



Yuletide Upside: 2 Top Cannabis Stocks to Buy This Winter

Description

The year-old Canadian cannabis industry has already seen more than its fair share of burned investors. Indeed, the **Horizons Marijuana Life Sciences ETF** has lost 42.58% since legalization, with 33% of total losses coming in the last three months.

To take the most extreme example, **CannTrust** has seen 84% of the value wiped off its stock in the last 12 months, while even popular stocks have seen almost half their value scrubbed from the **TSX**.

Canopy Growth has lost 43% since October last year, while **Aphria** (TSX:APHA)(NYSE:APHA) has seen almost 55% wiped off its stock in the last year.

Pot stocks could finally be bottoming out

With **HEXO** ([TSX:HEXO](#))(NYSE:HEXO) finally releasing its Q4, the stock looks viable going forwards, though investors and observers alike were right to be spooked.

A loss that was around three times deeper than suspected is an unwelcome development amid an industry already suffering intense jitters. However, the bounce is happening just as predicted, with a gain of a few points helping to soak up some of those 13% five-day losses.

Indeed, HEXO's business model – adapting to market risks [by adopting a penetration strategy](#) – as well as the pot producer's focus on branding and its deal with Molson to flood the market with cannabis drinks over the holiday period make HEXO a solid play going forward.

Contrarians looking for a bargain have a heady mix of quality indicators here – and they're already realizing that HEXO's bleeding may have stopped.

Meanwhile, Aphria is still riding high this week, heading into mid-week with an over 11% gain over the preceding five days that contrasted starkly with the losses suffered by HEXO over the same period.

Aphria finished the week flat, a far more welcome situation than the pot stock crater left in the TSX in

previous weeks.

It's an exciting time for cannabis investors as edibles and other new asset classes come online after their legalization a couple of weeks ago. As Aphria's marketing VP Megan McCrae puts it, "We're going fast and furious in a lot of product development. You can put cannabis into anything."

With [two positive quarters in succession](#) under its belt, Aphria is looking like an early frontrunner in the cannabis race.

With vaping facing a health crisis, the emphasis on legal, regulated products puts companies like Aphria and HEXO in the spotlight. Meanwhile, HEXO and its giant beverage industry partner will be rolling out CBD-infused drinks over the holiday period in a move that's likely to add instant upside to the pot producer overnight. THC drinks will also be released at some point.

The bottom line

With HEXO's Q4 finally out in the open, cannabis newcomers know what they're getting into with the brand-focused weed company, unlike some of the other names in the industry.

Along with Aphria, a top marijuana company that's been winning in the earnings arena, HEXO is one of the top Canadian pot stocks to add to a wish list this winter; one could see considerable upside once new asset classes come online over the holiday period.

CATEGORY

1. Cannabis Stocks
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