



This New Pot Stock Could Shake Up the Industry

Description

The cannabis industry is becoming more crowded as another big player joins the race. U.S.-based **MedMen Enterprises**, which has a dozen locations across three states, is listing on the Canadian Securities Exchange (CSE) through a reverse takeover of **Ladera Ventures Corp.**

The company wouldn't be able to list on the TSX because it has operations in the U.S. — something the listing agency cracked down on this past year, warning that companies with interests in pot south of the border could risk being [delisted](#) from the exchange.

The CSE isn't taking issue with that, however, which opens the door for companies like MedMen to do business on the exchange. With an expected value of around \$2 billion, the company is poised to become one of the largest pot stocks that you can invest in. By comparison, **Aphria Inc.** (TSX:APH) has a market cap of approximately \$2.5 billion and is one of the most well-known pot stocks on the TSX.

Canadian vs. U.S. markets

The key for investors will be to decide whether to invest in U.S. pot or stick with the Canadian market, which is expected to see marijuana legalized later this year. The downfall of investing in Canada is that there are already some significant players taking up big chunks of a pie that may not be so big.

With **Canopy Growth Corp.** ([TSX:WEED](#)) and **Aurora Cannabis Inc.** ([TSX:ACB](#)) forming a combined market cap of \$12 billion, by some accounts, that would be more than double the size of the entire industry in Canada — and that's assuming the black market's share goes to zero.

What makes the investment in U.S. pot so appealing is its multitude of growth opportunities. However, it's the legality of the issue that makes it a lot riskier than the Canadian market. Early this year, the U.S. put marijuana companies on [notice](#) that federal law enforcement could come after companies that sell and distribute marijuana, regardless of what individual states deem legal.

While the rhetoric was worrisome, we haven't seen a fallout suggesting that pot shops are in danger of being shut down. Instead, the lack of action is further proof that the U.S. is more open to marijuana

than it was years ago, and that we might see legalization take place much sooner than expected.

Even Republican John Boehner made headlines earlier this year when it was announced that he'd be joining an advisory board of a cannabis company, which is a big change from someone who was opposed to cannabis years earlier.

Bottom line

Big investment dollars will likely stay with the TSX as institutional investors will stick with the established exchanges, but that doesn't mean we won't see many other investors take a chance on a riskier play in a stock like MedMen that could offer significant upside.

Canopy Growth and Aurora are going to continue to see the problems of competition rise up as we get closer to legalization, which could be a big obstacle to growing market share.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

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