

Three Pot Stocks that Could Dominate the Market in 2019

Marijuana stocks will be the hottest trades of 2019.

It's why we've consistently recommended taking positions in the sector.

On December 19, 2018, we mentioned:

- New Age Beverages (NBEV) at \$6.30. It's now up to \$7.15.
- Aurora Cannabis (ACB) at \$5.45. It's now up to \$7.40.
- Canopy Growth (CGC) at \$28.06. It's now up to \$48.88.

On January 16, 2019, we mentioned:

- Tilray Inc. (TLRY) at \$82.04. It's now up to \$81.91.
- Aurora Cannabis (ACB) at \$7.16. It's now up to \$7.40.
- Horizons Marijuana Life ETF (HMLSF) at \$13.50. It's now up to \$16.

Today, we are recommending even more. Here's why.

Marijuana reform is quickly sweeping across the U.S.

Ten states and Washington, DC have now legalized marijuana for recreational use. A total of 33 states have legalized it for medical marijuana.

Now, it appears more states are jumping on the bandwagon.

"From states on the east coast like Connecticut, where the new governor has openly advocated for legalization, to more conservative states like Kentucky, lawmakers across the nation are realizing more and more that they need to step up and take action, and if they don't, they will lose their jobs," NORML State Policies Coordinator Carly Wolf said, as quoted by *Cannabis Business Times*. "It is clear that reform is supported by the American public, regardless of where one stands on the political spectrum. Should these policies in other states have been ineffective or unfavorable, surely we would not be seeing this rapid increase in public and political support."

What we have to consider is that as more states approve its use, the higher related stocks will go.

States Pushing for Legalization

In West Virginia for example, Delegate Mick Bates introduced HB 2331 that would legalize marijuana and allow counties to approve its production and sale.

In Minnesota, Senator Melisa Franzen and Rep. Mike Freiberg introduced Senate Bill 619 and House Bill 420 in late January 2019 to legalize marijuana. Even better, Governor Tim Walz is supportive of such legislation and will sign into law should it passed state legislature.

In New Mexico, legislators introduced HB 356 to regulate and tax adult-use cannabis.

"I am committed to working with the legislature to move toward legalizing recreational cannabis in a way that improves public safety, boosts state revenues and allows for New Mexico businesses to grow," said Governor Lujan-Grisham, as quoted by *Cannabis Business Times*.

In Wyoming, Republican House Majority Floor Leader Eric Barlow is behind House Bill 278 to legalize medical marijuana in the state. In Nebraska, State Senator Anna Wishart introduced the Adopt Medical

Cannabis Act.

In New Hampshire, State Rep. Renny Cushing introduced an adult-use legalization bill (HB 481) that would allow for the possession of up to an ounce of marijuana.

Even South Carolina, Kentucky, and Connecticut are behind legislation.

As this sweeps the country, the opportunities to make riches from the cannabis boom are really off the charts. This is an opportunity smart investors should not ignore.

Three of the Top Pot Stocks to Own on the News

Opportunity No. 1 – OrganiGram Holdings (OGRMF)

One to watch for potential listing is OrganiGram Holdings (OGRMF) – which produces and sells medical marijuana in Canada. As Canada moves to legalize marijuana use on the federal level, the company is ramping up production to capitalize on new market opportunities as an existing licensed producer. An active expansion includes a 15,000 sq. ft. extract processing facility that could prove quite useful, as the market begins to explode.



Opportunity No. 2 – CannTrust Holdings (CNTTF)

Over the last few weeks, the company applied to list its shares on the NYSE. "CannTrust has firmly established itself as one of the top licensed producers in Canada with a global platform rooted in trust, science and innovation," CannTrust CEO Peter Aceto said. "A listing on the NYSE is a natural step forward in our evolution as we look to broaden our investor base, increase the company's exposure and expand our business on an international scale."



Better yet, the company is targeting 100,000 kilograms of annual production capacity. Should it deliver on that target, it would be among the biggest Canadian marijuana stocks. Plus, thanks in large part to growing acceptance of cannabis – including Canada's legalization in October 2018, further U.S. state approval, and growing interest from corporate America, the global market is expected to reach \$146.4 billion by 2025, according to Grand View Research Inc. from \$7.06 billion in 2016.

Opportunity No. 3 – Canopy Growth (CGC)

CGC could produce up to 500,000 kilograms of annual peak output, and is also attracting substantial interest from corporate America. Remember, Constellation Brands invested billions in the company and now holds a 37% equity stake. In addition, Canopy is also investing between \$100 million and \$150 million in a hemp processing facility in New York after being awarded a license to do so.



CGC is one of the most well-known pot stocks on the market.

It doesn't hurt that Piper Jaffray analysts just initiated coverage on the stock with a \$40 price target – a 33% premium over current prices. Better yet, Constellation Brands (which invested \$4 billion in CGC) noted that Canopy is on track to surpass revenue expectations over the next two years. In fact, Constellation's COO believes CGC could see more than a billion Canadian dollars in revenue over that time.

"We expect continued growth in newly established U.S. states, and more robust growth in Canada as more supply comes online and new form factors hit the market," analysts at Cowen noted. Among the likely beneficiaries, will be Tilray Inc. and Canopy Growth, which it believes will "finally start to see the true benefits of adult use sales and the lapping of upfront investments made in calendar 2018 to scale up ahead of adult use."