



## 3 Small-Cap Stocks to Buy and Hold for 20 Years

### Description

Are you willing to multiply the value of your portfolio several times over in exchange for a little volatility? That's the promise of the three stocks on this list.

Small-cap stocks, like the ones below, offer significantly more upside than larger competitors. After all, it's easier to double or triple in size as a \$1 billion company than as a \$100 billion firm. There's often more risk by investing in smaller stocks, but the long-term upside has proven worth the cost.

If you want to give your portfolio as much upside as possible over the next several decades, add these three stocks to your buy list.

### Winpak

**Winpak** ([TSX:WPK](#)) runs a boring but profitable business.

Based in Manitoba, the company makes packaging materials to protect food, beverages, and healthcare products. It owns and operates nine production facilities located throughout North America.

Ten years ago, the company was worth less than \$1 billion. Even after an incredible run, the market cap is still only \$2.9 billion. Meanwhile, the market Winpak serves is valued in the hundreds of billions of dollars.

As with many small-cap stocks, there's basically no coverage of Winpak by market analysts. Many days, only a few million dollars' worth of shares are traded. Compare that to **Bank of Nova Scotia**, which often sees billions' worth of shares traded daily.

Next year, the company anticipates earning \$1.89 per share, resulting in a valuation of 23 times forward earnings. That's not a steal, but with decades of above-average growth ahead of it, Winpak shares looks more attractive than most stocks on the TSX.

## Tricon Capital Group

Since 2010, **Tricon** ([TSX:TCN](#)) shares have risen by 73%, roughly double the return of the **S&P/TSX Composite Index**. With a \$1.5 billion market cap, it's easy to see how shares could double yet again.

With about \$8 billion in assets, Tricon manages residential real estate investments that focus on North America. Its portfolio includes single-family rental homes, for-sale housing assets, and purpose-built rental apartments.

Currently, the dividend is just 2.7% — low by most real estate standards. Yet it is growth that's most enticing for Tricon.

In 2012, book value per share was \$3.38. Today, it's \$11.20, representing an annual growth rate of 27%. Few other real estate stocks offer this level of upside.

Tricon should maintain this level of growth for decades to come, as its management team remains focused on long-term opportunities with durable tailwinds like population growth. A majority of its properties are located in regions that will experience 20% or more increases in population over the next decade. The U.S. and Canada as a whole are only growing at about 1% per year.

Down 10% since April, this looks like an opportune time to scoop up discounted shares.

## Boyd Group Income Fund

**Boyd** (TSX:BYD.UN) stock is a growth superstar.

Over the past 12 months, shares are up more than 40%. Since 2014, shares are up nearly 300%. Since the stock went public in 2006, shares have risen an astounding 12,600%!

With a market cap of just \$3.4 billion, could this winning stock double and triple again?

With over 500 locations, Boyd is one of the largest collision repair centres in North America. It operates in Canada under the banners Boyd Autobody & Glass and Assured Automotive. In the U.S., it's known as Gerber Collision & Glass.

The strategy is essentially an industry roll-up. The company uses its strong balance sheet to purchase smaller competitors, remodels the locations, and then strips out unnecessary costs. Because many repair centres are mom-and-pop shops, the company nearly always secures favourable prices.

The industry remains incredibly fragmented, and over the next five years management intends to double in size again. This looks entirely possible. For example, there are 32,200 collision shops in the U.S., more than 80% of which are independently owned.

Expect growth to surpass management's target of 15% annually over the next decade and beyond.

### CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:TCN (Tricon Residential Inc. )
2. TSX:WPK (Winpak Ltd.)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

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## Author

rvanzo

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