



A 5 Stock Small-Cap Portfolio That Can Bring Your Long-Term Returns to the Next Level

Description

If you're looking for a way to beef up your returns over the long run, you may want to take a glimpse at some of the small-cap names on the TSX and TSXV. While blue-chip stocks are the essential core to any portfolio, small-cap stocks can really beef up your returns if your goal is to improve your returns in a sustainable fashion without increasing your risk profile by a substantial amount.

Small-cap stocks aren't for the faint of heart. They can be riskier and a lot more volatile than large-cap stocks. Remember: every business started out small at one point, and that was where growth was likely at its peak.

Here are five solid small-cap names you may wish to scoop up today:

Spin Master Corp. ([TSX:TOY](#))

This is a toy company that's been making a big splash over the last few years. And no, I'm not just referring to the company's acquisition of SwimWays, the manufacturer of outdoor pool products. The company has innovation in its veins, and its ability to continuously produce a lineup of must-have toys allows Spin Master to clock in incredible numbers throughout the year.

This company is capable of delivering high double-digit percentage year-over-year increases across the board, surprising even the most bullish of analysts. These kinds of outstanding results lead to market-crushing returns, and the best part is, there's a lot more to come, as the company readies itself for what'll likely be a [holiday season](#) for the record books.

Cara Operations Ltd. ([TSX:CARA](#))

Cara is in the business of casual dine-in restaurants, which is highly sensitive to the rate of consumer spending. Unlike fast-food restaurants, Cara's casual sit-in dine business is incredibly cyclical, and during tough times, shares are more likely to implode.

Shares of Cara have done just that over the past few years. At the time of writing, Cara is down ~33%

from all-time highs. I think the selling is overdone and the stock could be due for a bounce in 2018, as the company has [made quite a bit of progress](#) over the past year.

The stock is also dirt cheap at 14.87 times trailing earnings, so if value is what you're after, look no further than Cara, the small-cap name behind the iconic Swiss Chalet brand.

StorageVault Canada Inc. (TSXV:SVI)

This is a hot stock that many investors probably haven't heard of, likely because it's trading on the venture exchange. The company is [riding major secular tailwinds](#), so investors would be wise to load up on shares before the general public begins to take notice once the stock graduates to the TSX (in 2018 perhaps?).

Many millennials are downsizing to live closer to urban environments, and that means they can't bring all their stuff with them. As we buy more things while our living spaces shrink, demand for self-storage units are going to continue to soar off the charts.

Boyd Group Income Fund (TSX:BYD.UN)

Boyd is in the incredibly boring, but necessary business of collision repair and auto body shops. With more cars hitting the road, more accidents are going to happen, and as long as they do, Boyd will profit.

The company is a major force in North America, as it continues to acquire and integrate smaller-scale auto repair shops across Canada and the U.S.

Boyd is an M&A story that should grab the attention of many investors, but for now, its small-cap status leaves the company relatively unknown to the general public. The M&A superstar's shares have surged ~530% over the past year, and it looks like the momentum is going to continue for years to come.

Fairfax India Holdings Corp. (TSX:FIH.U)

Fairfax India is a terrific stock for investors looking for exposure to red-hot emerging markets that can deliver superior returns on average over the long term.

Let Prem Watsa, the Warren Buffett of Canada, and his team navigate the Indian markets for businesses that can deliver ample upside for years to come. Emerging markets and small-cap stocks are a sure-fire way to beef up your portfolio's returns for the long haul.

Fairfax India has dipped ~18% from all-time highs, so I'd strongly consider loading up before shares take off again.

Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:RECP (Recipe Unlimited)
2. TSX:SVI (StorageVault Canada Inc.)
3. TSX:TOY (Spin Master)

PARTNER-FEEDS

1. Msn
2. Newscred
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4. Yahoo CA

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