



## The Best Marijuana Stock to Own for the Next 50 Years

### Description

The past two years have been a roller coaster ride for marijuana investors. In 2018, cannabis stocks were regularly doubling in price. In 2019, they were regularly *halving* in the price.

Despite the whirlwind, the pot industry still has a strong decade of growth ahead of it.

**Cowen Inc.**, the leading voice on cannabis stocks, thinks that the U.S. will generate \$85 billion in sales by 2030. That's up from a previous estimate of \$80 billion. The firm believes federal legalization in the U.S. should occur by the end of the decade.

In Canada, Cowen believes the market size will eventually approach \$5.2 billion. Its previous forecast was \$4.8 billion, so Canadian prospects are also on the rise. Notably, the "Cannabis 2.0" phenomenon could add an additional \$2.3 billion in near-term sales.

The cannabis bear market of 2019 has created some clear [buying opportunities](#); just be sure to pinpoint stocks that can benefit from U.S. legalization and the rise of Cannabis 2.0 in Canada.

### Don't miss this opportunity

How do you tap the biggest cannabis opportunities to come? It's simple: don't do what everybody else is doing.

When cannabis stocks were shooting through the roof in 2018, companies were luring investors with optimistic forecasts for growth. But it wasn't profit growth.

In reality, companies were simply promising to grow incredible amounts of weed, moving from zero production to 20,000 kilograms of annual capacity in as little as 15 months. Investors were smitten.

But we eventually learned that, like other crops, cannabis would be subject to pricing commoditization. Nearly every company has dealt with falling selling prices, which should only continue as industry supply ramps.

How to do you prevent pricing erosion in a commoditized market? One word: branding. Branding is the reason why **Coca-Cola Co** can sell you five cents worth of commodities for a dollar. No one else is selling what Coke offers, even if the base ingredients are available anywhere.

Cannabis companies have caught on, and are now attempting to create their own brands from scratch. What percentage of these upstart brands will succeed in having millions of consumers remain loyal to them? Likely not many.

The best way to create a brand that customers know and love is to leverage a brand that customers already know and love. That's just what **Hexo Corp.** ([TSX:HEXO](#))(NYSE:HEXO) is doing.

Hexo's management team realized a long time ago that it couldn't create billions in market value all on its own. Rather, it focused on building the industry's first platform.

Hexo now has world-class research and development facilities, massive grow houses, and packaging and distribution capabilities. Any outside company with an existing brand can quickly and efficiently tap into Hexo's infrastructure to spin-up cannabis products.

Here's an example. Last year, Hexo worked with **Molson Coors Canada Inc.** to co-create cannabis drinks. The products should hit shelves this month. What's more likely to succeed: a Molson-branded cannabis drink or a beverage from an unknown pot start-up? Hexo is betting on the former.

With a \$475 million market cap, investors haven't caught on to how powerful Hexo's business model is. It's already attracted Fortune 500 partners, and this year, it plans on closing several more.

It doesn't matter where these companies are located or what industry they serve, Hexo can deliver on their cannabis needs without requiring them to invest millions of dollars into their own infrastructure.

Which pot stock would I rather own over the next 50 years? The one that can tap literally any cannabis opportunity that presents itself. That's Hexo Corp.

## CATEGORY

1. Cannabis Stocks
2. Investing

## POST TAG

1. Cannabis

## TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NYSE:TAP (Molson Coors Beverage Company)
3. TSX:HEXO (HEXO Corp.)

4. TSX:TPX.B (Molson Coors Canada Inc.)

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