



Aphria Inc (TSX:APH) Stock Has More Than Doubled This Month: Do You Sell Now?

Description

The bulls have taken control of **Aphria** (TSX:APH) stock again with the Canadian cannabis cultivator's shares up close to 110% over the past month.

But now what do you do?

A few weeks ago, I wrote an article for the Motley Fool Canada titled, "[Canopy Growth May Be Making All the Headlines, but Here's Why Aphria May Be Today's Best Cannabis Stock](#)," highlighting what I thought was one of the best cannabis investments available in the market at the time.

One of the key points behind my investment in APH stock a couple of weeks ago was that I felt the shares had been unduly punished by the market for its [unpopular acquisition of Nuuvera](#) for \$425 million earlier this spring.

Meanwhile, there have been other rumours that perhaps the quality of Aphria's cannabis products are not up to snuff with the rest of the competition.

However, my suggestion to all the Fool's out there with respect to the argument that Aphria's product is purportedly of inferior quality would be simply to ignore that sentiment altogether.

Instead, focus on the fact that Aphria expects to produce 200,000-250,000 kilograms of cannabis by 2020, and that even at a dollar of profit per gram, that would imply — to me, at least — that the company's shares are today trading at what one would have to argue is a rather conservative 20 times its expected forward earnings.

And even if it were indeed true that Aphria's product is not up to par with that of the competition, as some have suggested, then what about the very real — and, some would argue, likely — possibility of concentrating its flowery bud harvest into concentrated products like shatters, oils, and creams?

Those products not only appear to be gaining popularity among cannabis consumers — medicinal and otherwise — but they also tend to sell at higher price points than the marijuana flower itself and carry

with them higher margins to boot.

But back to the topic at hand: what do to with your APH stock now, following the latest surge?

As a current shareholder myself, I'm tempted to realize my position and "lock in" a very neat and tidy short-term gain.

Back in December of last year, I took a similar approach with the stock of **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC).

Late last year, I'd bought Canopy Growth shares at the beginning of December 2017 for a cost of around \$20 and was fortunate enough to sell out before the month ended for proceeds of about \$30 — or a one-month gain of about 50%.

Mind you, Canopy Growth went on to briefly touch a high of \$44 in January and now trades just shy of the \$60 mark following a \$5 billion investment in the company by leading alcoholic beverage-maker **Constellation Brands**.

So, I wasn't exactly perfect, but at the same time I wasn't exactly wrong with my decision either.

Bottom line

If you really believe in the long-term prospects of the marijuana industry, the last thing you would want to do is sell your Aphria stock early only to see a few days later that it had gone on and continued its recent surge.

That's particularly true these days, as recent reports are suggesting that several major multi-billion-dollar packaged goods companies are chomping at the bit and looking to get their own piece of the proverbial pot pie.

But personally, I'm more than happy (believe me) to lock in the recent gains, and stock away (pun intended) my loot for the next opportunity rather than be forced to sit tight and "grin and bear it" the next time some unwelcome volatility returns to the sector.

Or maybe there are other opportunities within the Canadian cannabis space offering superior prospects to Aphria stock following the latest rally...

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