



Buy Now: This Marijuana Stock Is Not Overvalued Yet!

Description

Investors from all corners of the market were glued to their screens this week, as several marijuana stocks continued their incredible, if not emotional and speculative ride well into the stratosphere. While some of the excitement is well founded, the gains witnessed by some of these stocks this week are nothing more than the result impulse buyers riding on the bandwagon.

With a cooler head, let's take a moment to talk about **Hexo** ([TSX:HEXO](#)). Incredibly, Hexo has been subject to many of the same deal announcements that its peers announced over the past week and has even been [compared to its peers](#) on an investment basis, but so far Hexo has avoided the impulsive and turbulent ride that its peers had.

Here's why Hexo is a great pick

Investors that don't immediately recognize Hexo may be more familiar with the company's former name, Hydropothecary. The company made news earlier this summer when it [forged a partnership](#) with **Molson Coors** to develop non-alcoholic cannabis-infused beverages, mirroring similar deals announced as recently this week with other competitors.

An interesting point to take into consideration around the recent fusion of the cannabis and beverage sectors is that, unlike its peers that have (or will shortly) see investments from established beverage companies in the U.S., where legalization is far from becoming a reality, Molson Coors could, in theory, release a product to its Canadian audience.

One of the incredible things about the emerging new segment of the economy is the sheer number of product verticals that a company such as Hexo can expand into.

One example of this is the agreement forged earlier this year Hexo with B.C Liquor Distribution Branch to sell cannabis oil sprays in the province. It's not hard to see similar deals emerging to encompass other segments, such as edibles, clothing, medicinal, incense, and others.

This also doesn't even take into consideration the core application of marijuana, for which Hexo has attained an agreement with Quebec to provide 200,000 kilograms over the course of five years.

With nearly limitless potential in terms of product expansion, Hexo has been working aggressively at expanding its production capabilities, which is yet another intriguing reason to consider investing in the company.

Last year, Hexo broke ground on a massive 250,000-square-foot facility, which was its largest at the time. I say "at that time" because demand will likely surpass that facility's capacity, which led Hexo to break ground earlier this year on a newer one-million-square-foot facility.

Invest now and ride the train

The one thing that is evident from the slew of recent announcements is that legalization is going to bring forth a number of new investment opportunities. Interestingly enough, all of those emerging products and services will require a legal source, which is where Hexo and its ever-expanding production facilities will become a source of revenue for years to come.

In my opinion, Hexo is an [excellent opportunity](#) for investors looking to enter the lucrative legalization market. While the stock may still experience some of the volatility its peers saw over the past few weeks, over the long term the stock will rise.

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