



2 Pot Stocks I'd Buy Before Canopy Growth (TSX:WEED)

Description

Canopy Growth Corp ([TSX:WEED](#))(NYSE:CGC) is definitely the hottest pot stock on the TSX these days. Up over 80% through the first four months of the year, the cannabis stock has found new life, especially after investors learned that it had reached a [conditional deal](#) with U.S.-based **Acreage Holdings**. However, at a market cap of \$22 billion, I'm about skeptical as to how much more the share price can [rise](#) given that the company's revenue over the past 12 months has totalled just \$155 million.

There's no denying the potential of Canopy Growth, but given that the stock has risen so much and that it's already one of the top stocks on the TSX, the better opportunities for cannabis investors might very well be with other pot stocks.

One name that stands out is **Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB), which looks like a company that has plans for something big. Although the stock has also had a strong start to the year, its market cap is about half of Canopy Growth's. Aurora has been no stranger to acquisitions in the past, with its involvement in some of the biggest deals we've seen on the TSX. Things have gone a little quiet on that front lately, but that could change in a heartbeat, and if it does, the stock could skyrocket.

While the company is interested in expanding into the U.S., we haven't seen it be nearly as aggressive as Canopy Growth has. However, given the legal challenges that exist south of the border, there aren't many big moves to be made right now other than looking at opportunities in hemp. Instead, I'd be keeping an eye on what Aurora does with respect to beverage companies and other producers in Canada, as that would offer a great way for Aurora to advance its position in the industry.

While I won't say that Aurora is undervalued, I do believe it has a lot more potential to produce better returns than Canopy Growth does. However, the company is going to need something big, like an investment or acquisition, to get investors to bid up the share price.

Aphria Inc (TSX:APHA)(NYSE:APHA) is another stock that I'm keeping a close eye on. With a change in leadership, it's becoming very clear that the company is being less aggressive than it was under Vic Neufeld. The company's chairman and interim CEO, Irwin Simon, has made it clear that the focus is on

Canada and that he's not looking to rush into the U.S. market just yet.

In a recent interview with *BNN Bloomberg*, Irwin stated, "I think there's a lot of money to be made here in Canada. I think there's a lot of growth in Canada. Making sure you get Canada right and learning from that will be very much the right model as you go in to the U.S."

While investors might be turned off with the company's focus, I see it as a welcome change of pace for Aphria. Getting the model right is key, and a lot of cannabis companies have been focusing on expanding as quickly as possible with little regard for anything else. With the stock dropping around 30% in the past month, Aphria could be a great buy on the dip that with a market cap of just \$2.3 billion could be a steal of a deal.

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