



2 Speculative Stocks for Younger Investors

Description

I tend to stay away from speculative investments until they have proven some sort of market fit. However, I make certain exceptions for industries that I am very comfortable with. On that note, I think younger investors could allocate a small portion of their portfolio towards these types of investments, because they have the luxury of time on their side, allowing them to recover if they were to lose the invested capital.

I will stress that there is a very good chance that nothing may come out of these investments, but there is an off chance that the company could find the required market fit and skyrocket. What two speculative investments could become very profitable in the future?

Changing the face of delivery

As it stands, humans are still heavily relied upon during the delivery process. Companies are certainly making progress in incorporating artificial intelligence and robotics during the manufacturing process (think **Tesla**), but there is yet to be a company that provides reliable drone delivery services. Now, companies seem to be racing to become the first one to break out and provide this service. As a result, drone delivery is [creating a buzz](#) around the world.

Enter, **Drone Delivery Canada** ([TSXV:FLT](#)). Drone Delivery Canada is the leading company in this industry within the country. Currently, the company is still very small (with a less than \$150 million market cap), which means that its stock can be very volatile. Although Drone Delivery Canada does not currently have a proven business model, the company has been successful in securing [trials with Air Canada](#) and government contracts.

For a glimpse of how speculative this company currently is, look at its price-to-sales ratio, which is currently 63,692.85. Because of the astronomic valuation, personally, I would keep this company on my watch list. I will wait until I see an increase in sales year over year and a large increase in its customer base.

Legalization can boost this industry

There is a very good chance that you may have been able to guess what kind of company this section is about, given the header. The use of recreational marijuana has been legalized in Canada for a while now, but it is still illegal federally in the United States. Until that changes, I would expect companies in this industry to struggle. For example, **Aurora Cannabis** recently underwent a reverse stock split to avoid being delisted.

However, if federal legalization does happen in the States, I would look towards **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), since it is a leading company in the marijuana industry. In April 2019, the company became the largest by market cap in the world. However, since then, it has fallen over 67% from those levels.

The company has been reporting increased revenue in each of the past four years, so there is the possibility that it could return to its former market capitalization. However, investors could be playing the waiting game for quite some time. I would keep this company on my watch list until federal legalization occurs in the United States.

Foolish takeaway

Speculative investments are certainly not for everyone. However, given the current direction that technology is moving towards and certain societal trends, there could be some very interesting opportunities that present themselves to investors. If you are interested in these companies, make sure you do your research and understand everything from the company's business model to the potential market available for capture.

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