



Is Aphria Inc. (TSX:APH) or Aurora Cannabis Inc. (TSX:ACB) the Best Weed Stock to Buy?

Description

Cannabis investors are wondering which company is the [top marijuana stock](#) to own, as prices in some names continue to rise to their best levels of the year, while others are trying to catch up in this rapidly emerging market.

Let's take a look at **Aurora Cannabis** ([TSX:ACB](#)) and **Aphria** (TSX:APH) to see if one deserves to be in your portfolio.

Aurora Cannabis

Aurora Cannabis set off a wild rally in recent days after word got out that the company was in talks with **Coca-Cola** on a potential partnership to develop cannabis-infused drinks. Canada is expected to allow the sale of cannabis-based edibles in 2019 after the legalization of the market for smokers next month.

The Coca-Cola news is interesting, in that it is the first public announcement that a major non-alcoholic beverage player is planning to jump into the game. The products would likely target the wellness side of the market, using the calming components of the cannabis plant rather than the part that gives you a high, as is the approach that would be employed by the beer and spirits companies.

No deal has been announced, but confirmation would probably give Aurora a credibility boost in the market. Competitors **Canopy Growth** and **HEXO** already have partnerships in place with beer companies. Corona's owner **Constellation Brands** owns 38% of Canopy Growth and HEXO is setting up a joint venture with **Molson Coors Canada**.

Aurora Cannabis is up 50% in the past month, but it still trades below its 2018 high of about \$15 per share. At the time of writing the stock is at \$12, giving the company a market capitalization of \$11.4 billion.

Aphria

Aphria is making good progress on its plans to capitalize on the opening of the recreational market in

Canada. According to the firm, it has distribution agreements in place with B.C., Alberta, Manitoba, Quebec, New Brunswick, and the Yukon. Negotiations continue for the other provinces and territories.

In addition, Aphria has partnered with **Southern Glazer's Wine and Spirits**. The company is North America's largest wine and spirits distributor with operations in every province and in 44 U.S. states. Southern Glazer's represents 1,700 wine, spirits, beer, and beverage companies.

Internationally, Aphria has current operations in Australia, Europe, and Africa, and will soon enter South America through a recent acquisition.

Interestingly, the company just sold its stake in **Liberty Health Sciences** in the United States just a week before the recent decision by the U.S. DEA to allow Canadian cannabis producer **Tilray** to ship medical marijuana to California for a medical research project.

Aphria, like its peers, has grown significantly through a string of acquisitions. The stock has nearly doubled in the past month and currently trades for \$21 per share, which isn't far off the highest point for the year. Aphria's current market capitalization is just under \$5 billion.

Should you buy Aurora Cannabis or Aphria?

Aurora Cannabis is a larger company and any positive outcome on the Coca-Cola discussions could send the stock soaring even higher. A partnership with the world's leading beverage firm would position Aurora Cannabis to be a major player in the cannabis-infused drinks segment.

At this point, I would probably wait for the recent feeding frenzy to cool off. Valuations were already stretched before the recent surge, and there is a good chance investors will see better entry points in the next few months.

Other opportunities in the market might be more appealing and could deliver returns that are similar to those we have seen in the cannabis sector.

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