

The Top 3 Cannabis Stocks to Own for the Next Five Years

It's become tough to ignore the cannabis story.

Canada just approved its recreational use. More U.S. states are legalizing its use. In fact, Illinois just approved its recreational use with many more states likely to follow. Corporate America is using CBD and hemp oil in everything from lotions and pain balm to beverages. President Trump signed the 2018 Farm Bill into law.

However, that's just the start.

2020 could be a monster year for cannabis stocks.

For one, Cannabis 2.0 has officially arrived, allowing Canadian producers to ship derivatives products. Two, more states are jumping on board the cannabis legalization bandwagon. In fact, Illinois just joined 10 other states to legalize recreational cannabis with several more states likely to put cannabis on the ballot for November 2020.

Three, according to the Pew Research Center, 67% of Americans now support its legalization. And four, with the presidential election nearing, one of the big platforms has been cannabis. Plenty of candidates, in addition to President Trump have voiced their support. And, at this point, according to MarketWatch, it's no longer a question of if the federal government will legalize cannabis, but when.

So, while cannabis stocks have struggled over the last few months with debt, and supply-demand issues, there are plenty of powerful catalysts straight ahead.

Canopy Growth Corporation (NYSE:CGC)

At the start of 2020, we recommended the stock around \$21.09. It's now up to \$24.55 and still running. Not only is Cannabis 2.0 fueling optimism, but so is the new CEO. David Klein just took the helm, which Bank of America analysts Christopher Carey called "a clear win for Canopy" and "an important step in moving its leadership from visionaries... to operators."



In addition, CGC may be a buyout in the New Year. Cantor Fitzgerald analysts are predicting a "two-thirds probability" Constellation could soon bid for the part of Canopy it doesn't already own. At the moment, STZ owns 38% of Canopy Growth stock.

OrganiGram Holdings (NASDAQ:OGI)

Aside from Canopy Growth, OrganiGram is showing signs of life thanks to cannabis. Net revenue ran to C\$25.2 million (\$19.3 million) from C\$12.4 million year over year, beating estimates for C\$21 million. "Our

team was also successful in shipping the first of our Rec 2.0 products as planned and on schedule in December of 2019," Organigram Chief Executive Greg Engel said. "We also look forward to the launch of the remainder of our vape pen portfolio followed soon after by our premium cannabis-infused chocolate products."



Charlotte's Web Holdings (CWBHF)

At the moment, Charlotte's Web Holdings trades around \$7 a share.

However, that may be the cheapest we'll see it again, as its CBD products will soon be in twice as many stores as it was last year at Kroger and CVS. Kroger, for example, will carry its CBD products in 1,350 stores in 22 states. The Vitamin Shoppe will sell CBD gummies in 738 stores.



In addition, "In an increasingly crowded, noisy and confusing CBD market, brands matter, and Charlotte's Web is the most trusted hemp extract in the world," said Deanie Elsner, CEO, as quoted in the company's press release. "Consumers are becoming more informed about product ingredients, production quality, and variances between CBD isolate and full spectrum hemp extract efficacy. Consumer education is increasing and a 68% year-over-year increase in traffic through our online store drove Q3 B2C sales to new highs."

The CEO also updated revenue guidance.

"We're pleased with our growth of 42% for Q3 and 49.6% year-to-date. We expect full year revenue for 2019 to be in the range of \$95 to \$100 million and to maintain growth rates for 2020 in the 40% to 50% range or until clear regulations are set."