



## Are Cannabis Stocks Finally a Steal of a Deal?

### Description

Growth investing can be extremely challenging, especially when the stocks in which you are investing have no earnings. Speculative cannabis investors have been taught a harsh lesson over the course of the past year, with many of these stocks being absolutely crushed in the latter half of 2019. How bad has it been? Well, let's look at some of the performances of some of the better-known stocks over the past year.

### Cannabis stocks have been crushed

The better-known stocks in the Canadian cannabis space are **Aphria**, **Aurora Cannabis**, and **Canopy Growth**. It is interesting to note that there is not one single stock among the bunch that has survived the carnage. Not a single stock has the investor clout and financial strength.

Every single stock has basically been cut in half or more over the past year. Aphria has fallen almost 48% from a year ago. Aurora has fallen even more, down 55% year over year. Even [Canopy Growth](#), which was arguably the biggest and best of the bunch, is down 45% at the time of this writing.

Even owning a basket of stocks wouldn't have helped much over this time frame. **Horizons Marijuana Life Sciences ETF** has been similarly crushed, down almost 48% over the same period. You have to realize how big an issue this is, since an ETF is usually a good way to mitigate a loss by diversifying.

### Are the stocks screaming buys after the sharp declines?

No, they most certainly are not. I like to look for value in companies. Frequently, after a loss of this magnitude, I would be looking for bargains. I have to admit, while I have generally been a bear on the sector, I thought that HMMJ would have provided some protection. After all, I am a firm believer in medical marijuana's potential in the long term.

## The bottom line

I personally would not yet call any of these stocks a buy. Their earnings are still horrible, there are so many unknowns, and they do not pay any dividends. There is no fundamental floor under the stocks, making these a very speculative investment at best, even after the sharp declines in their share prices. To put it bluntly, they are still expensive today.

As I have said in the past, the only reason to invest in any of these stocks is to take a long-term chance on medical marijuana. You could do this by purchasing units of the HMMJ ETF, although it has been shockingly disappointing as an investment diversifier, or throw some money at [Aurora Cannabis](#) as a possible medical marijuana producer.

So, if you want to throw some mad money long term into the future of medical marijuana, fine. I think that's a decent idea. But don't fool yourself into thinking you are getting a deal just because the shares are trading at a lower price. These stocks will only be cheap when you can pick up a profitable company at a reasonable price.

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