



Which Pot Stocks Can Double in Value in 2020?

Description

Nearly every pot stock doubled in value in 2018. Some *quintupled* in value.

Last year was a different story. In 2019, any company related to marijuana was hit hard. Cannabis ETFs finished the year down more than 50%.

The pullback has [laid the groundwork](#) for another bull run in 2020. Many investors have been scared off, but these are exactly the conditions you need for a sharp reversal.

Some of the highest-quality pot stocks are now trading at bargain valuations. If you're willing to take a calculated risk, you could double your money this year with the following stocks.

Go for gold

Green Organic Dutchman Holdings (TSX:TGOD) has more near-term upside than any other stock in the industry. With a market cap of just \$210 million, it's not difficult to see the company surpassing a \$500 million valuation this year. In fact, only a handful of things need to happen.

In 2018, Green Organic was a multi-billion-dollar firm. What happened? While the stock was swept up in the cannabis bull market, investors also fell in love with its powerful partnership with **Aurora Cannabis**, which was worth more than \$10 billion.

Aurora was a heavyweight in the industry, and the partnership committed it to buying a large portion of Green Organic's pot production and obligated it to help construct the company's new grow infrastructure. Having the guidance, capital, and influence of a major cannabis partner was a huge advantage for Green Organic.

Last year, everything fell apart. Aurora completely pulled out of the deal, selling the vast majority of its TGOD stake. The entire investment thesis for Green Organic vanished within weeks.

But the company continued to invest in itself. This year, it expects to produce at least 20,000 kilograms

of organic cannabis, which fetches a 50% premium versus conventional pot. The stock has been left for dead, but this could be its biggest year ever. If the company can prove that its pot can sell quickly at premium prices, shares could reverse course very quickly.

But it's not necessary to swing for the fences to generate impressive returns. The stock below has sizable upside with more mitigated risk.

Hedge your bets

Some pot companies still have their powerful partnerships, yet trade at discounted valuations anyway.

Cronos Group ([TSX:CRON](#))([NASDAQ:CRON](#)) stock fell from \$29 to just \$9 last year, resulting in a market cap of \$3.4 billion. Yet its blockbuster deal with **Altria Group** ([NYSE:MO](#)), which has a \$100 billion market cap, is just getting started.

Last year, Altria invested \$1.8 billion in Cronos, making the company its exclusive cannabis partner. This instantly made Cronos one of the most well-capitalized competitors in the industry. With a 50% market share for cigarettes in the U.S., not to mention world-famous brands like Marlboro, Altria has a proven track record of dominating regulated markets.

Despite the contraction in share price, Cronos has only started to leverage this relationship. In a decade, the company stands a good chance at being one of the largest pot companies on the planet. If the pot market rebounds this year, expect Cronos to be a top pick for new investment dollars.

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