



## Canadian Stocks to Buy: This Cannabis Stock Is Poised to Soar in 2021!

### Description

The fact that **Curaleaf** (TSXV:CURA) is listed on the Canadian Venture exchange means it's perhaps less known than some of its Canadian counterparts. That said, I think this stock provides excellent leverage to the cannabis trade as it pertains to the U.S. election results. Potential legalization could help this stock skyrocket relative to its peers in the years to come.

### The U.S. election was a big deal for this company

In November, five additional U.S. states voted to legalize marijuana. This has increased the total existing market size for Curaleaf and its competitors. This has also paved the way for additional speculation that Federal legalization could be on the horizon. A [Biden win and a Democrat-run Senate](#) bode well for the legalization thesis for cannabis in the U.S. sometime in the next four years.

If legislative reform does take place, companies like Curaleaf could skyrocket in the years to come. I think the tailwinds behind this stock are deserved and significant.

The company's U.S. holdings are substantial. In fact, Curaleaf is the largest cannabis producer globally in terms of revenue. As a true multi-state cannabis player in the U.S., Curaleaf is one of the only companies with access to U.S. THC markets right now. Other Canadian players will be playing catch up in this regard, with the race to grab as much recreational market share as they can heating up. I think Curaleaf is in a much better position to take a big market share lead over the coming year. With legalization only a possibility right now, the wider the market share lead Curaleaf can amass, the harder it will be for its peers to effectively compete.

### Vertically integrated operations

The ability for Curaleaf to grow its market share in recreational marijuana is largely due to its impressively vertically integrated business model in the United States. The company has a wide geographic presence in the U.S., with cultivation and facilities in 23 states. Curaleaf has well-known upstream marijuana cultivation facilities. In terms of midstream processing facilities, Curaleaf is gaining

traction in growing its vapes, oils, and other high-margin products businesses. Additionally, Curaleaf has impressive downstream operations, with almost 100 dispensaries active in the U.S., and many more to come.

I think more investors ought to focus on the dozens of processing facilities Curaleaf operates. This is because the value-added products the company produces provide inherently higher margins and greater long-term growth potential. I think this is going to be the key focus for investors moving forward — the ability to generate improved margins, cash flow, and bottom-line earnings.

## Growth trajectory impressive

The U.S. cannabis market, unlike the Canadian cannabis market, is undersupplied. Better supply/demand fundamentals make for a very long runway for growth for Curaleaf relative to its peers.

Curaleaf has the potential to grow in both an organic and acquisition-oriented way. Given the rollout of dispensaries we've seen in recent years, Curaleaf's expertise in the domain provides a real runway for further growth.

Additionally, the company has engaged in a couple acquisitions last year that some analysts view as transformational in nature. I think Curaleaf could continue to grow via acquisition over time as a means of cementing its market share advantage. Indeed, any time a company can build out a durable competitive advantage, investors should take notice.

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