



Like Canopy Growth (TSX:WEED)? This Pot Stock Is Even Better

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) is a favourite among cannabis investors. With a \$10.3 billion market cap, the stock is priced above nearly every competitor. One of the biggest reasons for this valuation is Canopy's partnership with **Constellation Brands**.

With a \$40 billion valuation, Constellation is an industry heavyweight, too. But instead of pot, Constellation is focused on alcohol. Last year, it was one of the largest alcoholic beverage distributors in North America, controlling renowned brands such as Corona, Robert Mondavi, Modelo, and dozens more.

When the marijuana bull market started gaining steam, Constellation invested billions into Canopy, making it one of the best-capitalized companies in the industry. The market is clearly pricing in future help, possibly in the form of a major distribution deal. Ultimately, many investors are wagering that Constellation will completely acquire Canopy, likely at a premium price.

It's easy to connect the dots here. The cannabis market is eventually expected to be worth well more than \$100 billion. Global alcohol sales, meanwhile, already surpass \$1 *trillion*. With Constellation's help, Canopy can dominate the next big thing in pot: cannabis-infused beverages.

But you'd be mistaken to believe the Constellation-Canopy tie-up is the only way to bet on this opportunity. There's a much smaller company, with significantly [more upside](#), that is ready to surprise the entire market.

Platform or bust

Over the last year or two, cannabis companies have been scrambling to ramp raw cannabis output. Armed with massive grow facilities, these firms are either selling it directly to the market or attempting to brand their production to create customer loyalty. From the beginning, **Hexo** ([TSX:HEXO](#))(NYSE:HEXO) forged a different path.

Instead of competing directly with every other pot company, Hexo opted to launch the industry's first

pot platform. That is, Hexo would provide the base infrastructure for external partners to build *on top of*.

Let's look at a real example.

As mentioned, cannabis-infused beverages will be the next big thing in pot. It has the potential to double or triple the entire market. This opportunity caught the eye of **Molson Coors Canada**, one of the most well-known brands in Canada.

To tap the opportunity, Molson would need to spend millions, if not billions of dollars scaling its own infrastructure. As with most large companies, it wasn't willing to bet its future on a single emerging market. So, instead, Molson looked for partners. With its exclusive partnership with Constellation, Canopy isn't a candidate for would-be partners like this.

Ultimately, Molson chose Hexo. Hexo already has the grow facilities, research and development capabilities, and packaging and distribution centres necessary to scale up a new product quickly and cheaply. No other pot company has the infrastructure that allows any global brand to spin-up pot products this efficiently.

This month, Molson and Hexo expect to release their first cannabis-infused beverages in Canada, beating nearly every competitor to market. With the Molson brand behind it, these products should gain market share quickly.

The true magic of Hexo is that it can replicate this partnership dozens of times. Other pot stocks can only accommodate a single partner. Stocks like Canopy can't bring on *any* new partners, at least at this scale.

If you want as much upside as possible, choose the only cannabis stock that can take advantage of every opportunity and partner available: Hexo.

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