



Better Buy: Aphria Inc. or Canopy Growth Corp.?

Description

Marijuana stocks have been flying high lately as the drug is on the verge of becoming legalized across the nation. There's no question that investors and traders have been piling in to the stock like crazy. The growth potential of companies in the marijuana industry is astronomical, but have marijuana stocks gone up too high? Or is there more euphoria ahead in 2017 and beyond?

Aphria Inc. (TSXV:APH) and **Canopy Growth Corp.** ([TSX:WEED](#)) are two terrific marijuana companies that could potentially become industry leaders many years down the road. Is either one of them worth picking up today?

Aphria Inc.

Aphria, formerly known as Black Sparrow Capital Corp., is a Canadian company that produces and sells medical marijuana through wholesale and retail channels. The company offers strains that are meant to be used to treat various ailments. The company has been investing in R&D and commercial production of cannabis oil.

Aphria was recently approved for its part two expansion, which will result in a capacity of 100,000 feet of greenhouse growing space and 25,000 feet of infrastructure. The management team estimates there will be an annual production of over 6,000 kg of dried marijuana once this expansion is complete.

While the company is primarily known as a medicinal marijuana grower, the dried bud will be served to both medical and recreational users. Aphria CEO Vic Neufeld made it clear that he wants to expand into recreational marijuana as well since a huge chunk of future market share will be in the form of recreational usage.

I believe the company is a terrific play if you want to get in on the fast-growing marijuana industry. Aphria is ramping up production, and it can be expected that the company will make strategic acquisitions to better position itself as a major player in the marijuana space.

The stock received conditional approval to graduate to the TSX, and investors can soon pick up shares if they're looking for a small-cap alternative to Canopy.

Canopy Growth Corp.

Canopy has been the go-to marijuana play for most Canadian investors. The management team is top-notch, and the company has been making acquisitions around the world to better position itself once marijuana becomes legalized.

The company recently acquired Mettrum Health Corp. and MedCann, both of which will beef up Canopy's already strong portfolio.

Canopy is trying to create a brand for itself. The company has Snoop Dogg on board with the hopes of capturing a huge chunk of the recreational marketplace. It's clear that the management team knows what it's doing, and once marijuana becomes legalized, we could see Canopy soar into the atmosphere.

Which one is the better buy?

Both of these stocks will be incredibly volatile over the next year. Neither of them will be immune from headline risk, so you could easily lose a huge chunk of your investment over a small period of time. Many investors believe marijuana stocks will go out in smoke because they look to be forming a bubble. I think there's still plenty of upside to be had, but both stocks still remain very speculative.

If you're comfortable with huge amounts of volatility, then either Canopy or Aphria could pay off huge over the next few years. If I had to choose one, it would probably be Canopy because of the branding initiatives.

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