



## Forget Aurora Cannabis (TSX:ACB): This Company Is a Better CBD Play

### Description

The Canadian cannabis market is still in its infancy. Despite the exponential increases in sales we have seen over the past two years, the sector will likely continue to reach new highs. Derivative cannabis products, such as vapes and cannabis-infused foods and beverages, are set to become legal by the end of this year. This new opportunity will allow pot firms to continue experiencing astronomical sales growth.

However, investors should remember the CBD market south of the border. With hemp becoming legal late last year, CBD-based products are becoming increasingly popular in the U.S. **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) is currently trying to position itself in this market.

### Aurora's partnership with UFC

Aurora [recently entered a partnership](#) with UFC to conduct clinical research on CBD. The research will focus on the effects of hemp-derived CBD on treatment for MMA athletes. Hemp only contains negligible amounts (typically around 0.3%) of tetrahydrocannabinol, the chemical responsible for the psychoactive effects of weed. Hemp has been hailed for its health benefits, and there is much left to discover as it pertains to the potential applications of hemp to the medical field. That is why this partnership between Aurora and one of the most popular MMA companies in the world is a big deal.

The results of this research could be important for Aurora. After all, there is always a need for innovative medical products. Further, this could provide Aurora with even more high-margin opportunities to pursue. The Canadian dried cannabis market risks suffering from a supply glut somewhere down the line. While the Edmonton-based firm has focused primarily on medical cannabis, it still garners respectable sales from the recreational market. In case margins start being dragged down in the recreational segment, Aurora will be ready to adapt accordingly.

### This company is a better CBD play

While Aurora has made some steps to enter the CBD market, **Charlotte's Web Holdings** ([TSX:CWEB](#)) is a much better option to profit from this high-flying market. CWEB is arguably the leader in the U.S. CBD sector. The firm possesses over 6,000 retail locations across various states in the U.S. and offers

a variegated portfolio of products, including oils, capsules, gummies, and even some products for dogs.

CWEB has also increased its production capacity exponentially over the past few years. In 2018, Charlotte's Web planted 300 acres of hemp, a more than 420% increase from 2017. The firm plans to plant at least 600 acres of hemp this year. This increase in its production capacity has helped spur its sales and revenue growth.

## The bottom line

While Aurora is one of the most prominent cannabis companies in Canada, the firm has yet to make a splash in the U.S. CBD market. CWEB, however, is one of the leading companies in this market. Investors looking to cash in on the increased interest in CBD should consider purchasing shares of Charlotte's Web Holdings.

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1. Cannabis Stocks
2. Investing

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