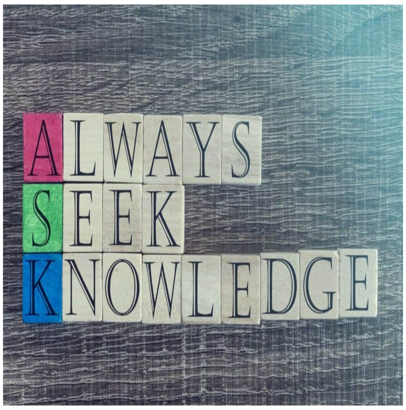

Buy These 3 Stocks for the Price of 1

Description

Infrastructure companies have been in the news a lot lately given the **SNC-Lavalin** (TSX:SNC) debacle.

One infrastructure company that isn't having any legal trouble is **Aecon Group** (TSX:ARE), which announced record 2018 revenues March 6, making it a compelling investment indeed.

Currently trading around $19, you could buy shares in Aecon.

However, I'm not here to talk about Aecon. Instead, I want to provide you with a deal: 3 small-cap stocks for the price of 1. That's right. For $19, you can buy a single share in **Brick Brewing** (TSX:BRB), **Rogers Sugar** (TSX:RSI), and **MAV Beauty Brands** (TSX:MAV).

I like each of this trio of stocks for very different reasons. Investors should consider them mutually exclusive.

Value

A quick look at Brick Brewing's valuation metrics suggests it's anything but a value stock. Trading at 17.7 times cash flow, it's a little less than the five-year historical average of 19.0, but almost twice the multiple for the **S&P/TSX Composite Index**.

So, why do I think it's a value stock?

Brick Brewing announced a partnership in December with **Cannabis Compliance Inc.** to secure a license to make cannabis-infused non-alcoholic beers, teas, and flavoured waters. If you follow the cannabis industry, it's no secret cannabis-infused drinks along with edibles are going to be the real growth market for cannabis, not the dried leaf.

Brick Brewing has invested $43 million over the past five years to expand its Waterloo, Ontario, brewery. While it’s not a sure thing to even secure a license to produce cannabis-infused drinks, I believe the company’s core competence in brewing will ultimately prove to be a lucrative move for Brick’s long-term business.

At less than $4, it’s ready to grow into a $10 stock.

Income

Are you an income investor? If so, Rogers Sugar ought to be in your portfolio. At $6 and change, it currently yields 5.9% from its 9-cent quarterly dividend.

In 2017, Rogers acquired two maple syrup producers for a total $200 million, giving it a natural secondary revenue stream beyond sugar. In the company’s fiscal first quarter ended December 29, 2018, its maple syrup products generated $54.9 million in sales, 12% higher than in the same quarter a year earlier.

While lower sugar prices hurt the company’s overall revenues in the first quarter, the addition of maple products will continue to strengthen Rogers Sugars’ business in the long run.

In fiscal 2019, Rogers Sugar had free cash flow of $46.4 million for a payout ratio of 81.7%, ensuring the dividend’s in no danger of being paid out in the future.

Growth

MAV Beauty Brands went public in July at $14 a share. It’s now trading below $9.

I liked the company’s stock last September when it was trading around $13. I like it even more at today’s prices. However, this is only appropriate for aggressive investors willing to take an above-average risk.

Here’s what I said at the time.

“One of MAV Beauty’s strategies for growth is to conquer the U.S. market. And while many investors snicker whenever a Canadian company proclaims it’s going to take Manhattan so to speak, I think the company’s plan is a good one,” I wrote.

In November, the company announced that revenue in fiscal 2018 would be at least US$95 million with adjusted EBITDA of US$29 million. Its revenue in the third quarter rose 42% to US$26.2 million on strong North American sales.

MAV stock is a diamond in the rough. Buy it now while it’s under $10.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:RSI (Rogers Sugar Inc.)

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1. Investing

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