



Ranking the Top 4 Canadian Marijuana Stocks

Description

Canadian marijuana stocks are hot again. Although shares have surged exponentially over the last few months, there's still room to run for investors with long-term time horizons (of at least five years). If you've got an extremely high risk tolerance and the discipline to handle huge amounts of volatility, then you may be wondering which marijuana stocks will be your best bet in the months and years following legalization day.

In ascending order, here's what I believe will be the best pot stocks to own for the long haul:

4. **Aphria Inc.** (TSX:APH)

Aphria is an incredibly efficient producer with a management team that has done an absolutely fantastic job of [driving costs down](#) (dried cannabis production costs down 4% to \$1.60/gram). Although we're still in the very early stages of an emerging industry and marijuana is not yet legal, Aphria has been making a statement with its soaring earnings and industry-leading efficiency results.

The company clocked in a net income of \$15 million for its fiscal Q1 2018, over 16 times higher than the same quarter a year before.

Based on the fundamentals, Aphria looks like a clear winner; however, it's last on the list because of uncertainties over its future tradability. Aphria has assets in the U.S., and that means shares could face delisting in the near future.

It's not clear what would happen to shareholders if that were the case, and for that reason, Aphria is probably not your best bet, despite very promising results in the early stages.

3. **MedReleaf Corp.** (TSX:LEAF)

MedReleaf is another efficiency-first producer that I believe is a major underdog in the Canadian marijuana scene. Although the company went public at a tough time, shares have doubled over a few months following an inflow of many positive industry-wide developments.

MedReleaf CEO Neil Closner claims that its costs are dropping and approaching levels comparable to that of Aphria.

According to an investor presentation in August, MedReleaf holds two of 54 medical marijuana licences with a ~18% market share. That's a huge presence, and if management can retain or even grow its market share, MedReleaf could catch Canopy off guard in a few years down the road for the title of Canada's favourite pot stock.

2. Aurora Cannabis Inc. ([TSX:ACB](#))

Aurora is an efficient producer which is currently working on a state-of-the-art 800,000-square-foot growth facility named Aurora Sky; it is fully equipped with innovative technologies that will improve both plant yield and bud quality.

It's not just the size of the facility that's impressive; it's the kind of tech that the facility will sport once it's up and running. Automated climate control, anti-diffusion glass to reduce leaf shadows, and "seed-to-sale" tracking systems to monitor progress. That's the greenhouse of the future, and I think it will translate into record-setting efficiencies once the project is ready to go.

Aurora Sky is slated to be complete around the same time as legalization day, so near-term thinkers may wish to nab ACB shares to prepare for a very eventful 2018.

1. Canopy Growth Corp. ([TSX:WEED](#))

Canopy is my top pick because of its strong management team, led by CEO Bruce Linton, who knows how to [build relationships](#) with international firms, which I believe will be a huge advantage over the long term. Management knows how to win supply deals (such as the N.B. deal), and it knows how to win the trust of investors (individual investors and behemoths like **Constellation Brands**).

In addition, the company has a very solid portfolio of recreational and medicinal brands. For those looking for the Marlboro of the cannabis space, Canopy is the stock you'll want to own. Management has spent a great deal on promoting its brands, which I believe will pay huge dividends over the long haul.

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2. TSX:ACB (Aurora Cannabis)
3. TSX:WEED (Canopy Growth)

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Date

2025/07/01

Date Created

2017/11/15

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