



1 Pot Stock to Buy Before the Next Surge

Description

Pot stocks had a heyday in 2018. That year, cannabis companies saw their shares double, triple, or even quadruple in price. The industry minted countless [millionaires](#) in a handful of months.

Things changed quickly. In 2019, cannabis stocks entered a rough bear market. The coronavirus pandemic of 2020 pushed valuations even lower.

Right now, many marijuana investors are jaded and dismayed. Some wonder if pot stocks will ever recover. These are the perfect conditions to be a buyer.

Cannabis is a steal

Almost every emerging industry goes through a hype cycle. This model demonstrates how expectations for a new technology or product quickly outpace reality, resulting in a trough of disillusionment. This low-sentiment phase is the best time to be buying, even though it's emotionally the toughest.

"If this hype cycle looks familiar it's because we saw the same thing occur during the tech bubble," [said](#) pot analyst Ray Blanco. "Wild expectations led to a meteoric rise for many tech stocks. But a lot of the hype was overblown."

Hindsight is 20-20, but it was actually a tough sell to get people to buy **Microsoft** and **Amazon** stock in 2003, shortly after the tech bubble burst. Sentiment was at an all-time low, and millions of investors just lost everything. Who would trust tech stocks ever again?

Of course, tech stocks were a screaming buy in 2003. You could have made 100 times your money with the right picks. The same should prove true with pot stocks, which are now *extremely* out of favour but still possess strong long-term growth tailwinds.

Just look at the pot stock below. It used to garner a \$2 billion valuation. Now it's worth just \$400 million.

If you want to make the most money possible during the next cannabis market surge, this pick should top your list.

This is the best pot stock

Hexo ([TSX:HEXO](#))(NYSE:HEXO) isn't like the rest of the cannabis industry. This is by design.

In 2018, every pot stock was rushing to increase raw cannabis production. It was like an arms race for marijuana. The market loved whomever gave the boldest predictions.

Hexo never focused on raw production numbers. Instead, it created the industry's first cannabis platform. That means other companies can build *on top* of its basic infrastructure. This is what makes this pot stock so special.

For example, Hexo partnered with **Molson Coors** to co-create THC-infused beverages in Canada. Hexo provided the raw cannabis, packaging, and distribution facilities, while Molson contributed the beverage know-how and, most importantly, its brand power.

Ask yourself what is more likely to succeed: a cannabis beverage from an unknown startup or a product from a beloved, 100-year-old brand? Hexo and Molson are betting on the latter.

With its platform model, this pot stock can grow faster than any competitor, targeting almost any category. Over the next 12 months, expect Hexo to partner with additional well-known brands to bolster its product offering.

Now trading at a \$400 million valuation, Hexo shares should have immense long-term upside considering the overall market potential could exceed \$100 billion by the end of the decade.

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