This Industry Is Perfect for ETF Stock Investors

Description

Canadian investors who prefer purchasing stock in exchange-traded funds (ETF) should take a good look at the cannabis ETF, **Horizons Marijuana Life** (TSX:HMMJ).

The cannabis industry is perfect for ETF investors because it is still a relatively new industry with risk on an individual level but guaranteed growth at the industry level.

It's difficult to say which marijuana corporations will be around 10 years from now. Marijuana ETFs should comfort investors who enjoy the safety in diversifying between competing corporations.

The marijuana industry, in its entirety, is a relatively risk less high-growth investment. The chance that plans to legalize marijuana will unravel is infinitesimal. Thus, we know the industry itself will exponentially increase in value over the next decade.

We just don't know which companies will come out the winners and which will lose out on the race. That's where the benefit of an ETF comes into play. ETFs are perfect for new high-growth industries where the individual companies are risky, but the industry as a whole is a winner.

Horizons Marijuana ETF offers a 6.2% dividend yield

The primary advantage in the Horizons ETF over individual stocks is the dividend payment, which the stocks do not provide. The Horizons ETF last gave shareholders a payout of $0.20 per share on June 27.

At the current market price of $13, shareholders can expect a 6.2% dividend yield annually. With the prime interest rate at 3.95% in Canada, shareholders in Horizons receive a nice premium on the investment with minimal risk.

In 2017, the Horizons ETF traded for below $11. The 52-week high on the fund is $27, which the shares hit at the end of last year during the Marijuana 1.0 palooza.

Now that the price has normalized back near to its original price, investors should begin snapping up shares and collecting the above-average dividend returns.

Marijuana ETFs follow industry performance

Pot stocks have been tumbling from speculation-induced bubbles. **Canopy Growth** (TSX:WEED)(NYSE:CGC) has hit a 52-week low of $30.30. Similarly, **Aurora Cannabis** (TSX:ACB)(NYSE:ACB) sits $0.30 above its 52-week low of $6.00 per share at writing.

Because the price for a share in a marijuana ETF closely follows the average cost of a marijuana stock, Horizons Marijuana ETF has been falling along with these stocks. This is nothing to worry about *long-term.*

Risk-conscious investors who take a long-term view on the ETF will stand to gain a high interest of 6.21% annually in dividends plus capital gains in a five-year window.

Side note: Investors who are curious about which stock is the better investment should know that Aurora Cannabis brings in more revenue, boasts a higher gross margin and sells more kilograms of weed than Canopy Growth.

No need to compare company financials with an ETF

If comparing financials between competing companies is not your thing, Horizons Marijuana Life is the best ETF to add to your Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP).

All of Horizons' ETF products are eligible for TFSA and RRSP accounts, including the Marijuana Life ETF.

Canadians who have long-term savings should buy shares in Horizons Marijuana ETF for the 6% interest – and high-growth potential – that they will be hard-pressed to find elsewhere.

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1. TSX:HMMJ (Horizons Marijuana Life Sciences Index ETF)

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