This Is the Only Marijuana Stock You Should Buy

Description

The legalization rollout last year was an incredible opportunity for investors; it represented the culmination of over a year of growing demand and untapped growth potential and made many investors very, very happy.

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Turning towards the present time, much of that opportunity still exists, but with additional players and products in the market, finding those opportunities can be a challenge at times. Adding to that appeal is the highly anticipated next wave of legalization, which is due to follow later this year: edibles.

One stock that has consistently attracted new attention from investors is **Hexo** (TSX:HEXO), and there are several reasons why this should be the stock on the radars of investors everywhere.

With edibles comes another opportunity

Edibles legalization is huge, and while there are going to be a slew of regulations around packaging, dosage sizes, wrapping standards, and just about any other conceivable point to make the product safe and less appealing to minors, it still opens massive potential.

In the case of Hexo, one such opportunity is Truss — the venture that Hexo established with **Molson Coors** that's charged with bringing a cannabis-infused beverage to market. The interesting point to note is that Truss will cater to an entirely new market that doesn't exist today. With a first-to-market advantage over its peers, Hexo is in prime position to capitalize on that potential.

To put that opportunity into context, the entire edibles market is slated to hit nearly $4 billion within the next two years across both the U.S. and Canadian markets.

Hexo and its supply agreements continue to grow

One of the major wins for pot stocks in the run-up to legalization was obtaining a supply agreement from the provinces. While Hexo signed a multi-year agreement with Quebec that included annual increases to supply, the company also obtained access to the supply and distribution of several other provinces through the company's recent acquisition of Newstrike Brands.

That acquisition was also significant because it established Hexo as one of the major players in the market; it's no longer viewed as mainly an acquisition target for the larger players on the market.

With the Newstrike brands acquisition, Hexo now has an annual capacity of near 150,000 kilograms and an increase in production space of 470,000 square feet.

That opportunity also extends outside Canada — a point that is often neglected by investors. Hexo has processing, production, and distribution facilities in Greece, which places the company in a prime position to capitalize on the lucrative E.U. market, which is expected to hit $110 billion over the next decade.

In short, Hexo is full of long-term growth opportunities that more than justify adding the stock to any well-diversified portfolio.

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