



Which of These 2 Pot Stocks Is a Buy for New Cannabis Investors?

Description

Cannabis is a highly volatile investment, though for capital gains investors, the recent cratering of the sector offers opportunities to get in closer to the ground level. A potential billion-dollar industry, legal cannabis could see four or five big names take the lead in the coming years, and some of today's battered pot stocks could reward with mountains of upside.

A tale of two pot stocks

Should new cannabis investors buy **Village Farms International** (TSX:VFF)([NASDAQ:VFF](#)) or **Aphria** (TSX:APHA)(NYSE:APHA) today? It's a tight race in a crowded market, but one of the two pot producers has the edge.

Both stocks were recognized by the TSX 30, a list of the best-performing tickers over the last three years in terms of share price appreciation. While Aphria came in at number six, Village Farms won bronze for legal cannabis, though the top spot was taken by **Canopy Growth**.

Village Farms is one of North America's largest vegetable producers, making the stock a solid buy for defensive consumer staples — one of its strongest selling points. Pumping out premium-grade bell peppers, tomatoes, and other produce, Village Farms is a [quality play for greenhouse expertise](#).

Aphria, meanwhile, is one of the world's top cannabis suppliers, making it a strong play for geographical diversification, and perhaps the strongest such stock in this regard. With a six-year history, Aphria is active in five continents, pumping out pharma-grade medical pot.

Cannabis investors love a good deal

Village Farms just shook hands, via Pure Sunfarms, with the Alberta Gaming, Liquor & Cannabis Commission (AGLC) to supply it with cannabis products. The deal puts Pure Sunfarms in a strong position, since the AGLC is the only authorized online dealer in the province. The wholesaler will carry Pure Sunfarms's dried flower, included branded pre-rolled product.

As Michael DeGiglio, CEO of Village Farms International, said in a press release: "Alberta has done an outstanding job of rapidly establishing a large retail cannabis store network — more than 330 locations strong — and this new Supply Agreement for Alberta allows Pure Sunfarms, already a leading brand in Ontario and BC, to expand into another of the top three Canadian cannabis markets."

Aphria also got some good news, announcing this week that its subsidiary Aphria Diamond had landed a major financing agreement. The enterprise has secured \$80 million in credit. Furthermore, Diamond will reportedly reach 70% capacity this week, representing 350,000 planted seedlings.

Aphria was also doing well heading into December, up on average by 4.67% last week. Having shed 40% in the past 12 months, Aphria is still an appealing play on weakness, though, having ditched a considerable portion of its share price in the last 12 months.

The bottom line

As with most investments in the legal cannabis space, Aphria is not for the faint of heart and is subject to huge swings in share price. However, its combination of growth, profits, and expectations beats make for a [favourite among cannabis pundits](#). While Village Farms looks solid for the mid- to long term, Aphria still looks like it's got the edge over the competition.

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1. Editor's Choice

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