



Millennial Investors: Is Aurora Cannabis Inc. (TSX:ACB) or Canopy Growth Corp. (TSX:WEED) the Better Marijuana Stock?

Description

Investing in [marijuana stocks](#) is not for the faint of heart.

It is a move that requires nerves of steel and a willingness to look through the speculation and lofty valuations as a cost of gaining exposure to the upside in this massive industry.

For [millennial investors](#), you have time on your side.

That's a very good thing because it will take a lot of time for marijuana stocks to grow into their valuations.

Back to the title question of whether **Aurora Cannabis Inc.** ([TSX:ACB](#))(NYSE:ACB) or **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) is the better marijuana stock.

I think you will see that the answer is not so simple. As the industry is in early stages, there will be room for more than one leader and visibility is low.

Here is how you can get exposure to this high growth, lucrative industry while keeping a lid on the downside.

Own the leaders

This one is obvious.

Those marijuana companies that have thus far established leading positions in the industry are your best bets.

Aurora Cannabis, with 20% of the market, is there, as is Canopy Growth, with an even greater share of the market.

Both are leaders with their own strengths.

Aurora is benefitting from its first mover advantage in many geographies and product segments.

Canopy Growth is benefitting from one of the most extensive global presences, with operations in 12 countries across five continents.

Own a basket of marijuana stocks

Diversifying your holdings is another key strategy to ensure exposure to this space while mitigating the risks.

A basket of stocks would leave your investment less volatile to any company-specific setbacks that may happen. And make no mistake: this is a big risk.

As a case in point, we can look at **Aphria Inc.** (TSX:APHA)(NYSE:APHA), which saw its stock price tumble 76% from September to December of 2018.

While the stock has recovered to almost \$13, it is still a far cry from its highs.

Take profits

Taking profits in this volatile sector is also key.

Yes, it limits potential upside, but it also limits downside and allows you to realize some of your profits today.

This trade-off is well worth it.

Buy on weakness

Don't buy these stocks after they've had big run-ups, such as now.

Instead, wait for them to pull back and then pull the trigger.

This is a must when dealing with such volatile stocks as these that are trading more on speculation than on fundamentals.

In conclusion

There is arguably less upside for marijuana stocks, at least in the short- to medium-term. But stay on top of this volatile sector and look for opportunities to enter at the right time for exposure to the potential long- term gains.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:CGC (Canopy Growth)
3. TSX:ACB (Aurora Cannabis)
4. TSX:WEED (Canopy Growth)

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Author

karenjennifer

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