



The Top 3 Cannabis Stocks to Watch in October

Description

October is a big month for the cannabis industry. After months of waiting, recreational cannabis will finally be legal nationwide on the 17th. It's a moment that people from many walks of life — investors, cannabis producers, and pot smokers alike — have been waiting for.

Now that legalization is almost here, investors have to decide where they'll be putting their money. Although sector-wide funds do exist, most investors seem intent on picking the individual pot stocks they consider the best. And that may be a good idea, since there are a few clear winners in the cannabis industry who are eating up the lion's share of the revenue.

With that in mind, here are my picks for the top three cannabis stocks to watch in October. These are not necessarily recommendations; rather, my picks for cannabis stocks that will be interesting to follow in the weeks ahead.

Aurora Cannabis ([TSX:ACB](#))

Aurora has a lot of things coming up in October.

Most noteworthy is that the company is pursuing a U.S. listing by month's end. It's not clear what index the stock will list on, or what symbol it'll go with, but management has indicated that they're ready to go ahead with the listing in principle. This may affect the company's financial picture by bringing more U.S. investors to the stock, especially if management chooses to sell more equity.

Another thing Aurora has going for it is lightning-fast revenue growth. As of the most recent quarter, its revenue was growing at 223% year over year. Earnings have also been growing at a brisk pace; in Q4, the company posted about \$70 million in net income compared to a \$20 million loss for the same quarter in fiscal 2017.

Hexo ([TSX:HEXO](#))

Hexo is one of Canada's smaller cannabis companies. The stock has been on a strong run this past month, up about 50% over 31 days. This stock is worth watching because its target price was recently

raised to \$10 by Echelon Wealth Partners. If the stock hits that target, investors will stand to make significant gains in short order.

Another reason to watch this stock is because the company has launched [a joint venture](#) with **Molson Coors** to develop cannabis-infused beverages. Such beverages are projected to be a \$600-million-a-year market by 2022, according to **Cannacord Genuity**.

Tilray ([NASDAQ:TLRY](#))

Last but not least, we have Tilray.

Tilray is noteworthy for its [massive rally](#) last month, which briefly put its market cap higher than that of **Canopy Growth Corp**. The rally has since cooled off, but the company remains one of Canada's top pot stocks.

One thing that makes Tilray worth watching is its institutional backing. Tilray has the blessing of Peter Thiel's Privateer Holdings. This gives the company ample access to expertise in areas like capital markets, corporate law, and financing. This may help the company secure financing for future growth, potentially at favourable rates and from well-connected investors.

CATEGORY

1. Investing

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1. Editor's Choice

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2. TSX:ACB (Aurora Cannabis)
3. TSX:HEXO (HEXO Corp.)

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