



Do You Know Which Cannabis Stocks Are Outperforming the Market?

Description

Yesterday, Horizons ETFs management announced that it was adding another 10 companies to its **HORIZNS MARIJUNA LF CL A UNT ETF** ([TSX:HMMJ](#)).

The Horizons Marijuana Life Sciences Index ETF is an exchange traded fund (ETF) designed to provide exposure to the performance of a basket of North American publicly listed life sciences with significant exposure to the marijuana industry.

Among the companies added this week were **Neptune Technologies & Bioresources Inc.** ([TSX:NEPT](#))(NASDAQ:NEPT), **National Access Cannabis Corp.** (TSXV:NAC), and **Nuuvera Inc.** (TSXV:NUU).

But while some may appreciate the care-free nature of ETF investing in that you don't need to actively monitor how each individual company is performing, there are drawbacks as well; namely, the danger of "overdiversification," meaning that instead of targeting your investment towards the winners, you're really just getting a mixed bag some winners and some losers, too.

That means while you are reducing the chances that you lose your shirt on a bad investment, you're also giving up some upside in return.

Let's look at how some of the Canadian cannabis industry's names have stacked up to the Horizons Marijuana Life Sciences Index ETF, which has returned an impressive 95% for investors since the beginning of November.

One of the very best performers has been **Aurora Cannabis Inc.** ([TSX:ACB](#)), which is up 265% since the start of November.

While Aurora doesn't have nearly the same track record of production experience as some of the other producers with medical marijuana licences, it has been aggressive in building what is arguably Canada's leading state-of-the-art marijuana grow facility just north of Edmonton next to the city airport.

Being located strategically close to the international airport puts the company in an enviable position

should it start exporting product to international markets like Germany, Australia, and others — it is on record as saying it has plans to do that.

Cronos Group Inc. (TSXV:CRON)([NASDAQ:CRON](#)) has done really well as of late as well, up 250% since November 1.

Cronos [recently became listed on the NASDAQ](#), which will additionally open the company up to U.S. investors, which should give it more exposure and help lift the share price.

CanniMed Therapeutics Inc. (TSX:CMED) is up 191% over the same stretch largely owing to the company's recent merger with Aurora.

Prior to the merger, CanniMed was regarded to have some of the best product on the market, and with Aurora's lack of cultivating experience, a pairing of the two companies made logical sense.

As some of the bigger players start to get aggressive in competing for their share of the recreational market, there should be more merger and acquisition activity forthcoming, so there are valuable lessons to be gleaned from the Aurora-CanniMed partnership.

Notably, some of the more household names, **Aphria Inc.** (TSX:APH) and **Canopy Growth Corp.** ([TSX:WEED](#)), haven't done quite as well.

Canopy is up 106% since November, while Aphria is up 112% — both leading the Horizons Life Sciences ETF, but not by a whole lot.

Conclusion

It pays to do your homework when it comes to these kinds of things.

Fortunately for Foolish readers, there is a [lot of coverage available](#) to help you decide which of the emergent cannabis companies will turn out to be the eventual winners of the newly minted recreational marijuana market.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)
2. TSX:ACB (Aurora Cannabis)
3. TSX:CRON (Cronos Group)
4. TSX:HMMJ (Horizons Marijuana Life Sciences Index ETF)
5. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise

4. Yahoo CA

Category

1. Investing

Date

2025/08/20

Date Created

2018/03/20

Author

jphillips

default watermark

default watermark