Worried Canopy Growth (TSX:WEED) Stock Is Headed Further Down? Do This to Protect Your Portfolio

Description

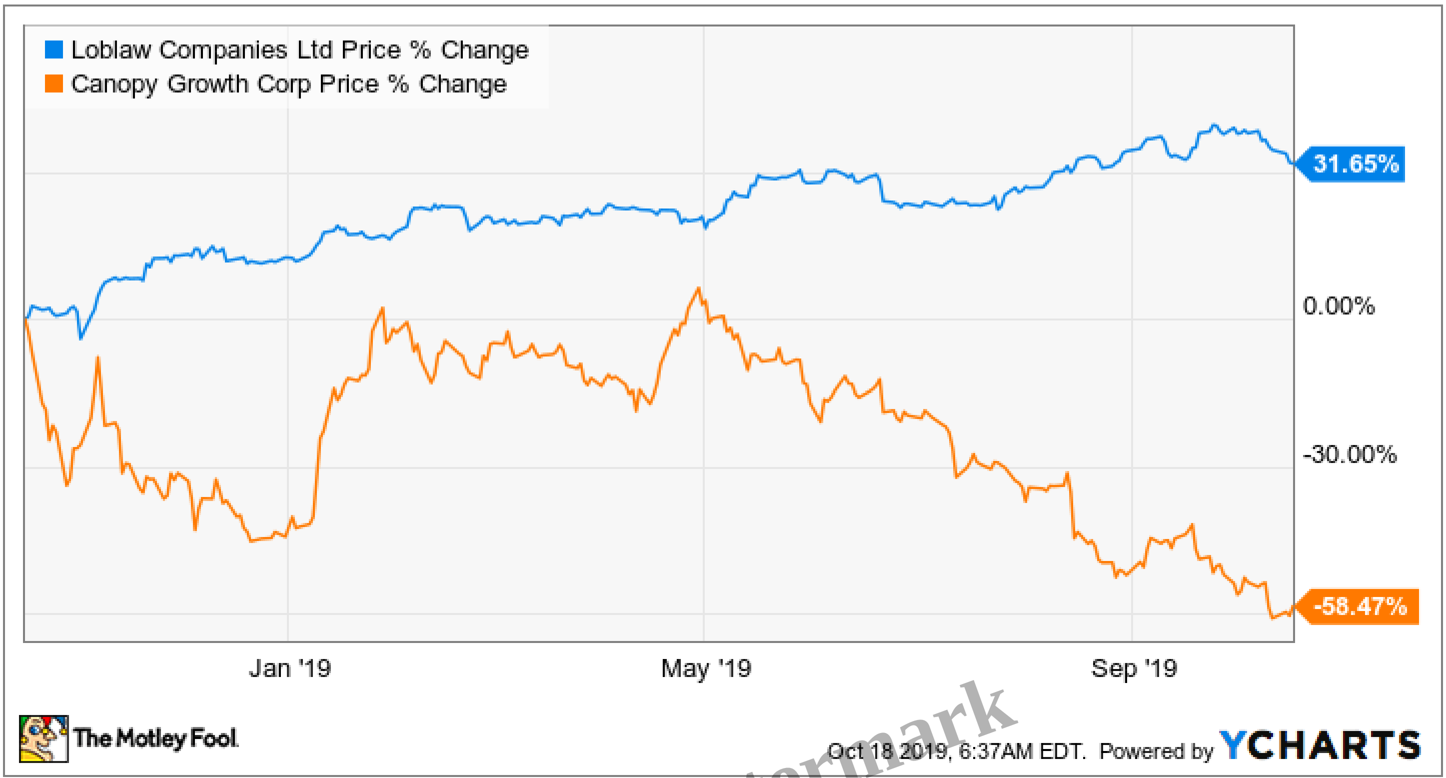
Canopy Growth (TSX:WEED)(NYSE:CGC) has fallen significantly over the past several months. The stock has not just hit a new 52-week low, but it's trading at levels not seen in nearly two years. More than half the value of the company has been wiped out from when it was being valued at around $20 billion earlier this year. And for concerned investors, there's still the possibility that Canopy Growth stock will suffer even further declines.

What can investors do?

Regardless of whether you think Canopy Growth will recover from this, one thing that you can always do to protect your portfolio is diversify your investments. Holding shares of stocks that are unrelated to a particular investment is a great way to help ensure that the other holdings can help balance your portfolio and give you ways to earn a good return even if Canopy Growth isn't doing so well.

