



## Which Cannabis Stock Should You Buy Today: Village Farms (TSX:VFF) or Charlotte's Web (TSX:CWEB)?

### Description

The cannabis sector holds plenty of value opportunities at the moment as investors eye missed earnings expectations across the board. While momentum investors are cashing in, though, longer-term investors with an eye for quality have some decent plays at the moment.

For a mix of value, quality, performance, and long-term prospects, here are two of the best stocks for new cannabis investors to buy today.

### A strong play for greenhouse expertise

**Village Farms** (TSX:VFF)([NASDAQ:VFF](#)) has a lot going for it, though investors who bought the stock for its [mix of cannabis and consumer staples exposure](#) may be concerned that the vegetable growing side of its business may eventually fall by the wayside.

For a new investor coming to cannabis stocks for the first time, though, one of the most positive aspects of its third-quarter results is that Pure Sunfarms dried flower products have captured 16% of the market share and secured the top spot for such sales in October in the Ontario Cannabis Store.

This kind of performance is exactly what new investors seeking [early front-runners in the legal cannabis space](#) should be looking for. Along with strong sales, Village Farms' Q3 showed that three of the best performing dried flower brands on the OCS were Pure Sunfarms products. The Delta 3 greenhouse also got a mention, with production hitting 75,000 kg at the 1.1 million square foot facility.

CEO Michael DeGiglio summed up the performance: "In the 12 months since adult-use cannabis was legalized in Canada in October 2018, Pure Sunfarms has already generated C\$47 million in EBITDA, an especially impressive number given that its operations were ramping up throughout most of that period."

## A brand-focused play for the long-term

**Charlotte's Web** ([TSX:CWEB](#)) has long appeared one of the stronger plays in the cannabis space, and its Q3 report contains a nugget of gold that some investors may be overlooking: Positive year-on-year revenue growth. While growth is slowing, it's still there – in stark contrast to other cannabis companies that are losing money hand over fist. Indeed, Charlotte's Web is looking like an early leader in the CBD space.

As a longer-term play on eventual dominance in a presently crowded marketplace, Charlotte's Web exists in that sweet spot where quality and value meet. While growth is flat sequentially and operating costs are up in the third quarter for Charlotte's Web, earnings still beat reasonable expectations.

And like most stocks in the cannabis space, Charlotte's Web is trading well below its 52-week high, meaning that new investors don't have to worry too much about the loss of momentum that stung early marijuana investors. The fact that Charlotte's Web has pulled in solid year-on-year revenue growth of 41.8% is also encouraging.

## The bottom line

One of the main things that cannabis investors need to be looking at for longer-term positions is management. Both Village Farms and Charlotte's Web have strong management, which means that, combined with steady operational results, both these companies could succeed long-term in the crowded marijuana space. Right now, though, Charlotte's Web looks like the stronger of the two.

### CATEGORY

1. Cannabis Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. NASDAQ:VFF (Village Farms International, Inc.)
2. TSX:CWEB (Charlotte's Web Holdings, Inc.)

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