



Which Canadian Cannabis Stocks Are the Most Market Crash-Proof?

Description

No business is truly crash-proof. However, there is one quality that can predict which **TSX** cannabis stocks are most resilient to market forces. This single, overriding quality is cash-richness. But which Canadian cannabis stocks are the most cash-rich? Let's take a look at four big names to add to a watch list of Canadian marijuana producers.

Go big, but take your time

Investors should build watch lists and grow positions as the markets deteriorate, which will help reduce capital risk. Nor is this the time for speculating on smaller outfits. Investors should go for big names, but take their time building positions.

Canopy Growth is the biggest, and therefore the most obvious, cannabis stock to build a long position in. This market-leading name has been getting the green light from everyone from Drake to Jim Cramer.

Perhaps more importantly, though, is that it's got enough cash on hand to keep churning out the green stuff without a worry for another 18 months. That's one heck of a cash runway.

Cronos Group is another cash-rich choice for the international cannabis market. This popular name has operations in Poland, Germany, Israel, Colombia, and Australia. This spread of territories offers investors a degree of defensiveness through geographical diversification. Additionally, Cronos is down 60% in the last 12 months, making for a strong value opportunity in a leading name.

Buy cannabis stocks for value and go long on quality

Aphria is a rare cannabis stock in that it is approaching stability in profits. It's a name with a sound, multi-quarter run under its belt. This is reflected in its impressive 21% bull run over the past few weeks. Aphria would be a strong pick for investors seeking the safety of medical cannabis.

This is a relatively stable segment of the cannabis sector with the security of long-term customers and a growing client base.

Speaking of rarefied names, **Village Farms** is a cannabis stock of a different stripe, as it's technically not a cannabis stock, but a vegetable producer. Village Farms is the majority owner of Pure Sunfarms, though, which *does* produce cannabis.

This joint venture makes use of the [world-class greenhouse expertise of Village Farms](#) and already pumps out popular product with impressive market share.

The fact that Village Farms is also a consumer staples name makes it a rare defensive play that packs ready-made profitability and therefore poses lower risk stock for newcomers to cannabis investing. The other three names on this list share a related must-have quality: reliable cash runways.

Canopy, Aphria, and Cronos all benefit from having ample cash on hand to help weather the economic challenges of the new decade.

The bottom line

If you want to [buy the biggest cannabis names for a stock portfolio](#), start off with Canopy. It's got strong industry and analyst recommendations. Canopy also packs some hefty corporate know-how thanks to its Constellation Brands management.

Village Farms is a play for its business diversification and profitability. Aphria has a strong track record, while Cronos is also relatively cash-rich and positioned for CBD upside.

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