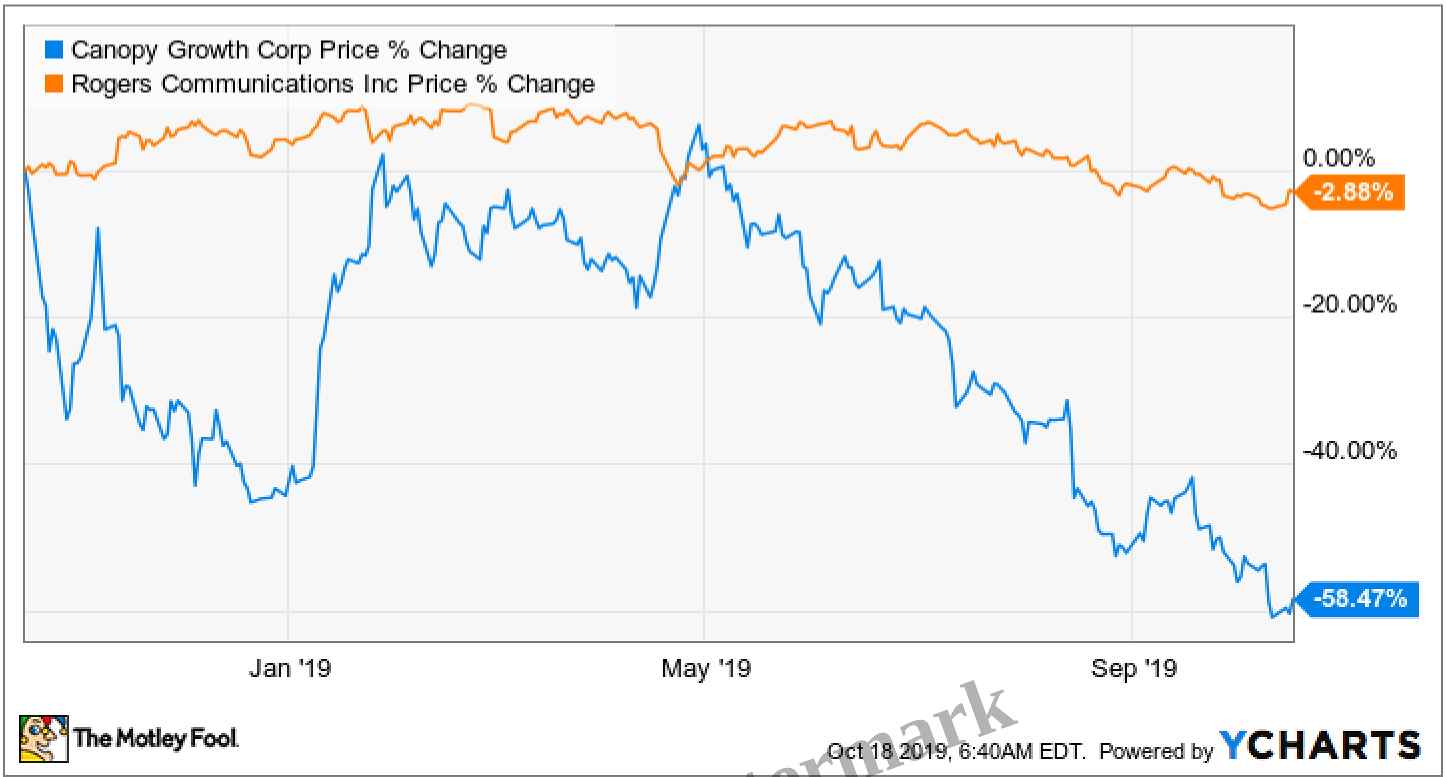
The cannabis stock is a very volatile holding, with its swings in share price being much wilder than those of the market. To combat this, investors will want to eye stocks that are much more consistent and perhaps not as receptive to what happens to the market. One good stock to choose for this purpose is **Loblaw Companies**. The grocery store operator will give investors a great defensive stock to own that has grown consistently over the years.

In five years, Loblaw has seen its share price rise by more than 50% and year to date it has risen 17%. What's important is that while Canopy Growth has been crashing, Loblaw stock has been steadily increasing in value. That's what you want to see when you diversify your investments — the stocks not moving in the same direction. And from looking at the chart, there doesn't appear to be any noticeable correlation between Loblaw and Canopy Growth:



Since there's no strong correlation between the stocks, where Canopy Growth goes appears to have little to no effect on Loblaw. While the two stocks have looked to have gone in opposite directions over the past 12 months, that doesn't mean that trend will continue.

Another stock that looks to be a good option to help diversify is **Rogers Communications**. Although its returns have not been as impressive as Loblaw's have been over the past year, they also haven't been nearly as bad as Canopy Growth's:



Rogers is one of the top telecom stocks in the entire country, and while it may have limited growth going forward, the brand is also a staple in the country and a safe long-term investment. With a dividend yielding more than 3.1%, it can also help investors inject some cash flow into their portfolios, bumping up their overall returns in the process. Loblaw also has a dividend, although, at just 1.8%, it's notably smaller than what Rogers pays its shareholders.

Having a company like Rogers in your portfolio, which is in telecom and even sports, for that matter, is a good way to ensure that your portfolio isn't exposed to heavily to the cannabis industry. While neither Rogers nor Loblaw have the same attractive growth opportunities that Canopy Growth has, the stocks can play important roles in balancing out some of the risk that you'll be taking on by holding shares of Canopy Growth.

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TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:L (Loblaw Companies Limited)

4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:WEED (Canopy Growth)

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