

## 3 Reasons Aphria Inc (TSX:APHA) Has Been 1 of the Hottest Pot Stocks of 2019

### Description

Pot stocks finished 2018 very badly, and the markets as a whole were causing serious concerns for investors. However, in the new year, things have been going very well and one pot stock in particular, **Aphria Inc** (TSX:APHA)(NYSE:APHA), has been creating astronomical returns for investors that held the stock since the start of the year. There are three reasons we can point to as to why Aphria has seen a wave of bullishness lately, soaring more than 80% as of Monday's close.

### Takeover offer has attracted investors' attention

Toward the end of the year, Aphria received a takeover bid that [wasn't great](#), but it put the stock back in the headlines. Aphria's stock has struggled in the past with staying out of the news for the wrong reasons, and so it was definitely a pleasant surprise for the company to be in the headlines because someone thought they had value and were a good buy.

It's likely that many investors saw and agreed that Aphria was a good value, especially compared to its higher-priced peers. The spotlight was back on the stock, as investors may have not noticed the sharp decline that Aphria's share price had been on up until that point.

To put it into perspective: even with the significant increase in share price in January, Aphria is still nowhere near its 52-week high of \$22. The stock might not make it back up that high, but it helps to illustrate how big a downward trend Aphria's share price has been on over the past several months.

### The departure of its CEO

In January, Aphria announced that its CEO Vic Neufeld would be transitioning out of the company. While I'm [not convinced](#) that it's a great move for the company, many investors may see this as a good opportunity for Aphria to change course. The company has been very aggressive under Neufeld, with a lot of focus on expansion, even in the U.S. where the TSX ended up warning companies to divest of U.S. assets in what is still considered an illicit industry south of the border.

Ultimately, Aphria did just that, but in the process had investors second-guessing the company's strategy. With Neufeld no longer at the helm, we might see a more cautious approach and that could be exactly what investors are looking and hoping for.

### The stock is cheap, by comparison

Anytime a stock falls by nearly 60% over the course of a year, it's going to be hard not to be tempted to buy it, especially given the opportunities that exist in the industry. Aphria was one of the worst-performing of the big pot stocks in 2018, and in relation to its peers might have looked like a bargain entering 2019. Although **Aurora Cannabis Inc** had a tough year, dropping a little under 30%, it was nowhere near Aphria's collapse.

## Bottom line

Aphria has been off to a strong start, but rising so much so fast might put the stock in danger of being in risk of a correction. Without a big announcement or deal, it's hard to imagine Aphria continuing to rise for much longer. If you've earned a good return on the stock already, it might be time to consider selling.

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