

Want to Invest in Cannabis but Can't Decide on a Stock? This Could Be the Answer

Description

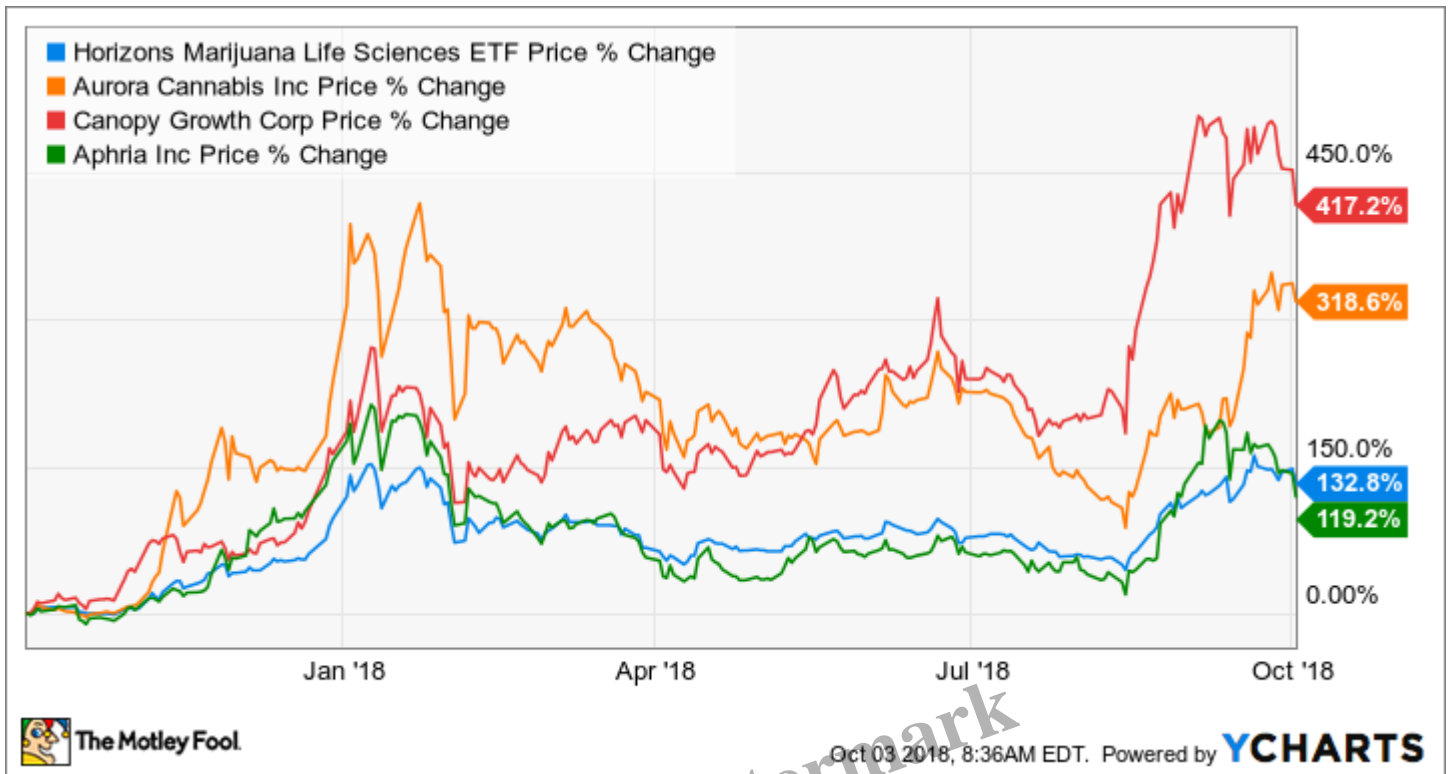
If you're interested in investing in cannabis, you know that there are many different pot stocks to choose from on the TSX. While you could go with one of the market leaders like **Aurora Cannabis Inc** ([TSX:ACB](#)), there might be more growth opportunity and less volatility with other stocks.

The problem for investors who haven't followed these companies closely is that there could be a big learning curve involved in figuring out what all the differences are from one company to the next. However, there is a solution for investors in that situation who don't want to miss the boat: **Horizons Marijuana Life Sciences ETF** ([TSX:HMMJ](#)).

The Horizons ETF will give you a good collection of cannabis stocks in your portfolio without investing too heavily in any particular one. In addition to Aurora, the ETF holds **Aphria Inc** (TSX:APH), **Canopy Growth Corp** ([TSX:WEED](#))(NYSE:CGC), and many others. By having a diversified portfolio of pot stocks, you take advantage of the growth that's happening in the industry without being overly exposed to one company or another.

