

## Growth Investors: Canadian Cannabis or Copper Stocks?

### Description

Medical grade cannabis or base metals? It feels like a very Canadian-stock-market kind of question, doesn't it? While the TSX has traditionally be known for its financials, mining stocks, and energy stocks, nowadays your pal Google will very helpfully suggest "cannabis" if you try searching for Canadian stocks.

There's little wonder why. Cannabis is this generation's internet in terms of investment. But as with the dot.com rush, the big players are yet to be identified in this brand-new industry. That's why growth investors today may want to compare weed stocks with those other high-growth plays: Canadian miners.

Both industries offer high growth, but which of the two representative stocks chosen today for their future prospects win on multiples?

### Today's top pick for cannabis

While some top investors are waiting to see how the Canadian cannabis industry shakes out before investing in the best companies, medical grade suppliers with some past performance to go by are looking like early front-runners. Of these, **CannTrust Holdings Inc.** (TSX:TRST) looks like one of the most solid.

Overvalued by a third compared to its future cash flow value, [CannTrust Holdings](#) isn't one for value investors at the moment. However, the huge growth on offer from this potentially massive industry means that even at today's prices, these kinds of stocks could still be a steal.

A P/E of 29 times earnings is suggestive of this overvaluation, but is also an indicator of high growth ahead. Indeed, CannTrust holdings is one of the breakout TSX growth stocks, with an outlook of 66.7% expected annual growth in earnings. A PEG of 0.4 times growth seems like good value for what is one of the more realistic of the high-growth Canadian weed stocks.

A P/B of seven times book is something of a buzzkill, though CannTrust Holding's return on equity of 22% last year should help investors hold on to those happy feelings, as should its low level of debt.

### Today's top copper stock

The name **Ero Copper Corp.** ([TSX:ERO](#)) might not be all over the headlines like the stock listed above, but it's definitely a strong contender for growth investors looking for an entry into copper stocks. Currently discounted by 4% compared to its future cash flow value, [Ero Copper](#) has rather mixed multiples: a P/E of 19 times earnings, low PEG of 0.5 times growth, and irksome P/B of 4.3 times book.

With a muscular 39.3% expected annual growth in earnings ahead, Ero Copper is one of the sturdiest precious metals stocks on the TSX. Last year, Ero Copper made a return on equity of 16%, which might not be significant but is certainly positive. Would-be buyers should be aware of a high level of

debt, however.

### **The bottom line**

Value investors may want to steer clear, but growth investors looking for diversification might want to hold both Canadian cannabis and copper for an unusual but evidently complementary mix of optimistic capital gains stocks. Shop around, by all means, but the two choices here look solid and have what it takes to run the course.

While the Canadian cannabis market may be overheated, CannTrust Holdings is well placed to be one of the stocks that could actually deliver the goods in that industry. Being invested in medical grade cannabis is a strong play for domestic investors looking to get in on the green gold rush. Meanwhile, Ero Copper is big enough to deliver on its own expected growth. Of the two stocks listed here, it is certainly the better value.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **PARTNER-FEEDS**

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

### **Category**

1. Investing
2. Metals and Mining Stocks

### **Date**

2025/08/15

### **Date Created**

2018/07/31

### **Author**

vhetherington

default watermark

default watermark