



New to Cannabis? 2 Promising Pot Stocks for Beginners

Description

The cannabis market is set for massive growth. You probably already know that, yet the numbers are worth repeating. Over the next decade, global sales are expected to grow by more than 20% per year. By 2030, some analysts believe the market will be worth \$100 billion. Research firms like **Stifel Financial** think it can ultimately reach \$200 billion in annual sales.

Yet the true upside could be even higher than this. Just look at the cigarette or alcohol market, both of which are trillion-dollar industries and continue to grow year after year. It's not often that you get the chance to invest in a market like this, so don't miss your [opportunity](#).

But where to start? There are more than a dozen pot stocks on the market today, and not all are created equal. Some are true contenders, while many are simply pretenders. Don't simply guess which cannabis companies have the most promise. Instead, stick with the firms that have the most data and momentum behind them.

Keep it simple

Cronos Group ([TSX:CRON](#))([NASDAQ:CRON](#)) is perhaps the most ideal pot stock for beginners. That's because it already has a multi-billion-dollar, highly experienced advisor: **Altria Group**.

If you're not familiar with Altria, get acquainted. Formerly known as Phillip Morris, Altria is one of the largest tobacco companies in the world. In the U.S., it has a 50% market share, fueled by its iconic brands like Marlboro. The firm is valued at more than \$100 billion and generates more than \$5 billion in sales every 90 days. If there was ever company that knew how to dominate a highly regulated market, it would be Altria.

Late last year, the company took a \$1.8 billion position in Cronos, injecting it with high-value cash, expertise, influence, and connections. There simply isn't a better partner than Altria, and Cronos was able to secure it as a long-term, exclusive ally.

Other pot stocks aren't so lucky. Many are led by first-time founders who have little experience scaling

into a multi-billion-dollar industry. Others have quality internal teams, yet don't have the relationships necessary to influence or navigate the ever-evolving regulatory landscape.

With Altria by its side, Cronos has advantages that competitors simply cannot match. If you want to de-risk your cannabis investment, this looks like the ideal opportunity.

Go full spectrum

If you want to get creative, **HEXO** ([TSX:HEXO](#))(NYSE:HEXO) could have more long-term upside than Cronos, but the additional risks are clear. Instead of partnering with a single major company like Altria, HEXO is targeting multiple partners across a broad spectrum of cannabis-infused products. It wants to service additional verticals like cannabis-based beverages, cosmetics, and edibles.

HEXO is essentially creating a platform business model, where Fortune 500 companies can tap into its resources and capabilities to spin-up cannabis products quickly and effectively. Already, the company has secured **Molson Coors Canada** as a beverages partner. It now aims to secure additional partners for the other vertical openings.

HEXO is doing everything right, but its future will hinge on its continued ability to attract partners. That's far from certain, but the early acquisition of Molson as a client should give investors hope. This fiscal year, analysts expect HEXO to generate roughly \$100 million in sales. Next fiscal year, sales are expected to approach \$300 million. If those targets are achieved, this \$750 million stock should have plenty of room to run.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis
2. Editor's Choice

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1. NASDAQ:CRON (Cronos Group)
2. NASDAQ:HEXO (HEXO Corp.)
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