



Pot Stocks: Which Pick Offers the Most Potential?

Description

It was just about five years ago when pot stocks, led by **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), started an incredible years-long rally leading up to legalization in the sector.

This rally created a tonne of excitement around these stocks and saw investors earn huge returns in a short amount of time.

From where Canopy was exactly five years ago, the stock gained as much as 2,000% ahead of legalization before selling off to its current level, which is still impressive. In the last five years, investors have seen a total return of more than 660% from the Canadian pot stock, despite little momentum in the industry these days.

So you may be wondering after all this time if the sector can even produce any high-potential [growth stocks](#) anymore.

Pot stocks: Can you still earn a major return?

Despite the optimism from investors ahead of legalization and the volatile rallies we saw, it was always going to take some time for these businesses to go through growing pains and for the industry itself to crowd out the black market.

Now, though, after a few years of operations, companies are starting to get their feet under them, and the best businesses have begun to separate themselves.

There are still massive industry leaders like Canopy Growth to consider. However, there are also smaller companies showing a tonne of promise, especially over the long term.

So if you're still bullish on the industry, one of the top Canadian pot stocks I'd consider is **OrganiGram Holdings** ([TSX:OGI](#))([NASDAQ:OGI](#)).

The company with the most potential

OrganiGram was one of the early cannabis stocks in Canada and has long been a solid company. However, it's never quite been an investor favourite or one of the large and more dominant stocks, such as Canopy.

Nevertheless, OrganiGram has always stayed the course and stuck with its own long-term strategy. The company operates out of Moncton but has recently leased a new facility in Winnipeg for its growing edibles business.

The pot stock has always been an intriguing pick, with its state-of-the-art, three-level cultivation facility. More recently, though, OrganiGram has become an investor and analyst favourite in the industry.

Its strategy and execution are outperforming its peers, resulting in OrganiGram continuing to post solid growth numbers. Its impressive performance even caught the attention of **British American Tobacco**, which bought a 20% stake.

This may not have been that noteworthy a few years ago when companies were doing deals all the time. However, optimism to do deals in the [cannabis space](#) from major corporations has been low for some time, so in my view, it's a significant investment.

The company also has a strong balance sheet and has been progressing well. Not only are its sales growing, but so are the number of products it offers.

Bottom line

Although OrganiGram looks to be one of the pot stocks with the most potential, it still could be a long way from reaching profitability.

That doesn't mean the stock is not worth an investment today. It just means if you're going to buy OrganiGram or any other pot stock, it has to be for the long-term.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NASDAQ:OGI (OrganiGram)
3. TSX:OGI (OrganiGram)
4. TSX:WEED (Canopy Growth)

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