

3 Non-Marijuana Stocks to Buy As Recreational Cannabis Goes Legal

Description

Investors are staring in disbelief at the valuations currently garnered by stocks in the cannabis sector — and wondering how they can ride the new marijuana wave without getting burned.

When everything settles down, there will likely be a handful of winners, and the rest of today's high flying names will no longer exist. That's a scary scenario when you are looking to put hard-earned money to work in the hopes of building a portfolio for retirement.

Let's take a look at three off-the-radar companies that might indirectly get a boost from the launch of the Canadian recreational marijuana market.

RioCan Real Estate Investment Trust ([TSX:REI.UN](#))

RioCan owns shopping malls across Canada. The company is also in the early stages of an ambitious mixed-used development plan that will see the company combine retail and residential units at its top urban sites located in six core markets.

As the recreational market opens across the country, legal cannabis shops are going to open, selling everything from the plant itself to all the edibles and branded goods that are part of the entire cannabis culture. The industry is new, and if estimates about the size of the market are accurate, there will be a boom in demand for retail space in top locations.

RioCan is Canada's largest player in the retail real estate sector, so it stands to benefit both at its existing locations and in the new mixed-used developments. The company's monthly distribution provides a [yield](#) of 5.7%.

TFI International ([TSX:TFII](#))

TFI International (formerly known as TransForce) is a Quebec-based transport company with end-to-end trucking and logistics operations, including a growing package and courier division. This segment of the business has grown through steady acquisitions, with a portfolio of Canadian subsidiaries under the corporate umbrella, including names like Canpar, Loomis, All Canadian Courier, and ICS Courier.

Online sales are growing across the retail space, but the cannabis market is expected to add significant business to courier companies, and TFI is positioned well to benefit from demand for small deliveries. In addition, its three other divisions stand to win contracts with marijuana suppliers.

The stock is already up 50% since February and the company says the package and courier group is the fastest-growing part of the organization. Investor who buy today can pick up a 1.8% dividend yield.

Canadian Tire ([TSX:CTC.A](#))

This might not be an obvious pick. However, the government is allowing Canadian households to grow

four marijuana plants for personal use. Many people will be curious to try it out and could allocate a corner of the backyard garden for the project. Canadian Tire is a go-to source for gardening gear, and I wouldn't be surprised to see the company sell DIY marijuana kits next spring.

The bottom line

There are a number of ways to benefit from the coming launch of the Canadian recreational cannabis market, and these three stocks could be interesting picks outside of the actual producers. If the theory is wrong, they all look like solid bets regardless of the potential cannabis impact.

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1. Investing
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