

TFSA Investors: Is Aurora Cannabis Inc. (TSX:ACB) or HEXO Inc. (TSX:HEXO) a Buy Right Now?

Description

Cannabis stocks have come down from their 2018 highs, and investors who might have missed the big rally are wondering if this is the right time to buy [marijuana stocks](#) for their TFSA portfolios.

Let's take a look at **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) and **HEXO** ([TSX:HEXO](#)) to see if one deserves to be on your [buy list](#).

Aurora Cannabis

Aurora Cannabis used to be a middle-of-the-pack player in the Canadian medical marijuana market, but two ambitious acquisitions in 2018 vaulted the company into the big league, pitting it against **Tilray** and **Canopy Growth** in the battle to dominate the growing global medical cannabis market.

The first deal involved the \$1.1 billion purchase of CanniMed after a heated battle that forced Aurora to significantly increase its original bid. CanniMed brought important patents and clinical trials, as well as established export partnerships.

In the summer, Aurora Cannabis bought MedReleaf for \$2.5 billion. The transaction created a company with funded production capacity of 570,000 kilograms per year and a strong portfolio of brands that position Aurora Cannabis to compete at the top level in Canada and abroad.

In total, Aurora Cannabis has acquired 10 companies in the sector.

At the time of writing, the stock trades at \$8 per share, down from a closing high near \$15 in October. The current market capitalization is about \$8 billion.

The stock surged in September on rumours Aurora Cannabis was in discussions with **Coca-Cola** to develop cannabis-infused drinks. Any announcement of a deal with a global beverage company could send the shares significantly higher.

HEXO

HEXO is the leading supplier of recreational marijuana to Quebec's adult-use cannabis shops and also has a contract with a partner to operate the province's distribution facility for the recreational sales conducted online.

The company currently has 310,000 square feet of production space in use and is completing construction on an additional one million square feet of space. In addition, HEXO has taken a 25% interest in a two-million square foot facility in Ontario that will serve as a research, development, and distribution hub for cannabis products ranging from cosmetics to consumables.

HEXO is expanding overseas with plans to construct a facility in Greece. Europe is a key market for all

of the Canadian companies looking to tap the expansion of the medical marijuana sector on the continent.

Finally, HEXO has partnered with **Molson Coors Canada** to develop cannabis-infused drinks. The newly created company, Truss, will produce beverages for sale in Canada once the government gives that segment of the market the green light.

HEXO trades at close to \$6 per share, giving the company a market capitalization of about \$1.2 billion. The stock traded as high as \$9 leading up to the launch of the recreational market in Canada.

Is one more attractive?

Aurora Cannabis and HEXO both remain expensive stocks, so investors have to be confident that the market will emerge as expected when deciding to invest.

If you like betting on the little guy, HEXO is making all the right moves and could very well become a takeover target as the industry continues to consolidate. In fact, Aurora Cannabis might be the one who buys it.

Otherwise, Aurora Cannabis should emerge as one of the global leaders, and investors could see some type of involvement with a global drinks company before the sale of cannabis-infused beverages becomes legal in Canada.

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