

Which of These 2 Up-and-Coming Marijuana Companies Makes the Better Addition to Your Portfolio?

Description

Cronos Group Inc. (TSXV:CRON)([NASDAQ:CRON](#)) and **MedReleaf Corp.** (TSX:LEAF) wouldn't exactly be considered "start-ups" with market capitalizations of \$1.55 billion and \$1.95 billion, respectively, heading into Friday's trading.

But it probably would be fair to put these two licensed growers in the "up-and-comer" category when you compare them against the likes of **Canopy Growth Corp.** ([TSX:WEED](#)), with a market capitalization of \$6 billion, **Aurora Cannabis Inc.** ([TSX:ACB](#)), currently valued at \$4.9 billion, or **Aphria Inc.** (TSX:APH), trailing behind at \$2.3 billion.

There's still a lot that has yet to unfold between now and legalization day, not to mention what will inevitably be an industry shake-out to separate the wheat from the chaff, allowing investors to figure out which publicly traded marijuana stocks will end up being the dominant players in the newly minted industry and which will ultimately fall by the wayside.

So, while Canopy, Aurora, and Aphria all hold the upper hand today, there's certainly no reason to believe that Cronos or MedReleaf, or both, could be just as big, if not bigger, someday, even as soon as a few short years from now.

But between the two, which one is right for you?

Production capacity

In terms of the production facilities that both companies have available today, particularly in terms of their respective domestic production within Canada, MedReleaf has the greater resources at its disposal.

Last week, the company announced it had purchased a 164-acre property in Exeter, Ontario, along with an agreement to purchase one million square feet of existing greenhouse space.

The new facility, which cost \$26 million, will bring MedReleaf's fully funded annual production capacity to 140,000 kilograms by the first quarter of 2019. That's nearly twice the expected production of what Cronos hopes to achieve through its Canadian operations by 2019.

Which has the premium product?

You'd have to give the edge to MedReleaf here in this regard as well.

MedReleaf is coming off an extremely strong showing at the [2017 Lift Awards](#) held last December in Toronto to recognize outstanding cannabis products.

MedReleaf walked away from the awards with honours as the "Top Licensed Producer," "Top High

CBD Oi,” Top Indica Flower,” “Top High CBD Flower,” “Top High THC Flower” in addition to five more top three finishes.

That’s impressive!

MedReleaf is certainly making a name for itself in terms of delivering top-quality product to its customers. Whether the company will be successful or not in being able to translate this into profits for shareholders will be a different story altogether.

Access to international markets

However, the recreational market for pot and pot products in Canada is only part of the story.

Governments from around the world, including Chile, Australia, and Germany, have been busy re-evaluating their attitudes towards the drug in recent years.

Germany in particular could prove to a huge market for marijuana producers with a population of 82 million, the drug already legalized for medicinal purposes, and no domestic production in place as of yet.

To this end, you’d probably have to give the advantage to Cronos Group.

While MedReleaf recently [inked a deal with Cannamedical Pharma GMBH](#) to become its largest medical marijuana supplier and distribute to its 1,800 pharmacies, Cronos already has a deal in place with Pohl-Boskamp, a German-based international pharmaceutical manufacturer with distribution in place for over 12,000 German pharmacies.

Bottom line

Both stocks offer attractive ways to play the marijuana space, particularly in light of their smaller size relative to the likes of Canopy, Aurora, and Aphria.

If you want to go the route of the premium product producer, you might appreciate the opportunities MedReleaf offers.

Meanwhile, if you want to take the more capitalistic approach and align yourself with a company that seems intent on being a major international player in marijuana distribution, Cronos might be the right play for you.

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