



## 3 Marijuana Stocks to Watch in 2019

### Description

Cannabis stocks have been very volatile in 2018. Once the best-performing stocks in the market, marijuana stocks have cooled significantly since the legalization of recreational cannabis in Canada on October 17. At that time, pot stocks were trading near all-time highs. The cannabis bubble has burst since then, and most stock prices have dropped by a fair amount.

While risky, the three pot stocks I present could perform well in 2019 following major partnerships they have formed recently.

### HEXO ([TSX:HEXO](#))

Hexo focuses on recreational marijuana use and is the only licensed medical marijuana producer headquartered in Quebec.

In October 2018, Hexo created Truss, a [joint venture](#) with **Molson Coors**, to sell non-alcoholic, cannabis-infused drinks. Molson will hold a 57.5% stake in the company with Hexo holding the remaining 42.5%, and Truss will operate as an independent unit with its own board of directors and management team.

The cannabis-infused beverage industry has big potential and will grow fast as market analysts have estimated that this industry could see annual U.S. sales of \$500 million in the next five years.

Hexo has also acquired a facility in Belleville, Ontario, to establish a centre of excellence for cannabis-based consumer packaged products.

Furthermore, Hexo is targeting the European cannabis market. It has signed in September a partnership in Greece that will enable the cannabis producer to establish a Eurozone distribution centre.

Hexo stock is already up more than 20% since the beginning of the year.

## Tilray ([NASDAQ:TLRY](#))

Tilray is a medical marijuana company based in Vancouver. Tilray was the first company to legally export North American medical cannabis to Australia and New Zealand and has an ambitious plan to expand globally.

On December 18, 2018, the Canadian cannabis company signed its first global deal by entering a partnership with Swiss drugmaker **Novartis AG** to research, develop, and distribute medical marijuana around the world.

The two companies are going to commercialize Tilray's non-smokable medical marijuana products, develop new products under a partnership brand, and spread awareness about cannabis to pharmacists and doctors.

On December 20, Tilray announced that it was forming a partnership with **Anheuser-Busch InBev**, the world's largest brewer, to develop cannabis-infused non-alcoholic drinks for the Canadian market. As part of the deal, each company is investing \$50 million in research.

Tilray stock has gained more than 14% year to date.

## Cronos Group ([TSX:CRON](#))([NASDAQ:CRON](#))

Cronos invests in pot growers and companies in the marijuana business, and its portfolio currently consists of six companies, two of which it owns entirely.

On December 7, Cronos announced it had entered a [subscription agreement](#) with **Altria Group** that would see the cigarette giant invest \$2.4 billion into Cronos for a 45% stake in the Canadian marijuana company. Altria also has an option to take a majority interest in Cronos in the future.

As the market for recreational cannabis is opening in many parts of the world, Cronos could use Altria's international reach to expand its business. Altria could also help Cronos turn marijuana into a more standardized consumer product.

With the big amount of cash coming from the investment, Cronos will be able to expand its production and distribution footprint. The company has already taken steps to increase its manufacturing capacity by constructing new facilities in Canada and overseas through joint ventures.

The extra cash will also allow Cronos to increase its R&D spending in order to speed up projects such as development of cultured cannabinoids.

The cannabis company is also well positioned to increase its production of cannabis oils and extracts, which are lucrative but require intensive capital investment due to the technology required for their complex extraction process.

Cronos stock has already gained more than 15% year to date.

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2. NASDAQ:TLRY (Tilray)
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