



Marijuana Value Investors: Turn \$5,000 Into \$25,000 With These 3 Mid-Cap Pot Stocks

Description

Hi, Fools. I'm back to call your attention to three attractive mid-cap stocks — or, as I like to call them, my top “sweet spot” stocks. As a reminder, I do this because mid-cap companies — those with a market cap of between \$2 billion and \$10 billion — have two key features: more upside potential than [large blue chip companies](#) and less downside risk than speculative small-caps.

In other words, if you want to double, triple, or even quintuple a \$5,000 investment in relatively short order, [mid-cap stocks](#) offer a reasonable way to do it.

This week, we'll take a look at three particularly attractive mid-cap marijuana plays.

HEX marks the spot

Leading off our list is pot company **HEXO** (TSX:HEX), which sports a market cap right around \$2 billion. The average analyst price target on the stock is \$10.70, representing about 19% worth of upside to current levels.

HEXO has slid in recent weeks on concerns over the sector, but the company has been quietly improving its financial position. In the most recent quarter, revenue spiked 1,269%, gram and gram equivalents sold grew 142%, and management even raised \$54.2 million through a public offering.

“This is an exciting time for HEXO as we continue to achieve milestones on the way to becoming a top two cannabis company,” said CEO and co-founder Sebastien St. Louis.

HEXO shares are down 21% over the past month.

More pot shots

Next up on our list is weed producer **Aphria** (TSX:APHA)(NYSE:APHA) with a market cap of about

\$2.3 billion. Analysts have an average price target on the shares of \$16.77, representing about 86% worth of upside from current levels.

Aphria has also been beaten down in recent weeks, providing value Fools with another possible contrarian opportunity. Jefferies analyst Owen Bennett even suggested that there's a "...big disconnect between valuation and strategic positioning." For readers who are unaware, Aphria has been weighed down by allegations of inflated assets and insider deals.

Bennett added that he expects a "significant re-rating" in shares with Aphria's issues "...now seemingly cleared up."

Aphria shares are off 9% over the past month.

Chronic upside

Rounding out our list is medical marijuana specialist **Cronos Group** ([TSX:CRON](#))([Nasdaq:CRON](#)), which boasts a market cap of around \$6.4 billion. The average analyst price target on Cronos is \$14.55, representing about 24% below current levels.

Investors have been concerned about Cronos' lack of short-term growth, but a new supply deal should reignite some bullish optimism. MediPharm Labs said earlier this month that it would supply about \$30 million of high-quality cannabis concentrate — over an 18-month period — to Cronos, which should help Cronos with its lack of near-term capacity.

"Along with our internal capabilities, we are pleased to be working with MediPharm Labs to bring great products to consumers in anticipation of the derivative market launching in Canada this fall," said Cronos CEO Mike Gorenstein.

Cronos shares are off 17% over the past month.

The bottom line

There you have it, Fools: three attractive mid-cap stocks worth checking out.

As always, they aren't formal recommendations. View them instead as a jumping off point for further research. Even the best mid-cap stocks can face serious trouble from time to time, so plenty of due diligence is still required.

Fool on.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)

2. TSX:CRON (Cronos Group)
3. TSX:HEXO (HEXO Corp.)

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