



Better Than Shopify (TSX:SHOP), This Pot Stock Could Turn \$10,000 Into \$50,000

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is an incredible e-commerce kingpin whose stock continues to [defy the laws of gravity](#). Amid these unprecedented times, tech stocks riding high on pandemic tailwinds are the place to be, but as valuations continue swelling above and beyond record levels, how much longer can the momentum in such names last?

Over the long haul, Shopify bears will continue to feel the pain. But as the tech-driven rally looks to run out of steam heading into year-end, Shopify is one of many white-hot stocks that could give up the most ground in a growth-to-value rotation in the broader markets.

And if we're due for the timely advent of a coronavirus vaccine, the premium price tag for stocks benefiting from the pandemic could erode, and a sudden correction in some of the frothier tech stocks like Shopify could be in store over the short to medium term.

As the Great One, Wayne Gretzky, once said, you should not skate to where the puck is at, but where it's going next. Although all those frothy tech stocks are capable of roaring higher into year-end, I think it'd be more prudent for high-growth investors to consider some of the [cheaper](#), lesser-known growth stocks out there that can still benefit from some serious multiple expansion.

Fire & Flower has potential to be hotter than Shopify

Consider **Fire & Flower Holdings** ([TSX:FAF](#)), an Edmonton-based cannabis retailer that's still in the early innings of its multi-year growth story. The company has a mere \$162 million market cap, and a valuation that I don't think reflects the risk-adjusted growth that the firm is capable of over the long term. Moreover, I also don't believe investors fully recognize the firm's durable competitive advantage relative to its peers.

The cannabis trade is dead. The pot bubble has burst. Shares of many licensed producers like **Aurora Cannabis** have lost over 90% of their value, as speculators and momentum chasers have

moved on to pandemic-resilient tech stocks. The budding pot industry, which used to be headline news in the lead-up to nationwide legalization, is no longer the hot topic of conversation at the water cooler, and that's precisely why I think the industry is deserving of your attention.

Deep value and growth in cannabis retail?

Fire & Flower may seem like just another run-of-the-mill pot shop that faces growing competition. But with Canadian convenience store behemoth **Alimentation Couche-Tard** standing in its corner, I think Fire & Flower has an unfair advantage, as it looks to expand across Alberta and then the world.

When it comes to physical retailers, it's all about location. The Couche-Flower co-location project in Alberta will allow Fire & Flower to benefit from the large amounts of traffic flowing through Couche's Circle K convenience stores. If there's evidence of mutually beneficial sales trends across co-located Fire & Flower locations, the pilot project may evolve into a low-risk, multi-year expansion plan.

Couche-Tard recently increased its stake in the cannabis retailer, and depending on the magnitude of success with the co-location project; I wouldn't at all be surprised if Couche increases its stake even further.

Foolish takeaway

At the time of writing, Fire & Flower stock trades at a ridiculously low 2.5 times sales. If the co-location project shows success, and Fire & Flower can leverage Couche-Tard's expertise to expand more efficiently, I wouldn't at all be surprised to see FAF stock take off over the next several years, as investors gradually begin to recognize the pot retailer's long-term profitability prospects.

So, if you're looking to turn \$10,000 into \$50,000 in five years, I'd say Fire & Flower gives you a better shot versus the likes of a Shopify, given the pot retailer's competitive advantages, its depressed valuation, and the high growth ceiling in the cannabis retail scene.

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