



\$1,000 in Canopy Growth (TSX:WEED) Stock in 2015 is Worth This Much Today

Description

The 2015 Canadian federal election was an obvious game-changer for the fledgling cannabis industry. Things have changed in the four years since, and the federal government has [turned its attention](#) to other matters. In many ways, Canada has fumbled recreational legalization.

Still, investors who jumped into the cannabis sector in 2015 have reaped the rewards of one of the most exciting bull runs in the 2010s. Today I want to look at how Canada's largest cannabis company by market cap won its shareholders a tidy sum over the past five years.

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) closed at \$2.45 a share on February 20, 2015. If we had invested around \$1,000 to spend in Canopy Growth, we would have received roughly 408 shares at that \$2.45 closing price. Shares of Canopy Growth were trading at \$29.64 as of mid-afternoon trading on February 20. Our investment of 408 shares would now be worth \$12,093. That is just over \$11,000 in capital gains from our initial \$1,000 bet back in 2015.

With the cannabis sector reeling from a series of setbacks, does it make sense to bet on Canopy Growth in early 2020?

Q3 earnings: A mixed bag

The company released its third-quarter fiscal 2020 results on February 14. Revenue rose \$76 million from the prior quarter to \$124 million and it achieved a gross margin of 34%. Its adjusted EBITDA loss also decreased to \$92 million. Canopy Growth is still carrying forward roughly \$2.3 billion in cash. The company is not forecast to achieve profitability over the next three years.

Canopy Growth has also indicated that its current inventory levels may not have peaked. In a previous article I discussed the rise of the black market as legal cannabis retail has stumbled. As supply issues clear up for major producers it now may be a battle to expand a disgruntled consumer base.

1 development that could boost cannabis

Earlier this month I also discussed how the U.S. presidential election [could change the fortunes](#) of the sector. Current Democratic frontrunner Bernie Sanders has vowed to pursue recreational cannabis legalization on his first day in office. The man many consider to be his chief competitor, billionaire Michael Bloomberg, has been a sharp critic of legalization in any form.

It is still early in the primary process, but there are high stakes for cannabis in this election. Cannabis boosters have reason to be optimistic as Sanders is routinely coming in second among odds makers to be the 2020 election winner. However, as it stands today, current President Donald Trump still looks like a solid favourite to win re-election.

Should you buy Canopy Growth today?

The days when cannabis stocks could make fortunes seemingly overnight is likely over. Canopy Growth and its peers are now subject to far more scrutiny, and the early start for the industry has not been inspiring. I'm looking elsewhere for growth in early 2020.

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