



Time to Go All-In on Cannabis Stocks?

Description

Among the [growth](#) sectors in Canada that have shown astronomical potential in recent years is the cannabis sector. However, most cannabis stocks have seen marked declines of late.

That said, **Curaleaf** (TSXV:CURA) is a company I still think holds tremendous value as a growth play right now. Let's dive into why this is the case.

Cannabis stocks still face a series of headwinds

It's true that cannabis stocks provide tremendous growth potential. However, investors right now appear to feel uncomfortable with owning these high-growth stocks en masse.

There are a few reasons for this.

First, other hyper-growth stocks have simply outperformed of late. There are more speculative places to park one's cash for gains. For speculators and traders, that's a good thing. For those invested in cannabis stocks, perhaps less so.

Additionally, the cannabis sector has been deleveraging of late. A series of production facility closures and job cuts have hampered the growth outlook for this sector. Last week, **Aurora Cannabis** and **Tilray** announced such bearish headlines. These come as Canadian demand for cannabis hasn't necessarily materialized as expected.

Finally, U.S. legalization hasn't come about as many expected it would. For Curaleaf, a leading U.S. multi-state operator, this isn't a good thing. Accordingly, all cannabis stocks, big and small, Canadian and American, have been hit from these headwinds.

But there's hope

Recent news of the passing of the SAFE Banking Act, which will help financial companies lend and do

business with cannabis-related firms, is a good thing. Additionally, movement from Chuck Schumer and other lawmakers on draft proposals of bills to legalize marijuana is a step in the right direction.

For Curaleaf, these actions are small steps in the right direction. That said, the window of opportunity with this legalization catalyst could be closing. Accordingly, investors betting on even the best cannabis companies such as Curaleaf are taking somewhat of a gamble right now.

In either case, Curaleaf has shown strong growth with the current mosaic model of various state-legalized markets. The company's recent earnings show how strong business has been booming of late.

Curaleaf is one of the best-performing cannabis stocks out there in recent quarters. The company posted revenue growth of 170% year over year, with expected annual revenue of \$1 billion this fiscal year. For a company trading at a valuation of roughly [\\$8 billion](#), that price-to-sales ratio is attractive, particularly relative to its peers.

Bottom line

Cannabis stocks continue to be high-risk, high-reward bets. Investors enticed by the growth this sector provides ought to be wary of valuations. Indeed, now may not be the time to go all-in on cannabis stocks.

However, in this space, Curaleaf provides the best bang for an investor's dollar, in my view. This is a company worth considering, for those with more aggressive risk-tolerance levels.

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