

## The Unlikeliest of TSX Stocks to Buy Into the Marijuana Industry

### Description

The rumour mill is flying now that the recreational marijuana market has been given the green light by the federal government — only the second government in the world to legalize it. Starting October 17, marijuana retailers across the country will be open for business.

While everyone's obsessed by the leaf itself, I'm more inclined to believe the big growth will be from the by-products of marijuana, such as edibles, drinks, etc., and given the [9.9%](#) investment by **Constellation Brands Inc.** ([NYSE:STZ](#)) in **Canopy Growth Corp.**, it likely feels the same.

### Only a matter of time

You just knew another big liquor company was going to wade into the marijuana biz, and lo and behold, **Molson Coors Brewing Co.** ([TSX:TPX.B](#))([NYSE:TAP](#)) is said to be in talks with four cannabis companies about making an investment.

Fool contributor Jason Phillips recently [discussed](#) Molson's motivation for sniffing around some of the major marijuana companies, including **Aphria Inc.** and **Aurora Cannabis Inc.**

Beer, wine, and spirits companies have one thing in common: they all know how to create a controlled buzz. So, to get into the marijuana business by making infused drinks is a natural extension of the brewing, distilling, or fermenting process.

### Who else might get into the game?

I think it's fair to say that the most likely candidates are those companies with a beer portfolio, because it's the most natural fit, given craft brewers are already experimenting with all kinds of ingredients, including THC and CBD.

California-based Lagunitas Brewing Company, now owned by **Heineken N.V. (ADR)** (OTCMKTS:HEINY), is launching Hi-Fi Hops in partnership with CannaCraft, a California-based cannabis producer. Hi-Fi Hops is a sparkling water product with no alcohol. It's offering two versions: one infused with 10 mg of THC and the other with five mg of THC and five mg of CBD; it's another step in the evolution of the legal cannabis industry.

"Hi-Fi Hops is not the first chapter in the love affair between cannabis and Lagunitas, but it is one of the most exciting," said Maria Stipp, CEO of Lagunitas Brewing Company in its June 26 press release. "The idea of being a part of a no-calorie beverage infused with cannabis seemed like a perfect next step in our product innovation and a natural way to marry our past with our future."

Right there, you've got Heineken as a possibility. However, buying over the counter isn't something a lot of Canadian investors are familiar with.

## An option out of left field

Other non-Canadian options include **Diageo plc**, **Boston Beer Company Inc.**, and many others. There's definitely no shortage of interested candidates.

However, this is an investment site concerned about Canadian-listed stocks. It would be great if there were publicly traded companies producing alcoholic drinks in this country that are big enough to buy a piece of Aphria or Aurora or one of the other major cannabis companies.

Unfortunately, the biggest, outside of Molson Coors Canada, which is a majority owned subsidiary of Molson Coors in the U.S., is **Andrew Peller Ltd.** ([TSX:ADW.A](#)) with a market cap of \$787 million, about 30% and 16% of Aphria and Aurora's market caps, respectively.

Not so fast.

The next biggest alcoholic drink maker on the TSX is **Corby Spirit and Wine Ltd.** ([TSX:CSW.A](#)) with a market cap of \$573 million. While it couldn't make a big play on its own, its parent could use Corby as the investment vehicle.

You see, Hiram Walker & Sons Limited owns 51.6% of Corby's voting shares. Hiram Walker is a wholly owned subsidiary of **Pernod Ricard S/A**, the French liquor giant with well-known brands such as Chivas Regal blended Scotch, Havana Club Rum, and Absolute Vodka.

Pernod Ricard has a market cap of €37 billion, almost identical to Constellation Brands. It most definitely could afford to make a large cannabis investment.

So, while Molson Coors is the latest name to enter the fray, don't be surprised if Corby gets into the act at some point in the near future.

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2. NYSE:TAP (Molson Coors Beverage Company)
3. TSX:ADW.A (Andrew Peller Limited)
4. TSX:CSW.A (Corby Spirit and Wine Limited)
5. TSX:TPX.B (Molson Coors Canada Inc.)

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