



This Cannabis Stock Can Still Make You Rich

Description

Cannabis was a quick way to get rich. During the 2018 boom, pot stocks soared in value. A \$1,000 investment could grow to \$5,000 in a matter of weeks.

Everything changed in 2019. That year, marijuana producers collapsed in value. The industry lost billions of dollars in value.

Today, valuations are still at rock bottom. If you want to get rich, this is *exactly* the [situation](#) you should look for. As Warren Buffett advises, you want to be greedy when others are fearful. And right now, cannabis investors are the definition of fearful.

This is your chance to profit.

This strategy works

There are dozens of cannabis stocks to choose from, nearly all of which trade at multi-year lows. If there's another bull market, most of these businesses will rise in value. But how do you identify the ones that can rise *10 times* in value or more?

There's one simple filter that you should apply to every candidate: can the firm avoid commoditization?

When the cannabis boom began in 2018, investors rushed into any related stock. Few scrutinized the business models closely. If the firm dealt with pot, shares skyrocketed.

This dynamic was similar to the dot-com boom in the late 90s. As long as a company did something related to the internet, the market sent the shares higher.

When a bubble bursts, scrutiny soars. That's what happened following the dot-com bubble, and it's happening again with the cannabis industry. Investors are jaded. They're unwilling to make bets on the future by pricing in potential growth. This is why such a giant opportunity exists.

Which cannabis stocks will soar when the market takes off next? Firms that build brands that consumers love. That's the only way to avoid the impact of commoditization.

The best cannabis stock

If I sold water and sugar on the open market, no one would pay me a premium. I'll fetch whatever the market price is. But if those ingredients are combined into a branded product like **Coca-Cola**, consumers will pay a *big* premium.

Cannabis companies that replicate this strategy will win. So far, **HEXO** ([TSX:HEXO](#))(NYSE:HEXO) has a [big lead](#).

From the start, HEXO played the game differently. Instead of ramping marijuana production as fast as possible, the firm focused on building partnerships with existing brands. HEXO's CEO knew long ago that great branding would result in sales growth and industry-leading margins.

Results came in quickly. Last year, HEXO partnered with **Molson Coors** to co-produce cannabis-infused drinks in Canada. In 2020, the partnership was expanded to include the lucrative U.S. market.

Molson clearly likes what it sees from HEXO. That's useful social validation.

When these products arrive, they should quickly take market share. How could an upstart competitor compete with a Molson-branded product? Millions of consumers in North America already know and love the brand.

Right now, HEXO trades at a \$400 million market cap. Once its new products launch, expect the firm to regain its \$1 billion valuation. With the best strategy in the industry, long-term growth should add even more value.

CATEGORY

1. Cannabis Stocks
2. Coronavirus
3. Investing

POST TAG

1. Cannabis

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. TSX:HEXO (HEXO Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Cannabis Stocks
2. Coronavirus
3. Investing

Tags

1. Cannabis

Date

2025/08/23

Date Created

2020/10/28

Author

rvanzo

default watermark

default watermark