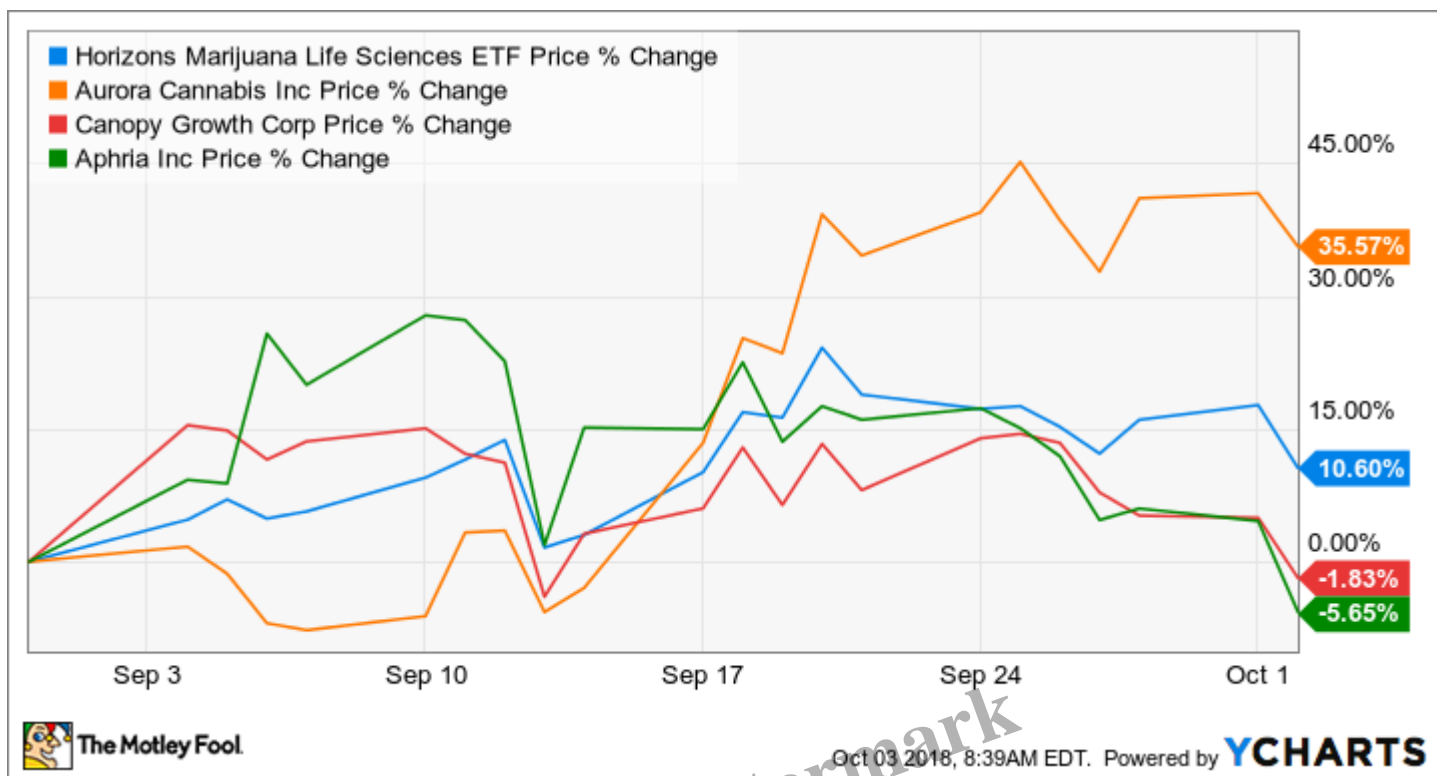
Comparing the returns

Let's compare the returns of the Horizons ETF against some of those individual stocks to see which one you'd be better off holding:



The big disadvantage for investors is that Aurora and Canopy Growth have seen much stronger returns in the past year, and investors opting for the safer ETF approach would be left with a fraction of those returns, although Horizons did outperform Aphria in the past year.

However, in the past month, when we've seen greater volatility, Horizons has been able to outperform Canopy Growth as well:



This reinforces the idea that you don't have to guess on which pot stock will be the next big winner. Whether it is a marijuana ETF or any other type, that's what it all comes down to: sacrificing a lower maximum return in exchange for more stability.

If you're comfortable with the [roller coaster ride](#) we've seen pot stocks take over the past few years, then an ETF may seem unnecessary. But for investors who want to see a bit more consistency and expose themselves to less risk, the Horizons ETF could be a great option, especially if you're struggling to decide on a stock to invest in.

Bottom line

The cannabis industry is growing at a rapid pace, and we're not only seeing sales rise, but new companies enter the fold and try and get a piece of the action as well. It's getting more crowded and the hype is actually building as we're seeing [big alcohol companies](#) get involved as well.

While stocks like Canopy Growth and Aurora may appear to be very expensive buys with limited potential upside from where their stock prices are today, there's still reason to believe that the industry has not reached a peak just yet.

It's possible that we could see Canopy Growth hit \$100, and it's also possible it could crash down to \$50, but with the Horizons ETF, you can neutralize the impact of any big fluctuation.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:ACB (Aurora Cannabis)
3. TSX:HMMJ (Horizons Marijuana Life Sciences Index ETF)
4. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/08/23

Date Created

2018/10/04

Author

djagielski

default watermark

default watermark