



3 Top Small Cap Stocks to Buy Right Now

Description

Stocks with small capitalization rates often get a bad reputation. For starters, they are often associated with penny stocks; this cannot be further from the truth. Although they may be more volatile than stocks with larger market caps, it doesn't mean they aren't well-run companies.

In fact, there are many small caps that have performed far better than their larger peers. A small, well-run company has the potential to [deliver outsized gains](#).

When it comes to small caps, investors will want to look for consistency, growth and a positive outlook. With that in mind, here are three top stocks you should considering adding to your portfolio today.

Savaria ([TSX:SIS](#))

Savaria is listed as a diversified industrial, but I prefer to look at it as a play on the health of the population. Savaria designs, engineers, and manufactures products for personal mobility worldwide. This is a well-run company with a history of out performance.

Over the past five years, the company's stock price has shot up 260%! That is a compound annual growth rate in excess of 50 per cent. Savaria's strong showing is not surprising. It has grown earnings at a 20% clip and it is expected to do so again over the next five years.

The company is also a Canadian Dividend Aristocrat with a six-year history of raising dividends. Savaria recently announced the issuance of new shares, which has caused weakness in its share price. It is important to note however, that the company has done this many times in the past as it funds its aggressive growth-through-acquisition strategy. Each time, its stock has rebounded on the ways to new highs.

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

Riding the wave of macro trends, Park Lawn Corp is the only publicly traded stock in the deathcare

business. It owns and operates cemeteries, crematoriums and funeral homes. There are many similarities between Park Lawn and Savaria. Park Lawn shareholders have enjoyed 211% share price appreciation over the past five years and the company has grown earnings by approximately 16% annually over the same period.

Looking forward, analysts expect the company to grow earnings by 23.2 percent annually. Almost to the day of Savaria's announcement, Park Lawn also issued new shares. Once again, this is in line with the company's strategy to consolidate the space through further acquisitions. It is a key component of its growth strategy that has served the company well over the years.

VersaBank (TSX:VB)

Canada's first fully digital Schedule 1 Chartered Bank, VersaBank is a top pick in the financial sector. On the forefront of innovation, VersaBank has thrived since its split from PWC Capital back in 2017. Over the past two years, its stock price has averaged 33% growth.

The company is expected to maintain its 30%+ growth rate over the next couple of years and at these rates, [VersaBank is cheap](#); it's trading at only 9.3 times earnings and below book value (0.79).

The bank is also becoming a viable income option for investors. In late 2017, it introduced its first ever dividend and has since raised it by 50 per cent. With a payout ratio of below 10%, the bank is well positioned to become a dividend all-star.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:PLC (Park Lawn Corporation)
2. TSX:SIS (Savaria Corporation)
3. TSX:VBK (VersaBank)

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