



4 Top TSX Cannabis Stocks to Buy in April

Description

It's easy to assume that cannabis stocks are getting destroyed by the coronavirus market crash. However, this has not necessarily been the case. Several strong names have beaten the **TSX**, leading pundits to ask the question: Is cannabis recession-proof?

Let's take a look at some of the top TSX cannabis names to add to your portfolio this month.

The top TSX cannabis names have one thing in common

Canadian cannabis stocks have seen massive fluctuations in its share price over the past year. There have been some incredible rallies. But what today's four top pot stocks have in common is *cash*. This, right now, is the [single strongest indication of a cannabis buy](#).

Cronos Group has really bucked the trend this last four weeks, returning over 10% and beating the **Horizons Marijuana Life Sciences Index ETF**, which lost 22% in the same period. Cash runways are another good way to single out the strongest cannabis stocks. Cronos wins in this regard, too.

Other stocks with [defensive cash runways](#) include **Aphria** and **Canopy Growth**. Aphria has several solid consecutive quarters under its belt. Canopy, meanwhile, is roundly tipped as an industry leader for the long term.

It also packs industry expertise courtesy of **Constellation Brands** management. **Village Farms**, the fourth stock on today's list, is profitable, giving it a near-endless cash runway.

Village Farms is a popular Canadian cannabis stock for low-risk investors looking for a diversified play. Its mid-November earnings miss was a disappointment and did little to alter the stock's general downward trajectory.

Village Farms' share price has declined 81% year on year. A Q4 earnings miss subsequently stopped a 32% rally in its tracks, turning it into a 10% loss.

It's almost hard to believe that Village Farms name sold for \$22.49 at its 52-week peak. Still, there's a strong resultant value opportunity here, looking at that \$3.90 price tag. There's 80% upside potential if this name were to recover fully in the long-term.

Canadian cannabis resists the coronavirus market crash

There has been limited downside on news that Canadian cannabis stores were to be closed for COVID-19. Stocks like Cronos continued to buck the trend, though, by remaining positive over the weekend. There are two sides to this slow response to the news that cannabis has been deemed a non-essential sector.

On the one hand, most sales still happen online. A rare positive to the uneven Canadian cannabis retail rollout is that closing the stores at this stage shouldn't make a huge amount of difference.

On the other hand, the markets may take time to react. It's reasonable to assume that affected pot stocks may bleed slowly this week as a result. However, all four stocks listed here were positive at the time of writing.

The bottom line

Some of the biggest names on your legal cannabis wish list could become penny stocks overnight. Indexing is therefore not the best idea when it comes to cannabis.

This is a highly volatile, uneven sector, and some names will drag a fund down. Canadian cannabis is still very much a stock-picker's market.

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