



Why Aurora Cannabis Inc. (TSX:ACB) Has More Upside Than Canopy Growth Corp (TSX:WEED)

Description

It's been tough to make a buck off of pot stocks over the past year, as it's become considerably harder to impress investors in a post-legalization environment. With rules in place to make it difficult for any single marijuana producer to differentiate itself from the rest of the bunch, it seems like all marijuana producers are merely producers of a commodity.

In such a commoditized environment, it's believed that the lowest-cost producer will wind up winning. In the crazy world of marijuana, however, there are many potential contingent events that could cause massive double-digit percentage moves in either direction. Investments by big-league investors, announced supply partnerships, and M&A activities have been events that have moved the needle for pot stocks.

Although it may seem like a safer idea to bet on a marijuana stock like **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), a company that's already scored an investor, big exclusive partnerships, and a handful of smart acquisitions, investors may want to consider betting on a quality pot producer that's yet to hit such major "marijuana company milestones."

While there's no guarantee that every pot firm will hit such milestones, I believe investors are setting themselves up for [greater upside](#) by betting on a quality name like **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB), a big pot player that's yet to land a major dance partner as Canopy already has.

Aurora doesn't have the same calibre of partnerships as Canopy has yet, and the massive acquisitions that Aurora's made in the past have been seen in a negative light because of the hefty sticker price relative to the easily digestible, bite-size takeovers made by Canopy Growth. So, for Aurora, with the bar set low and no deep-pocketed dance partner as of yet, there could be much more [surprise upside](#) for investors who are on the hunt for medium-term gains.

While Aurora may not get a majority investor by year-end, one can't help but wonder if there are discussions going on in the background between Aurora's management team and a pharma giant (perhaps the owner of Ambien?) that stands to be negatively impacted by the acceptance of cannabis

and cannabinoids in various therapeutic applications.

Aurora's prior acquisitions, while expensive, have made it one of the most compelling investments for a pharmaceutical giant that's looking to make a big splash in cannabis research and production.

Foolish takeaway

A top dog like Canopy Growth leaves a lot to be desired for pot investors. The company has been a frontrunner, and with most marijuana milestones already hit, there are few events other than a solid earnings report that could send Canopy stock flying.

Aurora Cannabis, while a laggard compared to Canopy, could realistically make up for lost time, and as its shares go down in price, the odds of a big-league investor jumping in, I believe, go up substantially.

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