



Will Tilray Inc. (NASDAQ:TLRY) Knock Canopy Growth Corp. (TSX:WEED) From the Canopy?

Description

The most popular and “safest” pot play has arguably been **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) stock with its management team’s prudent and controlled approach to growing in a nascent industry that’s exhibited [extreme shareholder dilution](#) from across the board.

CEO Bruce Linton has been the face of the cannabis industry with his appearances on *BNN Bloomberg* and the like. To some cannabis investors, he may be seen as an exceptional leader, even though the industry hasn’t had the opportunity to operate in a post-legalization environment. Linton is trying to shed light on an industry that’s entirely clouded by a haze of smoke. While investors should always take management commentary with a grain of salt, Linton actually comes off as a modest guy with his suit from Winners and a smile that can only be described as honest.

Over the past year, however, Canopy’s influence on the industry as a whole has become diluted as more competitors are rising from out of nowhere. You’ve got the CEO of **Tilray** ([NASDAQ:TLRY](#)) discussing the future of his company and the industry to *Mad Money* host Jim Cramer, grabbing the attention of American investors. So, there’s no question as to why the stock skyrocketed like a bat out of heck in the following day.

Now that Tilray is playing leapfrog with Canopy for the title of largest cannabis company by market cap, one has to think that the battle for dominance has begun and that several other up and comers may want to knock one another off the canopy.

Is Canopy still special?

If you’re an early pot investor, you probably remember the days where Canopy was the only player on the TSX or even the TSXV. The name had a scarcity premium, but since then that premium has begun to wither at the expense of “hotter” pot companies like Tilray.

Canopy isn’t a “special” standout player in the space anymore, nor is it the cannabis king after the explosive moves exhibited by Tilray stock. Tilray is now [worth more](#) than Canopy by market cap just a

few months after its shares went public on the NASDAQ. Talk about a beat and raise!

Further, the TSXV is now littered with up-and-coming cannabis producers, many of which will probably cease to exist in five years from now.

They'll either be scooped up or will struggle to keep the lights on as the price per gram of marijuana plummets in the post-legalization environment. In the latter case, investors will just receive their share of the underlying assets at face value, which will be exponentially less than they paid for the stock. It'll be like spending a dollar to get a dime!

I suspect many of these lesser pot plays will draw attention away from Canopy like Tilray has, enticing speculators who desire the most upside for their investment dollars.

Canopy is still best in breed

Despite operating in a more competitive environment, Canopy remains one of the best-looking firms from a fundamental perspective. Linton and company are masters at getting deals, partnerships, and sponsorships done. Moreover, their branding prowess will pay enormous dividends in the grander scheme of things.

With that in mind, Canopy certainly deserves to have the largest market cap. But given the insane trading activities going on at Tilray, Canopy is likely to take a backseat, as speculation and hype take complete control over the industry. Who knows? Another IPO could dethrone Tilray next month!

Foolish takeaway

Although Canopy has been knocked off the market cap canopy, it's still the best marijuana stock to own for the long haul, preferably after the next inevitable correction. The marijuana market is way too inflated at these levels, so if you're thinking about investing long term in weed, I'd advise scaling into a position in Canopy after the next violent double-digit collapse.

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