



4 Top Cannabis Stocks to Buy Right Now

Description

The cannabis sector had witnessed strong buying earlier this year amid optimism over the increased legalization and improving operating metrics. However, the sector has been under pressure in the last three months amid concerns over speculative trading and higher valuation. Meanwhile, the selloff offers an excellent buying opportunity given the expansion in cannabis sales. So, here are four top Canadian cannabis stocks that you can buy right now.

Tilray

My first pick is **Tilray** ([NASDAQ:TLRY](#)), which recently [completed its merger with Aphria](#) to form the largest cannabis company in the world. Further, the merger has expanded the company's product offerings while providing low-cost cultivation, processing, and manufacturing facilities. With E.U. GMP-certified production facility in Portugal and a strong distribution network in Germany, the company is well equipped to pursue its growth opportunities in the international markets.

With its two strong verticals, SweetWater and Manitoba Harvest, the company could expand its presence in the highly lucrative United States cannabis market. Further, the synergy between the two companies could save around \$100 million over the next 18 months. So, amid the expanding cannabis market, I expect Tilray to deliver superior performance over the next two years.

Canopy Growth

Second on my list is **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), which is looking at expanding its market share in the Canadian recreation sector through **AV Cannabis** and **Supreme Cannabis** acquisitions. These acquisitions could strengthen its brand portfolio, expand its distribution network, and boost its research and development.

Further, the company recently expanded the availability of its Quatreau branded CBD beverages by launching the brand in the United States. It has also partnered with **Southern Glazer's** to distribute its CBD-infused beverages across the country. Along with these initiatives, it owns warrants to acquire

Acreage Holdings

once the U.S. federal government legalizes cannabis. Canopy Growth's financial position also looks healthy, with its cash and cash equivalents standing at \$1.59 billion at the end of December 31. So, I believe investors should utilize the steep correction in the company's stock price to [accumulate the stock to earn superior returns](#).

HEXO

Through its joint venture with **Molson Coors Canada**, **Hexo** ([TSX:HEXO](#))(NYSE:HEXO) has introduced several cannabis-infused beverages in Canada. These products have helped the company in acquiring a substantial market share in the cannabis-infused beverage segment. Meanwhile, the company's recent acquisition of **Zenabis Global** has strengthened its position in the Canadian recreational market. It could also deliver around \$20 million in savings over the next 12 months due to the synergy between the two companies.

HEXO is looking at partnering with multinational consumer packaged goods companies to launch its edible products in the United States. It has also acquired a production facility in Colorado to support its growth prospects. Further, the company is also looking at raising around \$500 million over the next 25 months, which could support its growth initiatives. Given its healthy growth prospects, I am bullish on HEXO.

Aurora Cannabis

My final pick is **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB), which has lost 57.3% of its stock value from its February highs. Along with the weakness in the cannabis sector, the lower-than-expected third-quarter results have dragged the company's stock price down. Meanwhile, the company grew its medical cannabis sales in both domestic and international markets during the quarter. It also lowered its SG&A expenses by 42% on a year-over-year basis.

Further, the company has taken initiatives to deliver cost savings of \$60-\$80 million over the next 12-18 months. These initiatives could help the company in moving towards profitability. Despite having \$525 million of cash, the company plans to raise around \$300 million through new equity offerings. These proceeds could help the company in carrying out its acquisition plans in the United States. So, the company's growth prospects look healthy and could deliver strong returns over the next two years.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

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

7. TSX:WEED (Canopy Growth)

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