

Forget Beating the TSX: You Can Fly Past it With These 2 Pot Stocks

Description

Pot stocks had a [great year](#) in 2017, but this year we've seen the hype start to slow down. **Aurora Cannabis Inc.** ([TSX:ACB](#)) has been listed on the TSX for just one year, and its share price has already soared more than 330%. Much of that growth happened last year; in the last three months of trading the share price is up just 3%.

Cannabis investors might be looking to cash out and put their money into the next big thing. There are two lesser-known pot stocks that are starting to gain momentum and that could generate stronger returns for investors this year.

Supreme Cannabis Company Inc. (TSXV:FIRE) is traded on the venture exchange. In the past year its share price has risen just 19%. Although the stock is down 22% to start the year, it could be an opportune time for investors to buy. While the company is still in its early growth stages, hence why it is on the venture exchange, there are some encouraging signs already.

Earlier this month, Supreme Cannabis inked a deal that gave it a 10% interest in Medigrow Lesotho, a cannabis producer licensed in the Kingdom of Lesotho, which is located within South Africa. While this is a small investment, it gives Supreme Cannabis an opportunity to take advantage of markets outside Canada, which investors have valued in the past.

While Canada is still an attractive market for cannabis stocks to grow, the concern is that the industry might be getting too fragmented, and that's why investors are bidding up stocks that are venturing into other parts of the world, [especially with the U.S. being off limits](#).

With nearly \$80 million in cash and just \$47 million in long-term debt, Supreme Cannabis has strong financials that will help enable the company to fund further growth opportunities. Many cannabis companies are taking on strategic positions all over the world, and the earlier that companies like Supreme Cannabis can stake out positions, the better off their investors will be in the long run.

Hydrothecary Corp. (TSXV:THCX) is another venture stock that could see a lot of growth this year. In the past 12 months, Hydrothecary has seen its share price more than double, although year-to-date returns have been a little more than 4%. The company has amassed \$4 million in revenue in the past four quarters, and during that time it has been able to finish in the black once, which is no small feat for a pot stock.

Hydrothecary also has big hopes for when cannabis is set to be legalized. Earlier this month, the company announced that it had signed a letter of intent indicating that it plans to supply the province of Quebec with as much as 20,000 kilograms of pot in the first year that cannabis is legal in Canada.

The company looks poised to focus on its home province of Quebec, which is a completely different approach than the one that Supreme Cannabis is taking.

Both stocks could have tremendous growth potential, as the companies look to strategically carve out

market share in parts of the world that might otherwise be overlooked by larger competitors.

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