



Don't Buy Canopy Growth (TSX:WEED) Stock: These Pot Stocks Take the Cake

Description

Canopy Growth Corp ([TSX:WEED](#))(NYSE:CGC) is one of the most loved [cannabis stocks](#) on the market. With a valuation of \$8.6 billion, it's also one of the largest.

One of the biggest reasons for Canopy's vaunted position is **Constellation Brands, Inc.** ([NYSE:STZ](#)).

Constellation is a highly successful consumer brand company. With the rights to globally recognized brands like Modelo and Corona, Constellation is the largest beer importer in the U.S., generating more than \$8 billion in annual sales.

Last year, Constellation invested more than \$4 billion into Canopy, forming an exclusive partnership. With the influence, expertise, and financial backing of Constellation, the market fell in love with Canopy. At one point, it had a \$20 billion market cap.

The Canopy-Constellation partnership is powerful, but that doesn't make it the best place to put your money. In fact, if you want to bet on the benefits of that partnership, there are two superior options in which to invest.

Go bigger

If you want to invest in a cannabis stock because it has a high-powered partner, there's no better option than **Cronos Group Inc** ([TSX:CRON](#))(NYSE:CRON).

Pot is a highly regulated market. Navigating these regulations is extraordinarily difficult, especially if you want to be a global player. Every country has different rules.

In the U.S., the largest marijuana market in the world, regulations vary by state, and even by city.

When it comes to navigating complex, ever-evolving regulatory environments, **Altria Group Inc** ([NYSE:MO](#)) takes the cake. This \$100 billion tobacco behemoth has proven an ability to dominate the market for controlled substances. If you invested in Altria stock back in 1979, you would have made *2,000 times*

your original investment.

This year, Altria took a \$1.8 billion position in Cronos. Now Cronos can leverage the influence, connections, expertise, and financial backing of one of the most powerful tobacco companies on the planet. There really isn't a more valuable partner to have.

Go wider

Hexo Corp. ([TSX:HEXO](#))(NYSE:HEXO) realizes the value of a powerful partner, which is why it's taking a different approach — one that will allow it to secure *dozens* of valuable partners.

Rather than simply growing pot and selling it on the open market or investing heavily to build its own cannabis brands, HEXO is partnering with existing companies to co-create products.

For example, it has a deal with **Molson Coors Canada Inc.** that will launch a cannabis-infused beverage in Canada this month.

Ask yourself which one is more likely to succeed: a Molson-branded beverage or a new beverage from an unknown start-up?

HEXO is betting that partnering with existing brands will give it immediate sales traction and customer loyalty. Its cannabis infrastructure is purposefully set up so that any company can co-create products alongside HEXO.

In 2020, expect the company to add new partners in emerging verticals like cosmetics and sleep aids, although consumables will still represent a big opportunity.

Investing in the Canopy-Constellation partnership bets that cannabis beverages will be a huge market. Why not invest in HEXO, then, which is capable of attracting dozens of simultaneous beverage partners?

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NASDAQ:CRON (Cronos Group)
3. NASDAQ:HEXO (HEXO Corp.)
4. NYSE:MO (Altria Group, Inc.)
5. NYSE:STZ (Constellation Brands Inc.)
6. TSX:CRON (Cronos Group)
7. TSX:HEXO (HEXO Corp.)

8. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis

Date

2025/07/21

Date Created

2019/12/10

Author

rvanzo

default watermark

default watermark