



1 Under-\$1 Canadian Stock to Buy in August

Description

I'm not at all a fan of chasing penny stocks, especially the micro-cap ones that have already experienced parabolic upside moves. That said, not all low-priced stocks are built the same. **Fire & Flower** ([TSX:FAF](#)) is one of the most [promising](#) long-term growers out there. Despite its under-\$1 price tag (\$0.91 per share at the time of writing), the \$303 million company isn't a name poised to rocket and tank like many penny stocks out there.

Under \$1: Don't sleep on this Canadian stock

The Edmonton-based cannabis retail store actually has some durable competitive advantages up its sleeves, as I've pointed out previously. Undoubtedly, having a proven blue-chip behemoth as a dance partner is a huge sign that Fire & Flower stock is not a speculative penny stock that could implode at any minute. With real fundamentals, an invested partner in **Alimentation Couche-Tard**, and a long growth runway, Fire & Flower stock seems like one of the most investible small caps for [beginner](#) investors who only have a small sum to put to work.

Bringing the fight to the competition

Today, Fire & Flower stock is fresh off a 38% correction. And I think it's one that investors should be buying, as the partnership with Couche-Tard takes it to the next level.

Undoubtedly, the cannabis retail scene has been viciously competitive of late. Many mom-and-pop shops in the space are under mounting pressure, with big-league retailers hungry for a massive slice of the pie. Couche-Tard continues exercising warrants, growing its stake in the small-cap pot company, likely because it sees an opportunity to do the cannabis retail market what it did to the North American convenience store market.

If there's a company that knows how to consolidate an industry and apply competitive pressures to the mom-and-pop shops, it's Couche-Tard. With Couche-Tard's managers and retail industry expertise, Fire & Flower seems like it's in a great spot to disrupt a now-crowded market that's overdue for some

consolidation.

Couche-Tard is one of the best dance partners you could ask for!

After recent warrant exercises, Couche-Tard's stake in Fire & Flower has grown to a 22.4% stake. Yes, the stake in the small-cap firm isn't yet sizeable enough to move the needle in Couche-Tard shares today. But I think it's a mistake to ignore the budding partnership that could profoundly reward shareholders in both firms over the long term.

Thus far, the Couche-Tard/Fire & Flower co-location project has shown signs of success. Undoubtedly, the pilot project's proof of concept showed tremendous promise.

If such success can be scaled up remains to be seen. Regardless, I think there's a high chance that Fire & Flower could become a leading cannabis retailer over the next decade, as Couche-Tard continues providing the funds and the talent needed for the firm to continue pressuring the competition. Having a Circle K located next to (maybe one day there will be a Fire & Flower inside every Couche-Tard-owned convenience store?) a Fire & Flower is a massive advantage that many other pot retailers lack.

The bottom line on the under-\$1 stock

At the end of the day, it's all about convenience and value for habitual consumers of any item, whether we're talking cigarettes or cannabis-related goods. In any case, I think both Couche-Tard and Fire & Flower have a lot to gain from a relationship that may ultimately end up in a full acquisition. As for the mom-and-pop competitors, the tough road is likely to get that much tougher.

Of course, investors looking to maximize their long-term gains from such a successful relationship ought to side with the under-\$1 stock while it's still in small-cap territory. Just be aware of the added volatility that you'll need to endure over the years with FAF and take advantage of any dips that come your way.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:FAF (Fire & Flower)

PARTNER-FEEDS

1. Business Insider

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

Category

1. Cannabis Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/25

Date Created

2021/07/26

Author

joefrenette

default watermark

default watermark