



RRSP Investors: 1 Safe Stock to Profit From the Cannabis Wave

Description

Alimentation Couche-Tard (TSX:ATD.B) has joined the cannabis industry officially as a retailer through recognizable brands such as Couche-Tard, Circle K, Ingo, and Topaz. On May 17, 2019, the retailer opened Ontario's first marijuana retail store in partnership with **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC).

Alimentation had announced the partnership with Canopy Growth earlier this year after winning one of the first 25 marijuana retail licenses in Ontario. The agreement will position Alimentation to sell legal cannabis through the "Tweed" brand globally.

Alimentation generates more revenue than any other publicly traded Canadian company. For risk-conscious investors seeking to profit from [marijuana legalization](#), Alimentation Couche-Tard is even safe enough for a registered retirement savings plan (RRSP). Alimentation shares climbed 27% this year and currently yield a dividend of 0.59%.

Alimentation opens first Tweed-branded store

Last month, residents in London, Ontario were the first to experience marijuana's newfound legalization when Alimentation opened a licensed marijuana retail store under Canopy Growth's trademark, Tweed. Following the store's grand opening, the company reiterated positive, forward-looking statements on its multi-year agreement with Canopy Growth in its 2019 Annual Information Form.

The Alcohol and Gaming Commission of Ontario (AGCO) ran a random lottery to issue the first 25 medical cannabis licenses earlier this year. Alimentation won the lottery under the shell company 2674253 Ontario Inc and subsequently partnered with Canopy Growth to sell under the Tweed brand.

Although businesses were only required to submit a \$75 application fee and a \$50,000 letter of credit, the AGCO also mandated a \$6,000 non-refundable fee. The lottery was only open to expressions of interest for five days; interested applicants faced a \$25,000 fine if they were unable to begin retail operations by April 30, 2019.

Alimentation globally connects Canopy Growth

Alimentation is a global franchiser and independent operator of convenience stores. Since 1980, Alimentation has expanded its portfolio to six brands throughout Canada, the United States, Europe, Asia, Mexico, and Central America. The company earns over 40% of its revenue from tobacco products and stands ready to expand its merchandise to cannabis.

Investors can expect the Tweed partnership to galvanize growth in Alimentation's profit margin and Canopy Growth's geographic scope. Without a doubt, Canopy Growth will afford Alimentation stronger access to cannabis operating licenses and intellectual property rights. Meanwhile, Alimentation's international network will expand Canopy Growth's export capabilities heading into the 2020 fiscal year.

Cannabis exports explode

Under current federal laws, organizations may only export cannabis for medical and scientific purposes. Nevertheless, Canopy Growth reported in its March 2019 financial statement that it has already boosted its exports by 643.86% in one year from \$3.7 million to \$27.87 million. For the 2018 fiscal year, Canada Health reports national dried cannabis and cannabidiol exports of 537.5 kilograms and 756.3 litres, respectively.

Canopy Growth has expanded company access to operating licenses and intellectual property rights through [strategic acquisitions](#), including a July 2018 acquisition of Spectrum Cannabis. Spectrum Cannabis began as a legal family medical marijuana business in Colombia following marijuana's legalization in 2016.

Acquisition of this company added over \$50,000 in operating license value to Canopy Growth and access to the South American market.

No doubt about it: Alimentation and Canopy Growth have formed the ideal partnership with strong first-mover advantage into the legal marijuana industry. As one of Canada's strongest publicly traded companies, Alimentation provides conservative investors with safe dividends and reliable capital gains in the quickly growing legal marijuana market.

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1. Cannabis Stocks
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1. Cannabis
2. dividend

3. marijuana

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:WEED (Canopy Growth)

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