



## Why it's Not Too Late to Invest in Pot Stocks

### Description

Currently, marijuana stocks are trading at big premiums, and investors may find it hard to justify the price tags. However, investors shouldn't ignore the massive growth potential that still exists in the industry. While the Canadian market might be relatively small, we've seen companies like **Canopy Growth Corp.** ([TSX:WEED](#)) and **Aphria Inc.** (TSX:APH) expand their reach internationally.

### International opportunities will accelerate growth

When you consider the opportunity that exists for pot globally, suddenly the high valuations appear to be more justified.

The most lucrative market might be in the U.S., but that is still many years away, as there is no appetite south of the border to legalize cannabis federally. While individual states may choose to legalize pot, until the drug is legalized at the federal level, it will be a big obstacle for potential expansion.

If we see the Democrats regain power in the next election, then we could see some traction on marijuana legalization, but even then, that might take some time. The success we're seeing in states like Washington and Colorado, where pot has been legalized, has likely gotten the attention of investors and driven a lot of the excitement behind many cannabis stocks.

While Canadian pot stocks wait for the U.S. to come around on legalization, we are seeing many companies look overseas as a way to extend their reach into other markets. Canopy is currently [in the mix](#) to acquire a cannabis company in Spain to add to its portfolio of international assets.

Earlier this year, Aphria [announced](#) that it was planning to acquire **Nuuvera Inc.** (TSXV:NUU), which is the first Canadian company to secure a licence to sell pot in Italy. Nuuvera also has partners in Israel and Germany. Aphria's CEO Vic Neufeld indicated that he would like to see his company have licences in as many as 20 different countries in a year's time.

Cannabis companies are seeing the potential that exists around the world, not just in Canada. We're likely to see more consolidation in the industry, as cannabis companies that have strategic positions

could become easy acquisition targets by companies like Canopy and Aphria.

### Pot stocks are gaining credibility

**Cronos Group Inc.** (TSXV:CRON)([NASDAQ:CRON](#)) made headlines when it began trading on the NASDAQ last month, becoming the first Canadian cannabis company to do so. However, that might just be the start of a trend, as **Aurora Cannabis Inc.** ([TSX:ACB](#)) recently indicated that it too would be looking to possibly get listed on the U.S. exchanges.

Cannabis companies are starting to gain traction in the investment world and are forcing big investors to take the industry more seriously. By trading on U.S. exchanges, the growth potential for pot stocks could get even bigger, as access to more investors and more coverage by analysts could generate a lot more interest and excitement in the industry.

### Bottom line

While pot stocks have already seen incredible growth in the past year, there is still a lot more left in the tank, as the industry is only getting warmed up.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)
2. TSX:ACB (Aurora Cannabis)
3. TSX:CRON (Cronos Group)
4. TSX:WEED (Canopy Growth)

### PARTNER-FEEDS

1. Msn
2. Newscred
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