



Why Cronos (TSX:CRON) Stock Might Be the Top Pot Investment of 2020

Description

It's time to invest in [pot stocks](#) again. After a difficult 2019, the market is finally regaining its footing, with many top stocks eking out small gains to start the year.

Yet the year ahead won't look anything like the bull market of 2018, where any company even remotely related to marijuana experienced an exponential rise in their share prices. Instead, we'll likely see a more rational rise, with upside accruing the companies that are making real progress and early traction.

When looking at the lessons learned over the past 18 months, several key indicators suggest that **Cronos Group Inc** ([TSX:CRON](#))(NYSE:CRON) could be the best-performing pot stock of 2020.

This is what matters

If you don't have a partner, the year ahead could be difficult. At least that will be the case for pot stocks. For proof, take a look at what happened to **Green Organic Dutchman Holdings Ltd** (TSX:TGOD).

In 2018, the company boasted a \$1 billion market cap, spurred by its recent partnership with **Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB), another multi-billion dollar pot firm.

The deal called for Aurora to assist Green Organic with its infrastructure build out, as well as committed it to buying a huge chunk of Green Organic's cannabis production.

On paper, the deal was perfect. "Teaming up with Aurora, the industry's innovation leader, provides us with a stable, supportive shareholder, through whom we have access to best-in-class technologies and industry know-how, which we believe will significantly accelerate our time to market," said Csaba Reider, President of Green Organic.

Last year, everything fell apart as Aurora pulled out of the deal, opting instead to source its organic cannabis internally.

Suddenly, Green Organic was stuck between a rock and a hard place. Within a few quarters, it would begin ramping up cannabis production aggressively. Following Aurora's withdrawal, however, it no clear buyers.

Today, shares have fallen more than 90% from their peak, assigning the company a valuation of just \$210 million. Green Organic's future remains shrouded in doubt.

The lesson here is simple: If you want the market's trust, have a committed partner willing to invest significant resources to make your cannabis strategy a success.

A most powerful partner

Fortunately, Cronos has one of the most powerful partners imaginable: \$100 billion tobacco behemoth **Altria Group Inc** ([NYSE:MO](#)).

Altria has already done what every cannabis stock today is attempting to do.

In the 1970s, the cigarette industry was ripe with competition and regulation. Over the next few decades, Altria helped consolidate the entire market.

Today, it sells more than 50% of cigarettes in the U.S. under world-renowned brands such as Marlboro. Long-term investors have experienced a total return of more than 20,000%.

After buying more than \$2 billion of Cronos stock, as well as making the company its exclusive cannabis partner, Altria is here to stay. If there's any company in the world capable of creating the next cannabis behemoth, it would be Altria.

If we've learned anything over the last 18 months, it's that partnerships will be a major factoring in whether a pot stock sinks or swims. I can't think of a stronger tie-up than the Cronos-Altria partnership.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:CRON (Cronos Group)
3. NYSE:MO (Altria Group, Inc.)
4. TSX:ACB (Aurora Cannabis)
5. TSX:CRON (Cronos Group)

PARTNER-FEEDS

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

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis

Date

2025/08/16

Date Created

2020/01/12

Author

rvanzo

default watermark

default watermark