



## TSX Cannabis: Which of These 4 Top Stocks Is a Buy Today?

### Description

The year 2020 is going to be the year that Canadian cannabis stocks finally have to prove themselves. With Ontario turning its retail strategy around, the biggest names in cannabis finally have a chance to achieve profitability.

However, with cash running out and a formidable bank of headwinds bearing down on them, cannabis companies – even the largest ones – could find that it's too little, too late.

So should investors even be buying legal cannabis stocks? The legal cannabis scene is highly volatile, highly competitive, and buffeted continuously by serious headwinds.

Anyone invested in the sector will know that Canadian pot stocks have lost more than half their value in the last 12 months, with some seeing far greater losses.

But pot stock bulls argue that there's upside yet to be gleaned from a sector that – unlike the dotcom bubble – actually displays demand and pumps out tangible product.

With billions of dollars up for grabs, there's certainly a market for cannabis – the field simply needs to be weeded out of the weakest players first.

### Sorting the wheat from the chaff

The market leader and a [top Canadian cannabis stock](#) for the long-term investor, insofar as any cannabis stock can be deemed safe, **Canopy Growth** is reassuringly large cap and comes with the built-in option of cleaning up in the United States, should our nearest neighbour decide to green-light weed at the national level.

Canopy represents the strongest buy for the lower-risk cannabis investor right now.

In terms of production, **Flower** is up there with the best of Canada's legal cannabis outfits, nestling between Canopy and [another frontrunning pot stock](#), **Aphria**. Flower – similar to Aphria – is also a

strong play on growth in the European cannabis market, with both stocks offering investors access to a relatively stable retail environment.

**MedMen**, on the other hand, is a highly volatile stock that's certainly not for the faint of heart. While it has a projected revenue growth forecast in the region of 40% and saw revenue grow by almost 160% in the last 12 months, its cash runway is short and the company may not see profitability soon.

Investors should keep an eye out for MedMen's upcoming second quarter results for guidance before deciding whether to buy.

Meanwhile, if product matters less to momentum investors than market performance, there may be a new play in town: With psychedelics coming hot on the heels of the cannabis boom (and bust), buyers in search of market-disrupting new businesses may be in luck.

Mind Medicine could go public as early as next month, for instance. Capital gains investors in search of steep upside take note: Covering a range of psychedelics, Mind Medicine could be a flash in the pan – or it could spell the beginning of an intriguing new industry packing portfolio-altering IPOs.

## The bottom line

MedMen and Flowr are still attracting cannabis investors – but are they a buy, or is there simply too much uncertainty in the cannabis sector? With the cannabis sector in a state of turbulence, the casual marijuana investor may want to buy Aphria or Canopy stock instead.

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