



## Under-the-Radar Cannabis Stock Plans Up-Listing to the TSX: Time to Buy?

### Description

Little known but red-hot marijuana growth stock **MediPharm Labs Corp** (TSXV:LABS) could enjoy further exposure after announcing its application to up-list from the **TSX Venture Exchange** to the main TSX yesterday, and there's good reason to anticipate good returns on investment.

The company [has been one of the hottest](#) cannabis stocks so far in 2019 after reporting two consecutive quarters of positive EBITDA in record time. Its share price is trading over 200% high year-to-date, outperforming most other industry leading players except **Village Farms International**.

On Tuesday, the youthful marijuana player applied to graduate from the smaller TSX Venture Exchange platform and up-list its shares to the main Toronto Stock Exchange, the most esteemed, deepest and most liquid equities exchange in the country.

The TSXV has been an incubatory platform for future industry leaders, and MediPharm is seeking an approval to up-list to the main exchange to trade alongside such industry giants as **Canopy Growth** and **Aurora Cannabis**, whose shares once graced the TSXV during their early days.

Trade in the company's shares debuted on the TSXV last year, and the Tuesday announcement of an application to up-list to the main exchange may was made in record time.

### Why buy?

A graduation to the TSX could improve the investing public's perception on the small issuer, as the company would have secured an approval from a stricter senior exchange, a huge vote of confidence by the leading capital market makers on the company's execution on multiple administrative and financial deliverables.

MediPharm hasn't enjoyed much media coverage yet, however. Up-listing to the main exchange could bring increased liquidity in the shares and better visibility for the stock. Some earlier graduates like **Supreme Cannabis** and **HEXO** enjoyed better valuations soon after announcing similar moves.

MediPharm Labs is laser-focused on cannabis extraction, distillation, purification and cannabinoid isolation from dried marijuana purchased from licensed producers. Its business model has already proven to be highly profitable.

New cannabis extracts tolling contracts, bigger private label agreements and new provincial supply agreements recently signed could allow business volumes to grow much faster than that of its closer peers.

## Beware the risk!

It can be a rewarding short-term trading opportunity, but buying into a ticker at such special events is not a very sound long-term investment strategy. Company fundamentals can change dramatically during one's investment horizon, so the business needs be analysed closely.

There has been a number of recent graduates from the incubatory TSXV market to the main exchange since 2018, but not all investors who bought into the expected volume surge have made the money.

For example, investors in **Aleafia Health** shares upon its graduation to the TSX in May this year are sitting over 30% losses at the time of writing, while Supreme Cannabis' shares are trading much lower than their early February highs when trading migrated to the main exchange this year.

Marijuana industry stocks are probably undergoing the usual annual troughs witnessed over the most recent two years, and no one can tell when valuations can be expected to recover, especially given that the expected catalysts that historically supported industry hype aren't that many post recreational legalisation, and recent edibles legislation has come in [more restrictive than could have been desirable](#).

LABS shares have already enjoyed a massive rally this year, and they may be due for a massive correction.

Most noteworthy, MediPharm shares didn't see a trading volume surge after the announcement on Tuesday, as the company has only made an application to the TSX without any assurance that the TSX will approve the application.

I would trade with caution.

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1. Cannabis Stocks
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