

Canadian Cannabis ETF Skyrockets to \$1 Billion

Description

Summer's almost at an end, but for cannabis stocks, the sunny days are far from over. Between the mega-rally in **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) shares, impending legalization, and overall strong growth in the sector, cannabis is flying higher than ever before.

For evidence that cannabis is the premiere sector of 2018, we need look no further than the **Horizons Marijuana Life Science ETF** (TSX:HMMJ-T). Over the past month, the fund has experienced significant growth. At the time of this writing, it had \$1.026 *billion* in assets under management. While the fund is down from its January high of \$24.33, it is up over 60% from its August low of 14.59.

This trend mirrors the performance of the cannabis sector as a whole. All of Canada's "big three" cannabis stocks are up significantly. Canopy in particular [climbed by over 100%](#) in just over a month. That's heady growth in itself. But as Horizon's growth shows, investor enthusiasm for cannabis has hardly cooled down.

Stock growth the main driver

When it comes to ETFs, strong growth in the underlying asset isn't the only thing that can lead to asset growth. While stock price gains *do* increase a fund's "assets under management" (AUM), more investors piling into the fund can have the same effect.

In Horizon's case, it's mainly asset performance that's driving the current rally. In fact, the fund has seen some investors withdrawing their holdings in the past month. Between August 21 and August 29, there was a net loss of investors in six out of the seven trading days, resulting in \$15.9 million being withdrawn from the fund. Despite that, the fund's total AUM *grew* during the period, which is testament to the strong growth being observed in the cannabis sector.

Similar growth in U.S. fund

The strong growth of the Horizons funds mirrors the growth in a similar American fund, the **ETFMG Alternative Harvest ETF**. While the ETFMG fund has a more international portfolio than Horizons, it does focus heavily on Canadian stocks, as many of the largest cannabis stocks are based in Canada. In August, the ETFMG fund took in over \$30 million in new investor money—its biggest gain since January.

Bottom line

ETFs [can be a great asset](#) to investors who don't have the time or expertise to pick individual stocks. As they tend to track indices, any ETF's performance tends to hover around the average for the index it tracks. In Horizons' case, the benchmark is the **North American Marijuana Index**. On the fund's website, it states that it aims to replicate the performance of that index as much as possible.

If you're a big believer in the future of cannabis stocks, but don't have the time or stomach to pick a

favourite, Horizons might just be your best bet.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:HMMJ (Horizons Marijuana Life Sciences Index ETF)
3. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
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Date

2025/08/23

Date Created

2018/09/12

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