Could This Pot Stock Be a Hotter Buy Than Canopy Growth Corp (TSX:WEED)?

Description

Finding the next big pot stock is a challenge. There are many options out there for investors, and while you could choose to invest in a well-known company like **Canopy Growth Corp** (TSX:WEED)(NYSE:CGC), your returns are going to be much more limited than they would with an up-and-coming stock.

In order for Canopy Growth to double, it would have to hit a market capitalization of about $40 million and its share price would have to reach well over $100. Those are two big numbers that I'm just not sure investors have an appetite for given the high multiples that marijuana stocks already trade at. And while Canopy Growth has seen its share price rise more than 50% since the start of the year, it is still shy of the highs it reached last year when it climbed to more than $75.

There's definitely some room for Canopy Growth to continue to rise in price, especially as it focuses on expanding into the U.S. hemp market. However, even getting back to its previous high might be asking too much from the stock, at least in the near term.

One stock that could have a lot more upside in 2019 is **Westleaf Inc** (TSXV:WL). The company is looking to make a big name for itself in retail as it hopes to open as many as 50 stores by the end of next year. Its Prairie Records brand hopes to change the way people look at and buy cannabis. Using a music-store like atmosphere, the look and feel of the stores don't even resemble pot shops or dispensaries.

The company has an ambitious growth strategy and with producers like Canopy Growth being very limited when it comes to retail, particularly in Ontario, it creates a great opportunity for the pot stock. Westleaf hopes that it can make a big name for itself on the retail stage with its unique stores. And it has already got a vote of confidence as back in December, the company received an investment from **Tilray**. It also has key agreements and partnerships with other cannabis companies that it hopes will be able to facilitate its growth.

However, it’s not just retail that Westleaf is focused on as its strategy centers on being vertically integrated and being able to give it more control along the value chain and keep strong margins intact.

Bottom line

With Westleaf’s stock trading at a little more than $2 per share, it’s a cheap stock that could rise significantly this year. While its model might be a bit odd and definitely unique, we’ve seen cannabis consumers be swayed by a comfortable shopping experience before. **MedMen Enterprises** is a good example of that, as the company’s stores resemble more of a tech company than a dispensary.

Whether Westleaf’s model will prove to be popular with consumers remains to be seen. However, if it can grab significant market share in retail, its stock price could take off in a hurry. Today, Westleaf is still fairly low on the totem pole when it comes to the cannabis industry, but if it’s able to produce the results that it hopes it can, it could quickly become one of the big players in the industry.

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