



Cronos Group Inc.: This Canadian Marijuana Stock Has Outperformed Canopy Growth Corp. Over the Last Year

Description

The Canadian green rush is on again, as the stocks of many cannabis producers have [surged at an exponential rate](#) over the last few months after an uneventful summer, which led to low trading volumes. It seems like it wasn't too long ago that **Canopy Growth Corp.** ([TSX:WEED](#)) was the only way for investors to get a piece of the next-level growth offered by the rapidly emerging cannabis industry. Fast forward to today, and there are several options on the TSX, which hosts the most cannabis-related securities in the world.

Aurora Cannabis Inc. ([TSX:ACB](#)), **Aphria Inc.** (TSX:APH), **MedReleaf Corp.** (TSX:LEAF) and **Horizons Marijuana Life Sciences Idx ETF** ([TSX:HMMJ](#)) have been popular picks among cannabis investors of late, and it appears that another up-and-coming firm may soon graduate to the TSX over the next year.

Cronos Group Inc. (TSXV:MJN) is a Canadian medical cannabis company with a ~\$556 million market cap. The company operates two ACMPR regulated and licensed producers and manages a portfolio of investments in various other producers. The company owns Peace Naturals Medicinal Cannabis, Original BC (OGBC), and it has a partial stake in various other producers including Whistler Medical Marijuana Company (WMMC).

A solid diversified mix of smaller cannabis players

Like HMMJ, Cronos Group offers investors a diversified mix of various cannabis firms, which many investors may find valuable, especially considering that there are company-specific developments occurring at a ridiculously high rate.

Although I've made it clear that positive developments will outweigh negative ones as we inch closer to legalization day, there's always the possibility of a negative development that nobody saw coming. Think about what happened with Aphria and concerns regarding its U.S. assets, which may result in APH shares being delisted from the TSX at some point in the future.

Going forward, Cronos Group's firms (like its peers) are expected to ramp up production capacity to be ready for the explosive demand that will stick around for the years following legalization. Although Cronos Group's current capacity is dwarfed by other players in the space, I believe the company has a fair shot at nabbing a fair chunk of the pot pie over the next few years. Even if it grabs a substantially smaller slice of the pie, I suspect MJN shares will still continue to fly, especially once it makes the move on to the TSX, which I suspect will happen before legalization day.

A potential takeover target?

In addition, Cronos Group may be an attractive acquisition target to the bigger players in the space. If such an announcement were to occur, shares of Cronos Group could easily double over a few trading sessions. But don't buy Cronos Group just because you're waiting for a takeover. Regardless of whether or not it happens, Cronos Group is a strong up and comer that will make its mark in the cannabis industry.

Bottom line

Cronos Group is yet another option that cannabis investors may want to consider. Shares of Cronos Group have surged ~234% over the past year, which is much higher than Canopy, which soared ~83% over the same time span.

The stock is a real high-flyer which looks poised to graduate to the TSX soon, but personally, I'd stick with [Aurora and Canopy](#) at current levels. However, investors with extremely high risk tolerances may want to keep an eye on Cronos Group, as it looks to become the fifth major player in the Canadian cannabis scene.

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