



This is 1 Top Stock to Buy in June

Description

Ambrose O'Callaghan: Alcanna

My top stock pick for June is **Alcanna Inc.** (TSX:CLIQ).

Alcanna is an Edmonton-based private-sector retailer of alcoholic beverages in Canada. Recently, Alcanna forged a partnership with **Aurora Cannabis** and has moved into cannabis retail. Shares were hit hard by broader market volatility in late 2018 and have yet to fully recover.

In the first quarter Alcanna saw sales increase to \$149 million compared to \$129 million in Q1 2018. However, the company was forced to swallow a net loss largely due to increased costs incurred from its transition period. On May 27 Alcanna announced the acquisition of 28 solo liquor stores and three additional leased locations.

Alcanna's Nova Cannabis division reported strong sales growth in the first quarter, but the industry has been hindered by a slow start. Supply issues are still plaguing retailers, but this problem should dissipate as we move into late 2019. Alcanna has partnered with a winner of the Ontario cannabis retail lottery, granting its Nova Cannabis store a presence in Toronto.

Coming into late May Alcanna is still trading at the low end of its 52-week range. Recent acquisitions hold promise and Alcanna's retail cannabis business should see improved activity as supply ramps up. Unfortunately, Alcanna's dividend was a casualty of its new capital-intensive growth strategy.

Fool contributor Ambrose O'Callaghan has no position in any stocks mentioned.

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