



Millennials: Bet on These 5 Canadian Small-Cap Stocks for Astounding Long-term Growth

Description

When it comes to long-term growth, it's hard to do better than small-cap stocks. Your odds of locking in a multi-bagger are substantially higher than if you stuck solely with [blue-chip stocks](#) whose capital gains would pale in comparison to a hot up-and-comer over the long-term.

I've compiled a list of five solid Canadian small-cap stocks that I believe will be able to propel today's young investor to a wealthy (potentially early) retirement.

Without further ado, here are the stocks:

Cargojet Inc. ([TSX:CJT](#))

Here's a small-cap company with a virtual monopoly in the overnight express shipping market. With an impressive fleet of high-payout aircraft and a smart management team that knows how to properly utilize its fleet to obtain an above-average return on equity numbers (23% TTM), the stock is chock-full of long-term upside.

The stock is richly valued at 34 times forward earnings, but if you're a bull on the continued rise of e-commerce, the premium price tag is well worth the price of admission.

StorageVault Canada Inc. (TSXV:SVI)

This company is consolidating Canada's fragmented self-storage industry. Canada doesn't have the same supply of "real estate for stuff" as that of our neighbours south of the border, so it's not too far-fetched to see StorageVault pole-vaulting its way to the TSX over the next year as it swells in size one acquisition at a time.

Given the expertise of management and strong secular tailwinds (the 6 D's), I think the company is well on its way to becoming a multi-bagger over the course of the next decade.

Boyd Group Income Fund (TSX:BYD.UN)

Boyd is another low-tech industry consolidator. The company operates auto repair shops in Canada and the U.S. and has been scooping up rivals and juicing significant synergies thanks to the expertise of its management team.

Another snooze-worthy growth-by-acquisition story, but an intriguing one given the remarkably high growth ceiling, leaving many years (even decades) worth of earnings growth opportunities. As long as car accidents happen, Boyd will fare well. The rise of autonomous vehicles (AVs) may put a significant chunk of the company's business in jeopardy over the longer-term, however. But that's in the extremely long-term!

Park Lawn Corp. ([TSX:PLC](#))

This is the only publicly traded funeral company you're going to find on the TSX. Park Lawn is also a growth-by-acquisition story that is looking to consolidate the death industry to provide a higher quality of service to its grieving clients.

While the business may be morbid, the long-term growth runway is compelling to opportunistic investors with a long-term investment horizon. The industry is also extremely recession-resilient as deaths happen whether or not the economy is booming.

K-Bro Linen Inc. ([TSX:KBL](#))

The company is an operator of laundry and linen processing facilities. In layman's terms, the company cleans massive amounts of dirty laundry from hotels, hospitals, retirement residences and the like.

The stock of K-Bro has been [ailing](#) over the past few years.

The stock trades at a 2.0 P/B, and a 2.0 P/S, both of which are lower than the company's five-year historical average multiples of 3.4, and 2.2, respectively. The stock looks pretty inexpensive at these levels, and the 3.1% dividend yield looks like icing on the cake.

Like Park Lawn, K-Bro is a great risk parity name, as even a recession would not reduce the demand for laundry cleaning services. In fact, one could argue that tough times would entice hospitable service providers to launder more of their linen inventories instead of replacing them if they're overly soiled.

I know it's a disgusting thought, but the fact of the matter is that K-Bro offers an essential service that'll be getting a consistent stream of business for the long haul.

Foolish takeaway

These five small-cap stocks have relatively predictable, low-tech firms with high growth ceilings. Whether you're looking to construct an "all-weather" small-cap portfolio or if you want to ride on long-term secular tailwinds, the stocks mentioned in this piece would make a great addition to any young investor's growth portfolio.

Stay hungry. Stay Foolish.

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TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:KBL (K-Bro Linen Inc.)
3. TSX:PLC (Park Lawn Corporation)
4. TSX:SVI (StorageVault Canada Inc.)

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