSX:LABS (MediPharm Labs Corp.)
4. TSX:WEED (Canopy Growth)

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Date

2025/08/18

Date Created

2019/09/23

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