2 Top Pot Stocks to Buy in November

Description

Weed stocks aren't the most popular stocks on the **Toronto Stock Exchange** anymore, but that doesn't mean you should ignore them. In fact, they are selling for very low prices today versus where they were last year. Canadian investors should at least have their eye on top cannabis stocks to buy in November.

Here are two pot stocks that you might consider buying in November.

Canopy Growth: A high-growth pot stock

Canopy Growth (TSX:WEED)(NYSE:CGC) fell to $12.96 during the March market sell-off from a 52-week high of $33.86. As of Wednesday, investors are trading the stock for around $24.82 per share.

David Klein, CEO of Canopy Growth, made this statement in the stock's last earnings report to shareholders:

> "We grew our revenue year-over-year and are seeing market share improvement, notably achieving number one market share in cannabis-infused beverages in the Canadian market. We are implementing a renewed corporate strategy with the appointment of a new leadership team which will focus on delivering quality products to our consumers, positioning our business for continued growth. The proposed retooled Acreage announcement refocuses our entry for the evolving U.S. market, where we are seeing increased momentum."

Canopy Growth still has a negative levered free cash flow of -$601.85 million. Moreover, the stock's price-to-sales ratio of 21.67 is high, even for a growth stock. Investors should look at growing free cash flow with a mindfulness over the price-to-sales ratio before buying this pot stock.

Luckily, Canopy Growth is one of the top growth stocks in Canada today. Thus, if you do want to invest in a marijuana stock, Canopy Growth is a strong option.

Aurora Cannabis: A cheaper cannabis option

Aurora Cannabis (TSX:ACB)(NYSE:ACB) was down-trending before the March 2020 sell-off. In the past year, the stock has fallen to a 52-week low of $4.93 from a 52-week high of $61.80. At the time of writing, investors are trading the stock for $5.18 per share.

Aurora Cannabis will report earnings on November 9.

The last time Aurora reported earnings, Miguel Martin, CEO of Aurora, sounded confident in the company's ability to expand revenue:

> "My focus is therefore to re-position the Canadian consumer business immediately. We look to expand beyond the value flower segment, leverage our capabilities in science and product innovation and put our effort on a finite number of emerging growth formats. This entails prioritizing our San Rafael, Aurora and Whistler premium brands in flower, pre-rolls and vapor, which will be shortly followed by strategic marketing and innovation efforts in concentrates and edibles."

Aurora Cannabis also has a negative free cash flow of -$504.87 million. The stock's price-to-sales ratio, however, is much lower than Canopy Growth at 2.21. The reason being is that investors are concerned about debt, low cash, and low revenue-growth numbers.

Cannabis investors shouldn't completely ignore Aurora, especially at around $5 per share. Further, the company is re-strategizing under new CEO Miguel Martin, who just might turn things around for the company.

Foolish takeaway

If you want to buy marijuana stocks, Canopy Growth and Aurora are both great options. At the moment, investors seem to be more confident in Canopy Growth to deliver growing quarterly revenue, which now stands at 22% on a year-over-year basis.

However, Canopy Growth also has a very high market capitalization of around $9 billion when its revenue is only $418.71 million. By comparison, Aurora Cannabis has a market capitalization of $617.37 million, only 2.21 times its current trailing 12-month revenue.

Aurora is the cheaper option, while shareholders have already priced in revenue growth to its share price.

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2. NASDAQ:CGC (Canopy Growth)
3. NASDAQ:HEXO (HEXO Corp.)
4. TSX:ACB (Aurora Cannabis)
5. TSX:HEXO (HEXO Corp.)
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