Canopy Growth (TSX:WEED) Lost Bruce Linton to this Pot Stock!

Description

The labour market is tight, and unemployment is near record lows of around 5.5%. With the global economy booming, it is no surprise that competition is fierce for top talent in the cannabis industry. On Thursday, Bruce Linton announced that he had accepted an offer at **Vireo Health** to join the U.S.-based cannabis company as executive chairman.

Linton applauded Vireo's CEO and founder, Kyle Kingsley, in a media release, explaining his reasons for joining the young company:

"Beyond the attractive collection of strategic assets and intellectual property that Dr. Kingsley has assembled, I have taken this role because I share the company's ambitious vision for the future of cannabis. We are confident Vireo can become a top U.S. producer and distributor of high-margin, proprietary products within the next several years and create unprecedented long-term shareholder value."

Linton is confident that Kingsley has the expertise to produce high-quality and high-margin cannabis products.

Canopy Growth becomes volatile after losing CEO

Canopy Growth (TSX:WEED)(NYSE:CGC) fired Linton as CEO in July, creating substantial volatility in the stock as shareholders loyal to Linton decried the decision. Canopy Growth stock is now down to $25.99 per share from its 52-week high of $70.98. The stock has been correcting from a market bubble.

Linton led Canopy Growth to a market capitalization of over $9 billion on the TSX before the company's board and parent company, **Constellation Brands**, fired him. Now that he is working at a competitor, Canopy Growth will have a harder time maintaining the high valuation when its significant competitors, including **Aurora Cannabis** trade for less than $5 per share.

Still not a good time to buy into Canopy stock

Now is not the right time for smart Canadian investors to pick up long positions in Canopy Growth. The stock still has room to fall. Eventually, Canopy Growth and Aurora Cannabis valuations should be roughly the same.

Both stocks have very similar growth strategies and financial performance. Canadian savers should wait to buy Canopy Growth until undervalued cannabis peers like Aurora converge in value with their overvalued peers.

While waiting for Canopy Growth's stock price to reflect its actual value, cannabis shareholders could work on building their long position in Aurora Cannabis. Aurora Cannabis is grossly undervalued and should only boost the performance of your retirement savings over the next 10 years.

Foolish takeaway

Constellation Brands may have erred when they fired the respected Linton last summer. Whatever their differences, Linton contributed hard-to-find experience and knowledge of the cannabis market.

Canopy Growth stock was bound to fall regardless of the leadership change, but it certainly did not help to prevent the stock's massive drop in market value, which began in May. Now, Constellation Brands will have to contend with more powerful competition in the U.S. cannabis market.

Linton's new company, Vireo Health, has an extensive reach throughout 11 marijuana-friendly U.S. states, including Arizona, Maryland, Massachusetts, Minnesota, New Mexico, New York, Nevada, Ohio, Pennsylvania, and Rhode Island. Canopy Growth will need to contend with a smart business person with an inside insight into its business development strategy.

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