



## 3 Top Cannabis Stocks to Buy in December

### Description

One of the issues at present with the cannabis space is that investors are getting impatient with businesses that are busy scaling up. While stockholders are waiting to see profitability, pot producers are focused on reinvesting. While this means that earnings misses have been driving share prices deeper into the red, it should be taken as an encouraging sign of business confidence.

Take **Charlotte's Web**, for instance. Investors weren't too impressed by Q3 results showing stalled revenue and EBITDA struggling to tread water. However, this situation arose due to the company investing in growth — something that is likely to continue in the new year and that reflects the behaviour of the industry as a whole. Investors should take reinvestment as a positive sign and go long.

**HEXO** has had a truly challenging few months on the markets, having lost more than 45% of its ticket price and whipping up uncertainty with a run of negative headlines. The new year looks better for HEXO, though, with a focus on cost efficiencies and the [prospect of tailwinds](#) from the Cannabis 2.0 range of legal cannabis products over the holiday period.

### From head shops to headwinds

Investors [looking for Yuletide upside](#) may want to stop looking to cannabis for near-term gains, though. Profitability and market share are going to be hard to come by in an overcrowded market, and as companies reinvest to secure a foothold, investors will have to know what they hold and have the vision to keep holding.

Packing cannabis in a portfolio of stocks built around capital appreciation in the long term is now the best way to play the pot space, with long positions in the top cannabis stocks replacing the high momentum of 2018. Investors should watch for eventual market leadership an industry that is likely to be dominated in the long term by around four or five big names.

**Village Farms** (TSX:VFF)([NASDAQ:VFF](#)) may have disappointed investors with its most recent quarter, but there are two reasons to get invested this month.

First, it's a strong buy on weakness, with the famous vegetable farmer down 37% in the last three months.

Second, Village Farms, via its part-owned cannabis outfit Pure Sunfarms, has shaken hands with Alberta on a deal to supply marijuana goods to the Alberta Gaming, Liquor and Cannabis Commission. The deal strengthens Village Farms's position as a cannabis wholesaler and provides an assured revenue stream — the Holy Grail for cannabis investors seeking profitable companies.

The news immediately bumped Village Farms up by 3%, showing just how amenable the markets are to deal-making and partnerships in the cannabis space.

## The bottom line

Charlotte's Web, HEXO, and Village Farms are all solid favourites among marijuana industry observers, though with limited room at the top, backing the right horse for the long run still remains fraught with risk. While no single cannabis stock is immune from the competitive nature of the space or from the uncertainty of a new and heavily regulated marketplace, there are some clear frontrunners.

### CATEGORY

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

### TICKERS GLOBAL

1. NASDAQ:VFF (Village Farms International, Inc.)

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vhetherington

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