



This Micro-Cap Pot Stock Is the Best 2020 Buy!

Description

Canadian pot stocks may not offer dividend returns yet, but if investors play their cards right and get in at the right price, they just may earn alpha-level capital gains. Alpha-level capital gains are investment interest that exceeds average market returns.

Every investor wants to outperform the market and maximize profit. One strategy to achieve alpha-level returns involves identifying high-growth companies. Buying top growth stocks at a discount relative to the actual value is the way savvy traders maximize income from their investments.

Marijuana stocks are difficult right now because speculators and day traders have distorted the apparent portfolio value of these investments. The market has overvalued many of the cannabis stocks, meaning that shareholders are more likely to see capital losses on their investments in the short to medium term.

Less downside risk in micro-cap stocks

Fortunately, where there are overvalued stocks, there are also likely to be many [undervalued opportunities](#). **Fire & Flower Holdings** ([TSX:FAF](#)) is one such asset that Canadian Toronto Stock Exchange that investors should keep an eye on. At an intraday market cap of \$105.9 million, Fire & Flower sells for only \$0.88 per share at the time of writing.

Canadian investors can buy 100 shares of this micro-cap pot stock for \$88. Micro-cap stocks are fantastic buys because the absolute downside risk is low relative to the potential growth. Savers don't need to have already built a substantial nest egg to start a retirement portfolio built on cheap micro-cap assets.

As far as cannabis stocks go, Fire & Flower is undoubtedly going places. In November, the company reported that it would open three more cannabis retail locations in Edmonton, Alberta, bringing its total interest in retail cannabis licenses up to 36 throughout Alberta, Saskatchewan, Manitoba, Ontario, and the Yukon territory.

The new stores are a part of the company's broader business development strategy to focus on the young, urban market. Shareholders can expect the company to roll out at least nine more stores in the next two months or by February 1, 2020.

Sleek brick-and-mortar retail strategy attracts rich millennials

Continued brick-and-mortar expansion is crucial for pot stocks to realize the high revenue growth necessary to maintain continued investor interest. While e-commerce may be the dominant high-margin force in our decade, consumers increasingly rely on the sensory experiences that only the traditional retail environment can deliver.

Especially when it comes to potent bud, consumers want to smell and feel the product rather than comparing specifications online. Retail cannabis dispensaries are unique in that owners can take creative authority over the enterprise to compete on the atmosphere.

One consumer from northeast Calgary raved about the educational benefits of brick-and-mortar shopping in a review on **Yelp**: "My first experience in a dispensary since [legalization] was amazing! ... I wanted to geek out and talk research ... I spent 25 minutes learning about the effects of so many different strains of marijuana ... I ended up spending 35 dollars on 3.5 grams of something I had never tried before."

Fire & Flower has done just that by targeting more high-end marijuana users and staffing the retail locations with educated employees. The stores are sleek and clean, featuring pipes and paraphernalia in glass cases. Store décor includes interesting, abstract artwork.

If you want to get into marijuana investing, Fire & Flower is undoubtedly a stock you should put in your watch list.

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1. Editor's Choice

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1. TSX:FAF (Fire & Flower)

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