Keep Your Cool in a Falling Market by Buying These Amazing Small-Cap Stocks

## Description

**Dream Global** (TSX:DRG.UN) is a $2.6-billion-market-cap REIT that had an incredible run, hitting a 52-week high of $15.44 in September, only to have the stock price drop 13% in three weeks. The last time this low-volatility stock dropped by this much was two years ago in October 2015. That being said, the downside risk has been pretty modest. For the trailing 12 months the stock is still up.



The current stock price makes for an attractive entry position. Dream Global's funds from operations (FFO) have grown between 38% and 49% over the last year, making it fairly valued compared to earlier this year.

Dream Global is a commercial business landlord and one of the four companies in the Dream REIT "team." Dream Global lightened the portfolio load in Q2, selling five lower-quality properties, with a total of 234 properties. Many of these existing assets are stunning buildings located in the frothy German market. In April, the *Guardian* reported that Berlin topped the list as the fastest-rising property market for 2017. According to estimates from the International Monetary Fund, Germany's GDP growth is expected to be 1.9% this year, which seems modest until you consider that Europe's largest economy will surpass $4 trillion for GDP by end 2018.

All of this makes for compelling investment conditions. So long as the underlying property assets continue to appreciate, it creates the capital girth to acquire more. Meanwhile, on the back of a stable economy, it means that commercial tenants should be able to pay their bills, and Dream Global can keep occupancy rates across the board hovering at or less than 90%.

But Dream Global should be seem primarily as an income play. The stock went ex-dividend on Oct 15th, but don't feel bad about missing out; these payments are monthly (*cha-ching!)* and add up to $0.80 per share for the year. At the time of writing, share price was $13.45, making the yield just shy of 6%. This dividend appears sustainable out to 2020 as the ratio of dividend over FFO per share will be under 75% so long as estimates are met.

Despite all this great stuff, I'd argue that **Park Lawn** (TSX:PLC) is an even better investment for reasons well articulated by one of the Fool's prolific contributors. I bought shares of this death-industry company during the recent pullback and plan on adding more with time.

The company is a revenue-producing machine, up 47% year to date, on the back of a slew of acquisitions. Saber Management, CMS Mid-Atlantic, Signature Group, and Hansons Arbor are most of the cemetery, funeral home, or crematorium acquisitions from the last 18 months. The largest purchase price was US$123 million for Signature Group, which the company expects will turn into $33 million in annual revenue.

*Holy margins!* You can now see why Park Lawn's 2% dividend remains unchanged. All available free cash flows go towards owning a larger North American footprint, acre by acre. I don't believe some of the rumours that Park Lawn could be a buyout target, although that would be another way to get a massive payout from this steady growth stock.

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