



Why This Pot Stock Could Double!

Description

There are a lot of pot stocks for investors to choose from out there, but not all of them have the same potential. The Canadian pot market is steadily growing, but in terms of potential size, it is nowhere near its neighbour to the south. Even now, with 11 states having legalized cannabis, there's much more opportunity for growth in the industry in the U.S. than there is in Canada.

And that's why for investors who want to capitalize on that opportunity, [U.S. pot stocks could be the most appealing options today](#). One stock in particular that I see as being a good buy and that could double in value is **Trulieve Cannabis** ([CNSX:TRUL](#)), which has a strong presence in the U.S. with dozens of dispensaries in Florida, and the company is expanding its presence across the country.

With more than US\$100 million in sales for all of 2018 and US\$44.5 million already in Q1, the company is quickly becoming one of the largest pot stocks in North America, and yet its market cap of just \$1.5 billion does not reflect that.

Many cannabis companies in Canada have often traded at significant multiples to sales, sometimes well into three digits. And at less than 15 times its sales, Trulieve has a lot of room to rise and even double. With the potential for the company to expand and grow into other U.S. markets, it is a very intriguing buy given how strong its sales are today and how much more they could still grow.

The company is a much more appealing option today than a stock like **Aurora Cannabis** ([TSX:ACB](#)) (NYSE:ACB). Although it has brought [key personnel](#) on board, we haven't seen any recent moves from the company that would give investors reason to get excited about the stock's future. While it is growing sales and reaching more customers, there doesn't appear to be the same opportunity for Aurora to grow the way there is for Trulieve.

With a much larger market cap of around \$11 billion, for Aurora to double it would rival the size of **Canopy Growth**, which is doing much more these days in terms of growth and acquisitions. However, neither of the Canadian-based stocks look like good bets to double given how big they've already gotten.

Aurora's strategy on focusing on other parts of the world is one that, as an investor, I would steer clear of since it will bring in lots of expenses; the markets outside North America are going to be very limited. The U.S. is where the biggest opportunity is, and I don't see Aurora being in a good position to take advantage of it once it becomes available.

Bottom line

While there may be opportunities for Aurora and other pot stocks to rise, especially with edibles on the way in Canada, for investors that want to maximize their returns, those stocks with exposure to the U.S. market will have the best odds of rising rapidly in value.

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Author

djagielski

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