



Pot Stocks: With Profitability on the Way, Is Cannabis Worth an Investment?

Description

Just a few years ago, pot stocks were some of the best growth stocks you could buy. These stocks rallied massively ahead of legalization, as many saw huge potential for the sector. That didn't exactly pan out the way many expected it to, and the whole sector sold off rapidly.

Since the pot stocks sold off ahead of legalization, the sector has been for long-term investors only.

It was always going to take time for the industry to consolidate. Costs need to come down, and sales need to increase before investors start to see long-term growth potential. That may soon be the case, though, as many of the industry metrics continue to improve.

We have already seen many well-known pot stocks report increasingly attractive earnings in the last few years. And just a few weeks ago, when **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) released its most recent earnings, management announced [it expects to reach profitability in 2022](#).

That would be an incredible development, considering cannabis was only legalized in Canada fewer than five years ago.

And now that there are positive signs for the industry long term, you may wonder if the stocks are worth an investment today.

Are pot stocks worth an investment?

Ever since the crazy valuations in pot stocks came back down to earth, investors have been wondering when the industry may be investable.

While there was a tonne of hope and optimism about the legalization, that's all it turned out to be. Significant growing pains have made the path to profitability long and grueling.

Pot stocks have always been great long-term investments, though. Since their valuations came back down, these companies have offered significant potential long term. The retail industry will only

continue to grow, especially as more countries legalize cannabis.

However, much of the potential lies with new healthcare treatments that cannabis can be used for.

So, these companies, Canopy growth especially, continue to offer investors potential if you're going to commit to the investment for the long term. But if you're looking to buy pot stocks now for quick growth, you may be disappointed.

Stocks with more growth potential today

Rather than pot stocks, another industry offering incredible long-term growth but with more potential for growth in the short term is the psychedelics industry.

The psychedelics industry is a lot like the cannabis industry was before legalization. Unlike cannabis, there is no impending date that psychedelics may be legalized.

However, that isn't what's most exciting about the science of psychedelics. The sector is offering incredible potential in dealing with mental health such as PTSD and depression.

But because these stocks offer superior long-term potential and short-term growth with all the momentum lately, many investors may tend to favour these today over pot stocks.

The industry is so promising that many well-known investors like Kevin O'Leary and Peter Thiel are already investors in the sector. Even Bruce Linton, the founder and former CEO of Canopy Growth, is an early investor in the psychedelic sector. So, if these brilliant investors are in on the psychedelic sector, there must be a lot of potential.

If psychedelics seems like the type of investment you want to make, one of the [top stocks in the sector](#) is **Numinus Wellness**.

Bottom line

Both psychedelics and pot stocks offer investors quality long-term potential, making them great investments. The research and development continues to create new possibilities for both industries. So, if you're willing to make a long-term commitment to these stocks today, they might be the best investments you ever make.

CATEGORY

1. Cannabis Stocks
2. Investing

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