

## Aurora Cannabis Inc. Rockets ~15% in a Day: Is it a Must-Buy Today?

### Description

Shares of **Aurora Cannabis Inc.** ([TSX:ACB](#)) soared 14.85% in a single trading session following two positive developments. All pot stocks moved higher following news of the Federal Government's proposed cannabis tax of ~\$1 per gram, which is another sign that legalization is imminent and further delays are highly unlikely from here. In addition, an Aurora-specific development sent shares of ACB much higher than its peers for the day; it was announced that **Hempco Food and Fiber Inc.** (TSXV:HEMP) shareholders have given Aurora the green light to take a stake in the company.

Hempco is one of the world's largest industrial hemp and hemp product producers. Hemp has a lower concentration of THC (tetrahydrocannabinol), so it won't make you high, but it has applications across many industries as a fibre and a food product. It may seem like Aurora is [diversifying away](#) from medicinal applications of cannabis, but there's more to the deal than meets the eye.

When many investors think of the emerging cannabis industry, they think of the buds. It's what a majority of users will want and what will experience off-the-charts demand come legalization day. What many investors may be forgetting is that other cannabinoids like CBD (cannabidiol) are going to become legal for the first time too, so the opportunity isn't solely with THC, although it may seem like it, especially since recreational users are all about the bud.

Although hemp-based products don't contain a large amount of THC, they do have larger concentrations of CBD, which has various health benefits and potential therapeutic applications. Going forward, clinical studies may prove that CBD is capable of treating specific ailments.

The best could be yet to come when it comes to potential CBD applications in the medical field. CBD has shown some promise in the treatment of epilepsy patients, but further studies will need to be performed before CBD can be declared a breakthrough treatment.

Who knows? Maybe down the road CBD may be clinically proven to treat other ailments and may be used as a part of various therapies. That means CBD could be a blockbuster drug and Aurora will have a front-row seat to such an opportunity. Unfortunately, CBD won't be patented by Aurora, so competitors will likely jump on the bandwagon if the market for the compound heats up.

Aurora's diversification into Hemp offers shareholders not just exposure to cannabis buds and THC, but to the broader cannabis market in general. That includes hemp, hemp food products, and CBD.

Of course, Aurora is still primarily a producer, but as the industry matures, the company may become a pharma-like play, as more studies reveal the therapeutic properties of cannabinoids.

### Bottom line

I've been flip-flopping between **Canopy Growth Corp.** ([TSX:WEED](#)) and Aurora as my [top marijuana pick](#). Both businesses make a good case for why they should be the number one player in the space.

I think Aurora's focus on profitability in the early stages and the timing of its Aurora Sky project may allow it to catch up to Canopy over the short term. The recent Hempco investment is a nice addition as well, but it probably won't dictate who'll remain the cannabis king in the years that follow legalization day.

If you have a high risk tolerance, you really can't go wrong with either Aurora or Canopy at these levels, although it'd be a more prudent decision to wait for a short-term pullback.

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2. TSX:WEED (Canopy Growth)

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