



## 2 Great Cannabis Stocks for Contrarian Value Investors

### Description

It's been another bad quarter for cannabis stocks, with missed expectations and a slew of other buzz-killing factors making for grim headlines. However, contrarians looking for deep value have a candy store of potential long positions in this beaten-up sector right now. Below, we'll take a look at two of the best battered cannabis stocks.

Tanking **Tilray** was down 10% this week after a disappointing quarter, with total losses of more than 80% in the last 12 months. Meanwhile, **Aphria**, perhaps the closest the past year in cannabis investing has seen to a profitable pure-play marijuana company, was down 8.48% this week, with one-year losses of around 54%. **The Horizons Marijuana Life Sciences ETF** was down 9.7%, with a year-long loss of 48.8%, displaying an overall average for the sector.

### A brand-conscious play for the longer term

With a cut-price brand aimed at taking on the illicit marijuana industry and a range of edibles and cannabis-infused drinks, **HEXO** (TSX:HEXO)(NYSE:HEXO) will be under the spotlight over the next few months, as the full range of its products finally hits the shelves. Perhaps of most interest will be the range of cannabis drinks that will be produced under the Truss name in partnership with drink industry heavyweight **Molson Coors**.

If the HEXO family of brands can [prove popular with the holiday crowd](#), HEXO may be in with a chance to claw back some the losses it incurred of late. In a period that has seen one PR hiccup after another, from the loss of its CFO to job losses and a quarterly report fumble, HEXO has struggled to stay out of the red. The stock is down 15% this week and almost 60% in the last three months.

### Deep value meets cultural clout

At the time of writing, **Canopy Growth** was down 16.6% for the week after a second-quarter report that [landed badly with investors](#). At the heart of its woes lay reduced per-gram prices that ate into the company's bottom line for the period, while other aspects of the market, such as consumer demand,

were also cited as deleterious factors. The company tried to soften the blow with another celebrity tie-in, this time with Drake.

Drake said, “The opportunity to partner with a world-class company like Canopy Growth on a global scale is really exciting. The idea of being able to build something special in an industry that is ever growing has been inspiring.” Canopy CEO Mark Zekulin noted Drake’s standing as an entrepreneur and entertainer as a good match for the company’s breadth of knowledge in the cannabis industry.

## The bottom line

If the legal cannabis sector can survive in the long run, and there is no reason why it won’t, these two companies represent its best hope at market dominance. Investors should expect both companies to continue to generate fearful headlines, though, leaving legal weed off the menu for the faint of heart. On the flip side, doughty investors willing to go the distance have two strong plays on deep value that are ripe for long positions.

### CATEGORY

1. Cannabis Stocks
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### TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. TSX:HEXO (HEXO Corp.)

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vhetherington

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