



Gold and Cannabis: 4 Top Stocks to Buy and Hold

Description

Buying and holding cannabis stocks is still a relatively new idea. These types of stocks have generated more hype as momentum names to trade in the short term. But several cannabis producers are shaping up to be long-term buys. From eventual market dominance to merger potential, let's explore the froth for hints of quality. Plus, gold stocks are teetering on the value-growth divide, but which ones are buys?

Pot stocks rallied in 2020 despite a rocky start

Before this bizarre year hit, cannabis markets were already highly volatile. Some cannabis investors may already have felt rightly justified in giving up on embattled names like **HEXO** after an 18-month run of disappointments. But the most bullish of its acolytes are now reaping the rewards of their loyalty.

A post-legalization wasteland of pot stock trading has left HEXO with a price to book of just 1.2. With shares now selling at just \$5.50 apiece, HEXO could have more downside than upside. A cheap stock, to be sure, but one that is nevertheless selling at five times its median consensus target. After gaining 40% in just four weeks, this is looking like one to trim for the time being.

It's not just a cannabis stock...

Village Farms International (TSX:VFF)([NASDAQ:VFF](#)) is an interesting play. For those cannabis investors who need an excuse (other than upside in a new industry) to buy in, Village Farms offers at least two. The most obvious is that Village Farms is also big into agricultural produce.

As a cannabis stock, Village Farms's exposure comes via its Pure Sunfarms operations. Pumping out tomatoes, bell peppers, and cucumbers, Village Farms is also consumer staples pick masquerading as a momentum stock. There's also a bit of energy production here, too. And while the latter might not qualify for inclusion in a green economy portfolio, there's that second excuse to favour this [promising marijuana play](#).

Going for gold stocks in 2021

Newmont ([TSX:NGT](#))([NYSE:NEM](#)) got overlooked this year when Warren Buffett singled out one of its closest competitors for a bit of uncharacteristic gold investing. However, Newmont is in some ways a stronger stock than many of its peers. While last year's attractive valuation has been nibbled away but this years [gold bull run](#), Newmont still packs a punch for its price tag.

Lundin Mining ([TSX:LUN](#)) is better known for its copper production than for providing access to gold markets. Zinc and nickel also feature high up on its list of mined metals. But Lundin Mining does indeed count gold assets among its selling points. In some ways, the growth and value stocks of 2020 are inversions of each other. Lundin's three-month gains of 40%, for example, go some way to explain a P/E of 40 times earnings.

One thing that gold stocks have over cannabis names is the ability to add passive income to a personal investment portfolio. Dividend investors should take another look at Newmont's moderate yield of 2.6%. Likewise, Lundin's 1.5% dividend yield may appeal to the type of shareholder who appreciates some on-the-side income while their shares are appreciating.

CATEGORY

1. Cannabis Stocks
2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks

POST TAG

1. Cannabis Stocks
2. Gold

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NASDAQ:VFF (Village Farms International, Inc.)
3. NYSE:NEM (Newmont Mining Corporation)
4. TSX:HEXO (HEXO Corp.)
5. TSX:LUN (Lundin Mining Corporation)
6. TSX:NGT (Newmont Mining Corporation)

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