



Which Is the Better Pot Buy? Aurora Cannabis (TSX:ACB) or Canopy Growth (TSX:WEED)?

Description

While the end of 2018 proved a turbulent time for the marijuana industry, lately it's been more along the lines of a "new year, new me" approach to pot stocks.

After some promising results from **Aphria Inc.**, and the Farm Bill passing in the United States, cannabis stocks have rebounded to almost where they were before Canadian legalization. That's a huge jump in some cases.

Among those that have seen a pretty drastic appreciation are **Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB) and **Canopy Growth Corp** ([TSX:WEED](#))(NYSE:CGC). Now, of course, if you've been paying any attention to the marijuana industry, these names won't be new to you. But with shares continuing to grow, and more quarterly results around the corner, should you be buying either one of these top pot stocks?

Aurora: a bright future?

As I've mentioned, the promising Aphria results and the Farm Bill will benefit both Canopy and Aurora. So I'm not going to spend time focusing on something that will benefit pot stocks pretty much across the board. Instead, what makes Aurora different from the competition?

For starters, the company markets itself as a one-stop shop for marijuana needs. It produces medicinal, recreational and hemp-based products. And it's sure set itself up to produce. The company can produce up to 150,000 kilograms of cannabis per year, but should more than triple to [500,000 kilograms by 2020](#).

But where investors have been wary is when Aurora dilutes shares through acquisitions and expansion. The company is set up in about two dozen countries, and has increased its market cap by 138%.

Yet there was finally some good news for shareholders on February 4, when Radiant Technologies, one of Aurora's partners, received a license from Health Canada to extract higher-quality CBD from

marijuana through its Microwave Assisted Processing (MAP). This could be huge, and will hopefully guide the way to being approved in the U.S.

Can Canopy cope?

Now Aurora is growing, but still has a long way to get back to where it was around \$15 per share. Canopy Growth, on the other hand, needs to convince buyers that it can blow past its previous high of \$70 per share.

That's because the stock has rallied back to where it was even in the summer, which is leaving investors a little nervous about whether the stock can move much higher. So again, beyond the Farm Bill and good news from Aphria, what is pushing this stock ahead?

For starters, Canopy Growth announced earlier this month that its medically-focused business Spectrum Cannabis is continuing to build up its production and distribution network in the United Kingdom and Europe.

Another key factor is a recent **CIBC** report that gave Canopy Growth the title of "global titan" of legal cannabis. It compared the current market situation to the gold rush, and stated that Canopy Growth is set to be one of the few producers left standing when the bubble bursts.

Then there's Canopy's partnership with **Constellation Brands, Inc.** that will see the company at the head of producing marijuana-infused beverages as soon as edibles are legalized sometime this year — not to mention that it provides the opportunity to use Constellation as a distributor throughout the U.S.

Bottom line

At the time of writing this article, Aurora is trading at about \$10.20 and Canopy Growth at \$63.40. Both have come a long way since October, and both have a bright immediate future. But if you're only going to invest in one of these companies, there are two things to consider.

Canopy Growth is trading above its fair value right now, but it could blow up way past the \$70 range again. It's likely the stock will [trade above \\$100](#) by the end of the year. Let's face it: the company is a powerhouse and will likely lead the pack of pot producers for years to come.

On the other hand, Aurora is trading around fair value, and also has a strong future ahead. Though it won't likely hit the numbers Canopy will, you could buy now and be fairly certain the stock will rise a few dollars by the end of the year.

If it were me (as you'll notice, I've owned both stocks for a while), I would wait for Canopy Growth to come down after some other producers release their quarterly results, then buy up before it blows up yet again.

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