



## 3 Top Cannabis Stocks for a New Investor to Watch This Summer

### Description

A newcomer to pot stocks could be forgiven for thinking that this isn't the right climate for risky assets, with cannabis feeling the pinch leading into the first week of June. Overall, May was a bad month for [marijuana stocks](#) in general, with the **Horizons Marijuana Life Sciences ETF** dumping in excess of 13% of its value, while most cannabis stocks saw percentage losses in the double digits.

However, while legal weed seems to have a chronic issue when it comes to risk, it's exactly this volatile nature that makes these stocks so popular with momentum investors. The following three stocks managed to come through a bad start to the month unscathed, and with their high growth and favourable analyst ratings, they represent some of the best quality legal marijuana investments on the **TSX**.

### Aphria (TSX:APHA)(NYSE:APHA)

Ending last week with impressive five-day gains of 8.29%, Aphria was looking about like a solid frontrunning marijuana stock. Some decent growth and momentum makes Aphria a moderate to strong buy, while a P/B of 1.38 times book suggests relatively good value for money in a fairly expensive sector that shows no signs of settling lower.

Negative one-year returns might be a concern for some investors at this stage in the game, as might an estimated negative earnings growth rate for the end of the year; however, over the next one to three years, an estimated earnings growth rate of 101.9% could reward long-term stockholders.

### Cronos ([TSX:CRON](#))([NASDAQ:CRON](#))

While the average signal for this stock is a hold, analysts at **Merrill Lynch** just reversed their opinion of this popular pot stock, switching it up from underperformed to *buy*. Good news for stockholders, then, though with a rising share price the upside margin is narrowing, with five-day gains of 10.58% at the end of last week, making for a risky but potentially lucrative play on volatility.

Speaking of volatility, a 36-month beta of 5.06 is one of the highest among the top tier in the [marijuana sector](#), giving momentum investors plenty to play with. Indeed, with 116% returns in the past 12 months making for a solid track record and an estimated earnings growth rate by the end of this fiscal year of 63.64%, Cronos is definitely one to watch this summer.

## HEXO ([TSX:HEXO](#))

With a five-day loss of 1.85%, HEXO is nevertheless starting to improve after a general decline that began at the beginning of May, up 1.67% at close of play at the time of writing. With a high estimated earnings growth rate of 63% over the next three years and impressive year-on-year returns of 65.24%, HEXO is an outperforming stock with similar momentum to Cronos.

## The bottom line

Cronos' P/B of 7.4 times book is a little on the chunky side, making even HEXO's P/B of 4.81 look reasonable. Indeed, the latter stock might arguably be the better buy of the two, although overall Aphria represents better value for money and the bigger profit margin. At the end of the day, however, any position a new investor takes in a marijuana stock will depend largely on their bullishness on weed in combination with market volatility.

### CATEGORY

1. Cannabis Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)
2. TSX:CRON (Cronos Group)
3. TSX:HEXO (HEXO Corp.)
4. TSX:HMMJ (Horizons Marijuana Life Sciences Index ETF)

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