

Cannabis Beginners: 2 Pot Stocks for New Investors

Description

Pot stocks were the best way to get rich in 2018. Nearly every cannabis company saw their share price increase by leaps and bounds. Doubling and tripling in value were commonplace.

This year, the tables were turned. Many marijuana stocks have lost more than 50% in value. But don't be scared: if you've been waiting to invest in cannabis, there has never been a better time.

With valuations cratering, you can snap up promising businesses at a [deep discount](#). Plus, over the past 12 months, many of the risks and uncertainties surrounding this emerging market have been resolved, or at least mitigated. Today, some pot stocks trade at attractive prices even though their futures have more clarity.

This market is simply like no other. It's rare that a multi-billion dollar opportunity appears virtually overnight. Over the next decade, global cannabis sales could approach \$100 billion.

Federal legalization in huge markets like the U.S. — something that many analysts believe is a rising probability — could add even more fuel to the fire.

Want to capitalize? You'll need to optimize your risk and reward exposure, especially if you're new to this market. The following picks are your best bets.

Stick with what works

If I gave you an opportunity to invest in the tobacco firm **Altria Group Inc** ([NYSE:MO](#)) back in 1979, would you take it? You better. Back then, shares were trading at \$0.36 apiece at writing. Today, they're worth \$50, representing a rise of nearly 14,000%. A \$10,000 investment would have become \$1.4 million.

Altria stock dominated for a few key reasons. First, it figured out how to succeed in a highly regulated market. Today, it's responsible for more than 50% of U.S. cigarette sales. Second, it mastered the art of branding. You likely know its most successful product: Marlboro.

If you had the chance to invest in Altria several decades ago, you could have made millions. Fortunately, you might have a second chance at doing so with **Cronos Group** ([TSX:CRON](#))([NASDAQ:CRON](#)) stock.

This year, Altria finalized a \$1.8 billion dollar deal to secure Cronos Group as its exclusive partner in the cannabis space. Now, Cronos can leverage Altria's unparalleled portfolio of influence, connections, and expertise, not to mention tap into its branding capabilities. The Altria tie-up makes Cronos one of the most risk-mitigated pot stocks on the market.

Go for gold

If you want to invest in pot stocks for major gains, **Green Organic Dutchman Holdings Ltd** (TSX:TGOD) is the stock for you. Green Organic is valued at just \$200 million. For comparison, Cronos Group is worth roughly \$3 billion. There's certainly more risk here, but I can't think of a pot stock with more near-term upside.

Green Organic is just starting to ramp cannabis production, so it's not surprising that it remains under the radar. By the second quarter of 2020, however, management expects the business to turn cash flow positive. That alongside surging revenues should catch the market's attention.

Today, shares trade at an 80% discount to its larger competitors. Closing the gap halfway could result in 250% upside. While this isn't the only lucrative cannabis opportunity available, it certainly has the most to gain next year.

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