3 Stocks I'd Buy Before Even Considering Canopy Growth Corp (TSX:WEED)

Description

Pot stocks have certainly been all the craze for the past few years on the TSX, but with **Canopy Growth** (TSX:WEED)(NYSE:CGC) recently hitting highs of over $70 per share, you can't help but think the stock is nearing its peak. The amount of upside could be minimal, and that's why it might be a good idea to consider other stocks first, ones that might have a lot more room to grow.

In particular, the three stocks below look to have significant potential, and I'd consider buying before owning any shares in Canopy Growth.

Shopify (TSX:SHOP)(NYSE:SHOP) is up over 65% this year, but there could still be a lot more growth for the stock, as it has been weighed down by a short seller looking to discredit the company's business model. However, the company's results can speak for themselves, and while its growth rate has been slowing down, at over 60%, it's still very impressive.

The company will also benefit from a booming cannabis industry, as its platform will be used by companies, even the Ontario government, to process online orders for pot. It's a great way for investors to take advantage of growth in the cannabis industry without having to directly own a pot stock, and that can yield much safer returns.

How high the stock can go is anyone's guess, but at a multiple of around 20 times sales, Shopify is a bargain compared to the more than 150 times sales that Canopy Growth trades at.

Alimentation Couche-Tard (TSX:ATD.B) is another stock that could benefit from cannabis. It has expressed an interest in selling the product in its stores where it would be legal to do so. But that's not its only avenue for growth, as Couche-Tard has been accumulating market share via acquisition, and that has helped its sales grow over the years.

While recently the stock has not achieved much growth, it's a great long-term buy that, in five years, has grown by more than 200%. Trading at around 21 times earnings and at a price-to-sales ratio of less than one, it's a great value buy, especially compared to pot stocks.

Couche-Tard may not see explosive growth within the next six months, but over the long term it can help your portfolio grow.

Enbridge (TSX:ENB)(NYSE:ENB) is one of the more undervalued stocks on the TSX. While it presents some risk, it'll be a safer, less-volatile option than investing in cannabis. Its price-to-earnings multiple is a bit high at 30, but its price-to-sales ratio is a very modest 1.7.

Over the past year, the stock has declined by more than 12%, but as the oil and gas industry continues to get stronger, that could quickly change. While Enbridge has been able to produce strong results, even during difficult times, it still needs investors to be bullish on the industry as a whole, and that has been missing and is what's keeping the stock from rising in value.

Not only is there a lot of potential upside for investors, but with a growing dividend that currently pays shareholders more than 5.6% per year, there are multiple ways you can generate a good return by owning Enbridge stock.

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