



## TFSA Investors: This Cannabis Company Could Transform Your Portfolio

### Description

If you have a TFSA, high-growth stocks have a ton of appeal, as you'll pay *zero taxes* on your gains. Even if your portfolio triples in value, your money will be shielded from the tax collector.

There are few higher growth markets than cannabis. Most analysts agree that the market could surpass \$100 billion in value by 2030. **Stifel Financial Corp** recently revealed that global sales could eventually exceed \$200 billion. By comparison, the entire North American market spent less than \$10 billion on legal weed in 2017.

Even rosy estimates may ultimately be overly conservative, however. The global cigarette market reached \$888 billion in sales last year and is projected to reach \$1.1 *trillion* in sales by 2024.

The alcohol market is even larger. In 2017, global alcohol sales hit \$1.3 trillion, but by 2026, it's expected to exceed \$1.8 trillion.

Marijuana isn't tobacco or alcohol, but it's clear that appetite for recreational drugs is sky-high. The current forecast of \$100 billion in cannabis sales by 2030 may ultimately dramatically underestimate [pot's true potential](#).

If you want to capitalize on this opportunity, there are few better options than **Cronos Group Inc** ([TSX:CRON](#))(NYSE:CRON).

### Follow the leader

When it comes to highly-regulated, emerging markets, it's best to follow the leader. The opportunity may be massive, but only those with expertise and influence will succeed. Consider the tobacco market.

Today, nearly 90% of the market is controlled by just two companies: **Altria Group Inc** ([NYSE:MO](#)) and **British American Tobacco**, which owns Reynolds American. If you didn't bet on either of these companies, you may have missed out, although 250 billion cigarettes are sold every year in the U.S.

With cannabis, the story will likely be the same. From a regulatory, recreational, economic, and health standpoint, the similarities between pot and tobacco are too large to ignore.

The evolution of the tobacco industry suggests that you should bet on companies with influence and clout to navigate the intense regulatory environment, not to mention the financial power to acquire struggling rivals and push its brands through thick and thin.

Fortunately, there's a direct way you can invest in the Altria of cannabis, as the company owns 45% of one of the largest pot stocks on the market: Cronos Group.

## Join this party

Earlier this year, Altria purchased a 45% in Cronos for \$1.8 billion. It also secured warrants that could eventually give it majority control. When it comes to cannabis partners, it doesn't get much better than Altria.

The future of cannabis won't hinge on producing massive amounts of pot, just as the future of soda didn't hinge on producing massive amount of sugary water. Rather, it'll be brands that matter.

There's a reason **Coca-Cola Co** is able to sell you a mixture of commodities for significantly more than its production costs: brand loyalty. Altria has also cracked the code to branding. Marlboro cigarettes, which Altria owns, has an incredible 44% market share in the U.S.

Branding will matter because at the end of the day, most cannabis is commoditized. It's just like peppers, tomatoes, or onions — consumers don't care which company's logo is on the packaging. But value-add items like soda, snacks, and prepared meals are different.

Companies like **Kraft Heinz Co** have been able to secure recurring, high-margin sales through simple products like macaroni and cheese and ketchup because consumers are buying the brand just as much as they're buying the product.

Altria has proven it can create incredible brands in highly regulated markets. Due to the significant overlap between each market, it's likely it can do the same with cannabis.

### CATEGORY

1. Cannabis Stocks
2. Investing

### POST TAG

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### TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)
2. NYSE:MO (Altria Group, Inc.)
3. TSX:CRON (Cronos Group)

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