



This Cannabis Stock Is Building Something Truly Special

Description

The cannabis opportunity is unlike any other. Multi-billion-dollar markets rarely appear virtually overnight. Both novice and veteran investors alike have the chance to [get rich](#).

Just don't assume that every cannabis stock will put you on the road to riches. Think back to the dot-com bubble of the 1990s. There were literally hundreds of internet stocks to invest in. Two decades later, the internet is larger than we ever imagined, but the vast majority of those former winners no longer exist. Often, investors lost everything.

Yet several of the most valuable companies in the world were launched during the bubble, including legendary stocks like **Microsoft** and **Amazon.com**. Pick the right stocks and financial independence can be yours.

Looking at the cannabis market today, you have plenty of investable options. Which stock should you trust with your money? If you want truly lucrative upside, there's one clear choice.

Build something different

The cannabis market is growing fast. This we know. We also know that there's a high probability that it will continue to grow for years, maybe even decades. Market demand has always spiked wherever marijuana has been made legal. With dozens of large markets — not to mention the biggest of all, the U.S. — still lacking federal legalization, the largest growth dominoes are yet to fall.

Yet as we saw with the dot-com bubble, being in a high-growth industry is no guarantee of success. The biggest hurdle that plagues cannabis companies is oversupply. Last year, I warned that commoditization was the biggest risk pot investors faced, even if few analysts were talking about it. This summer, **Tilray** helped tip off the cannabis bear market after it reported a big decline in selling prices.

Pricing pressure will only worsen. Nearly every cannabis producer still plans to ramp production further in 2020. If you want to succeed, you need to do more than grow pot.

Platforms will win

Earlier, I mentioned how Amazon and Microsoft were some of the only companies to not only survive the dot-com bubble but thrive in the years following it. What do they have in common? Both are platform companies.

Platform businesses allow other businesses to build on top of them. Application developers can build on top of Windows, while online merchants can build on top of Amazon's marketplace. If you take away the underlying platforms, everything that is built on top disappears. That's the power of platforms, enabling sky-high customer-retention rates and lucrative network effects.

Hexo ([TSX:HEXO](#))(NYSE:HEXO) is applying the same approach to cannabis, something no other competitor is pursuing.

Instead of simply growing weed or packaging it to create its own brands, HEXO is building the base infrastructure for other businesses to build on top of. This year, it wrapped up construction of a grow facility, research and development centre, as well as a processing, packaging, and distribution facility. Other companies can then tap into this infrastructure to spin up their own cannabis products.

HEXO has already secured pilot partners. This month, its venture with **Molson Coors Canada** will launch its first cannabis-infused beverage. What's more likely to succeed: a new Molson beverage or a beverage from an unknown pot startup? HEXO is betting on the former.

In 2020, HEXO is looking to secure additional partnerships in new verticals like cosmetics, sleep aids, and edibles. If it can validate its cannabis platform model, HEXO could easily become one of the best-performing pot stocks on the market. This is your chance to buy the Amazon and Microsoft of weed.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis
2. Editor's Choice

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