



Don't Miss Out! Here Is the Best-Valued Marijuana Stock Today

Description

It's been a [wild ride](#) for the cannabis industry. After suffering through a short-term industry downturn, pot stocks have been on fire. The Canadian Marijuana Index is up a whopping 50% over the past month!

This is not unlike January, when pot stocks reached insane valuations before consolidating. One of the downsides to the current industry euphoria is that it's extremely hard to find an entry point. It was much easier to see upside a few months ago.

With that in mind, there is one sector leader that is trading at decent valuations in comparison to its peers. **Supreme Cannabis Company** (TSX:FIRE) is Canada's best-valued pot stock. Here's why.

How to value growth stocks

In such a high-growth industry, judging a company by its price-to-earnings (P/E) ratio provides little value. The majority of the industry players are operating at a loss as they ramp up production.

A more relevant metric to analyze is the price-to-sales (P/S) ratio. Of course, the caveat to this metric is that the company has to be generating sales. Given a good number of pot stocks have yet to generate revenues, it significantly reduces the number of stocks to compare. Take a look at the table below.

Company	P/S Ratio
HEXO Corp.	266.32
Aurora Cannabis	196.69
Canopy Growth Corp	172.63
Aphria	116.35
Supreme Cannabis	98.23

It's astounding to see what valuation some of these companies are trading at. At the bottom of the list? Supreme Cannabis. **HEXO Corp.** is trading at almost three times Supreme's valuation and [industry leaders](#) **Aurora Cannabis** and **Canopy Growth** are close to double.

Lack of exposure

Over the past month, Supreme's stock price has jumped approximately 43%, which slightly trails the Marijuana Index. One of the issues with the company is the lack of visibility. Supreme doesn't have fancy presentations and rarely puts out press releases. In comparison, some of its larger peers consistently release a barrage of information for investors to digest. They are front and centre in the public's mind.

Did you know? Supreme has been selected as a preferred recreational cannabis supplier in the provinces of Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, and Prince Edward Island. Supreme is now one of only six cannabis companies that has six or more provincial supply agreements. This is reflective of the company's premium product, which is a key competitive advantage Supreme. Unfortunately, this has gone largely unnoticed.

U.S. investors

One of the catalysts that has propelled the company higher is its OTC listing announced on August 29. U.S. investors can now purchase Supreme Cannabis on the OTC Best markets, an upgrade over Pink Sheets. This further legitimizes the company in the eyes of U.S. investors and increases liquidity.

As per CEO John Fowler, "being traded on OTCQX will allow for greater exposure, accessibility, and liquidity for the investment community as we continue to execute on our strategy of building a global cannabis company."

This is exciting news for the company and its importance should not be understated. Prior to its new listing, trading volume was very light and only on occasion did trading volume spike. On the first day of trading on the OTCQX, 1.6 million shares traded hands. This is by far the largest trading day by U.S. investors. So far, average daily volume on the OTCQX has been more than double that of Pink Sheet volume.

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