



Buy These Canadian Cannabis Stocks for Long-Term Returns

Description

Cannabis investors new to the space have some strong long-term buys to consider right now. While it's far from stabilized, the froth and volatility of the sector has largely diminished. Today, cannabis investors can mull investments in **Village Farms** and **Cronos Group** with relative leisure. It's been a survivalist's market, with weaker names falling by the wayside.

Jim Cramer weighed in on cannabis stocks recently, getting behind **Canopy Growth**. The perma-bull stock market pundit sees good things ahead for Canopy, calling it "too good to be written off." Canopy is perhaps a little better than that, though. This stock has a [reassuring cash runway](#) that should see it through the worst of 2020. It's also packing celebrity endorsements and enough top-tier corporate savvy to make for a long-term buy.

Then you have rocketing **Aphria**. Its third-quarter results will continue to be picked over during the coming months. Anticipation for its summer results are likely to add momentum. But the bottom line is that this is a rare name that can go the distance. Back it up with an investment in a name like Village Farms and you have a [reduced risk cannabis segment](#) for your **TSX** stock portfolio.

Three top tips for buying Canadian cannabis stocks

Everything about the current market is about slowing down and reducing risk. This goes for pot stocks, too. Investors getting into legal cannabis stocks should build lists before they even think of building those long positions.

The four names listed in this article are a good place to stock. However, personal tastes vary and new data is constantly streaming in. Remember, the playing field looked very different a year ago.

Now that you have your list of wished-for names to hold, take those businesses and slash their EPS projections. This is the investor's equivalent of the "artist's squint." How do those companies hold up when you cut their estimates?

Would you still want to hold those names? What is it about those names as real life businesses that

appeals to you? This is where maxims like “hold what you know” come into play.

Okay, so now you have your wish list pared down to its bare bones. Now it’s time to figure out what your entry points are. How much below the market would you be willing to pay for your positions in these businesses? Take a look at valuations and market ratios, but more important, factor in market share and profitability. Also take a look at cash runways. By now you should know how much these names are really worth.

The bottom line

Cannabis investing has become a little more cut and dry during the market crash. The legal pot sector has even proven somewhat crash-proof. Some names have remained positive and even seen impressive gains during the market selloff.

Investors going long on this exciting new sector have some strong plays right now. The potential for steep upside in a billion-dollar growth market is still there, and a few names could really clean up.

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