



## Millennials: Why Canada Goose Holdings Ltd. (TSX:GOOS) Is a Smarter Bet Than Cannabis Stocks

### Description

Apart from marijuana stocks, **Canada Goose Holdings** ([TSX:GOOS](#))([NYSE:GOOS](#)) has arguably been the sexiest Canadian stock that our neighbours south of the border have been talking about over the past two years.

The maker of down-based parkas meant for arctic expeditions has grown into a luxury [fashion statement](#) across various chilly markets around the world. And with many untapped markets full of growth potential (like China) on the horizon, there are still many reasons to believe that the Goose's best days are just ahead of it.

As for marijuana stocks, I think the best is already in the rearview mirror, and as the pot (a commodity) market gradually moves towards an equilibrium – an event that would be catastrophic for all cannabis companies.

### How high can the Goose fly?

The reason Canada Goose has been making so much noise in the years since its IPO is because of the incredible year-over-year sales growth that the company has been clocking in. Of all the Canadian growth names out there, the only comparables to the magnitude of growth exhibited by Canada Goose are the pot stocks. But unlike pot stocks, there's no haze of marijuana smoke that's clouding Canada Goose's growth runway.

Furthermore, given the highly differentiated nature of Canada Goose's outerwear offerings, I think the odds of the Goose trade going up in smoke are vastly less than any marijuana play, which I see as a mere commodity producer at this juncture.

In addition, I also see Canada Goose sustaining its huge growth numbers a lot longer than any pot producer. The way I see it, pot stocks are getting ready to wind down as pot supply meets demand. Meanwhile, Canada Goose will be ready to soar higher as its wings spread across the red-hot Chinese

market, which can't get enough of the Goose's outerwear.

While there are undoubtedly hurdles ahead for Canada Goose, such as uncertain economic conditions in the Chinese market, I believe that Canada Goose is less of a speculative bet than many may believe it to be. The stock is insanely expensive at 11.1 times sales, but when you consider how much longer the high double-digit top-line growth numbers could be sustained as the Goose spreads its wings wider, the premium doesn't appear as ridiculous as it would when compared to any pot stock.

## Foolish takeaway on Canada Goose

The recent gloomy headlines on China, I believe, has created an [opportunity](#) to get into Canada Goose stock at a fairly decent price relative to the expected growth moving forward. Yes, Canada Goose is very much a China play, and once a China-U.S. trade deal is reached (I think it'll happen next year), it's off to the races for Canada Goose.

As for pot stocks, they'll likely go out in smoke years before Canada Goose runs out of gas.

Stay hungry. Stay Foolish.

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