

Which Is the Best Marijuana Investment for Your Portfolio?

Description

As Canada ramps up for the rapidly upcoming legalization recreational marijuana next month, investors that are looking to capitalize on the potential windfall are likely left wondering which of the emerging cannabis companies on the market are worthy of an investment.

Let's take a look at some of those companies and determine where you should invest.

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) is more than likely the first company that comes to mind when considering a cannabis-related investment. Part of that stems from Canopy's preferable market position as the first and largest company within the new segment of the market, and part of that stems from the incredible growth the company underwent last year that saw its market share skyrocket in a very short period of time.

Apart from Canopy's massive growth facilities, which encompass 24 million square feet over 10 different facilities, Canopy was first to market with an online storefront, and, as of earlier this summer, Canopy has also forged supply agreements with half of the provinces. Canopy also has a growing distributor network outside Canada thanks to several well-executed acquisitions over the past year that has made the company a preferred supplier for several foreign markets.

Canopy has even attracted the attention of a major brewery in the U.S., which invested heavily in the company and hopes to collaborate on a line of cannabis-infused beverages in the future.

Optimism around Canopy and the marijuana market in general has been a key factor in the stock shooting up over 460% in the past year and over 50% in the past month alone.

Now is likely the last window for investors wanting to jump in before October, as the stock recently retreated from its incredible gains over the past few weeks.

Hexo ([TSX:HEXO](#)) is another great investment option that most will recognize under its former name Hydropothecary Corp. Last month, I mentioned a [recent partnership](#) forged with **Molson Coors** for the development of non-alcoholic cannabis-infused beverages. While this may sound similar to the investment that Canopy undertook last year, the legislative environment in the U.S. is far from amenable towards legalization, which makes the development of those beverages for the U.S. market less likely.

The B.C. Liquor Distribution Branch also signed an agreement with Hexo to sell its line of cannabis oil sprays in the province. There's also the multi-year partnership with Quebec to provide 200,000 kilograms of product over the course of five years.

In other words, there's no shortage of deals and opportunities for Hexo, and the company anticipates additional opportunities to materialize in the future, which is one reason why the company announced a one-million-square-foot facility that is now under construction, which follows the 250,000-square-

foot facility that Hexo just broke ground on last year.

Aurora Cannabis ([TSX:ACB](#)) is yet another often-mentioned marijuana stock. Unlike both Canopy and Hexo, Aurora's growth has seemed somewhat muted if not the completely inverse of its peers.

Year to date, the stock has dropped nearly 30%, but over the past month the stock has shot up over 50%.

That's not to say Aurora hasn't forged its own set of deals. Over the past two years, the company has racked up 10 different acquisitions, culminating in the \$290 million deal for Vancouver-based ICC Labs earlier this month. ICC has a majority market share of 70% in Uruguay, and the deal will not only put Aurora in a leading position to supply cannabis oil to that market but also increase its annual production capabilities to well over 450,000 kilograms.

Which stock should you buy?

Any of the three stocks mentioned are bound to be great long-term investments over the long term for very different reasons.

Canopy's enviable market share over the domestic market and gradual branching out to international markets is impressive. Aurora's recent acquisition into a new market as well as its current value standing are equally as tempting, but, in my opinion, Hexo's diversified approach over a number of different deals as well as its investment in enlarging its growth facilities shows the most promise over the long term as an [incredible growth investment](#).

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:ACB (Aurora Cannabis)
3. TSX:HEXO (HEXO Corp.)
4. TSX:WEED (Canopy Growth)

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