



## Forget Aurora Cannabis (TSX:ACB): This Pot Stock Soared 360% in November!

### Description

**Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) investors had a great month of November with the troubled pot stock rising an incredible 180%. At the end of October, shares of Aurora were worth just \$5.38. But by Nov. 30, that stock had roared back and rallied to \$15.25 — nearly triple its value from just a month ago.

The company got a boost after releasing first-quarter results that showed a minor increase in cannabis revenue and its net loss of \$108 million was high but a big improvement from the previous period when its loss was \$1.9 billion. In short, Aurora's results didn't have any horrible news attached to them and it gave investors a nice break from large impairment losses and other surprises.

### A boost for the industry

Cannabis stocks as a whole also got a boost during the month after four more states in the U.S. passed ballot initiatives legalizing marijuana for recreational use. There are a total of 15 states in the U.S. now that have passed legislation for recreational pot.

Although that doesn't guarantee that pot will become legal south of the border anytime soon, it's nonetheless generated a lot of bullishness in the industry, and Aurora's stock has benefited from that. But as well as shares of the top pot stock have done in the past month, that still pales in comparison to how **Sundial Growers** (NASDAQ:SUNDL) performed during the period.

### What's behind Sundial's rally?

Sundial's stock skyrocketed 360% during the month of November, although it's a lot easier to accomplish that feat when valuations are low — shares of the Alberta-based pot stock were trading at just US\$0.14 to close out the previous month. The company has benefited from the same trends Aurora has, with greater optimism in the cannabis industry. But there's also been company-specific news that investors are excited about.

When Sundial reported its quarterly results in November, they were underwhelming as its net loss grew in size while its sales were down from the previous period. The big news was that it was undergoing a “strategic alternatives review,” which could mean anything and everything, including a possible sale of the company.

The hype got even bigger on Monday when the company announced “...the elimination of its senior secured second lien convertible notes and further improvements to its balance sheet.”

These are the moves a company may make in trying to clean up its financials for a prospective buyer, but Sundial didn’t allude to any such motivation in its press release. However, the didn’t stop the speculation as the stock price nearly doubled in just one day.

The company has 448,000 square feet of space and could be particularly valuable to a Canadian cannabis company looking to expand its operations in Alberta.

## Key takeaway for investors

Both of these Canadian pot stocks performed well in November, but those gains were mainly been due to speculation. More states legalizing marijuana won’t do much for Canadian cannabis companies that can’t legally sell anything but hemp-based cannabis products in the U.S.

And while there’s growing excitement that Sundial is making itself a more attractive investment, that’s also largely speculative at this point. Plenty of marijuana companies have [struggled over the past year](#) and that hasn’t resulted in much wheeling and dealing in the industry as many producers are in the same boat. Seeking out acquisitions simply isn’t a priority for many cannabis stocks in Canada.

Investors should be careful with both Aurora and Sundial as neither stock is a terribly safe buy right now and it’s anyone’s guess where their share prices might go in the next month. There are [much better pot stocks](#) out there for investors to buy today.

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