



Baby Boomers: Should You Avoid All Weed Stocks?

Description

Baby boomers, or those born between 1946 and 1964, have a history with marijuana. In the late 60s and up to the 70s, marijuana rose in popularity. Quite a number of the baby boomers were smoking pot then to get high. Today, baby boomers might seek out marijuana for medical treatment.

And who would have thought that these same users could invest in marijuana companies in the 21st century? But do marijuana stocks have a place in a baby boomer's portfolio?

Decriminalized weed

Marijuana is no longer the "evil weed" after its legalization in Canada. The global legal marijuana market is expected to top US\$66.3 billion by 2025. Both medical and recreational applications of marijuana will drive the industry's massive growth.

Baby boomers could choose to include **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) and **Neptune Wellness** ([TSX:NEPT](#))(NASDAQ:NEPT) in their portfolios. Both marijuana companies have strong growth potentials. The gains from these stocks could be enormous, even with token holdings.

Unique place

Neptune is in a unique position in the cannabis industry. The health and wellness company turned cannabis firm isn't a cannabis grower but a cannabidiol (CBD) extraction service provider. CBD is the chemical compound found in the cannabis plant that doesn't get you high. It is known for its medical benefits.

The launching of CBD derivative products in Canada might be in mid-December. Cannabis companies need Neptune's expertise in extraction. Last June, this \$510.44 million company was able to bag a three-year extraction services agreement with two cannabis producers.

Neptune will extract cannabinoids from 125,000 kilos of cannabis for **Tilray**. The contract with **Green Organic Dutchman**

involves the extraction of cannabinoids from 230,000 kilos of marijuana and hemp. Neptune will also formulate and package the extracted CBDs.

The twin deals assure Neptune of operations and steady cash flow in the next three years. On top of that, its acquisition of SugarLeaf Labs last July will help create a leading extraction platform in North America. It is also in anticipation of the vast hemp-derived CBD market in the U.S.

Global supremacy

Since the growth of the cannabis industry will be on a worldwide scale, baby boomers could consider investing in Aurora. The company has a vast international presence among all the cannabis companies. It's also the leader in terms of production capacity.

Aurora has more than a dozen of cultivation facilities that could combine to produce 700,000 kilograms a year. With export agreements in 25 countries, Aurora could garner a significant market share in both medical and recreational marijuana worldwide. It could also dominate in the high-margin derivative products.

But Aurora couldn't rely on production capacity alone. The company needs to execute well and preserve its low-cost production. If successful, it would give Aurora a superior advantage over competitors and achieve [global market dominance](#).

Invest with caution

As of this writing, the shares of Neptune and Aurora are selling below \$8. Given the positive outlooks for both companies, the prices seem cheap. However, baby boomers should exercise restraint and take only a small position. The cannabis sector is [unpredictable](#). Your money could go up in smoke.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

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