



Small-Cap Millionaire: 3 Hidden Stocks to Make Your First Seven Figures

Description

Hi there, Fools. I'm back again to highlight three attractive small-cap stocks. As a reminder, I do this because companies with a market cap under \$2 billion have [much more room to grow](#) than larger more established blue chips, and are largely ignored by professional analysts.

If you want to turn an average \$27K TFSA into a million-dollar retirement hoard in 20 years, you'll need an annual return of at least 20% to do it. While small-cap stocks [tend to be on the volatile side](#), the upside return potential is often well worth the risk.

Without further ado, let's get to it.

Steely determination

Leading off our list is steel products manufacturer **Stelco Holdings** ([TSX:STLC](#)), which sports a market cap of \$1.1 billion.

Low steel prices and trade uncertainty have weighed heavily on the stock over the past year, but a recent upswing could be a positive sign. The shares are already up about 15% in September, suggesting that Bay Street is beginning to buy into management's long-term turnaround initiatives.

In the most recent quarter, Stelco remained profitable and generated positive cash flow despite strong headwinds.

"[W]e expect volumes should be more closely aligned with our historical customer demand, and we are targeting a further annualized \$25-50 million of cost reductions in the second half of the year," said CEO David Cheney.

Stelco currently offers a dividend yield of 3.7%.

Sleeper stock

With a market cap of \$780 million, mattress and bedding retailer **Sleep Country Canada Holdings** ([TSX:ZZZ](#)) is next on our list of attractive small caps.

The stock has been pressured over the past year on plenty of macroeconomic uncertainty, but now might be an opportune time to pounce. The shares have rallied about 7% in September, providing some decent momentum heading into fall. In the most recent quarter, EPS of \$0.33 topped estimates by \$0.01 as revenue improved by 16%.

“As we celebrate our 25th year of operation with our talented team,” said CEO David Friesema, “we are confident that each channel of our business is well-positioned for success and that our brand evolution will continue to make us the top destination for every generation of sleepers.”

Sleep Country sports a solid yield of 3.6%.

Elevating investment

Rounding out our list is accessibility specialist (lifts and elevators for wheelchair users) **Savaria** ([TSX:SIS](#)), with a market cap of about \$615 million.

Savaria is one of those rare small-caps that offer a potent combination of both growth and dividend income. In the most recent quarter, for example, adjusted earnings improved 8% as revenue jumped 46% to \$94 million. But more important, management boosted the quarterly dividend 9.4% to \$0.46 per share.

Looking ahead, management still sees full-year revenue of \$385 million-\$400 million.

“We have made good progress with efficiency gains in productivity, overall labour and materials, and feel confident to be able to continue these trends throughout the remainder of the year and into 2020,” said CEO Marcel Bourassa.

Savaria boasts a dividend yield of 3.8%.

The bottom line

There you have it, Fools: three attractive small-cap stocks worth checking out.

As always, they aren’t formal recommendations. Instead, view them as a starting point for more research. Small-caps carry more risk than the average stock on the **TSX Index**, so extra caution is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:SIS (Savaria Corporation)
2. TSX:STLC (Stelco Holdings Inc.)
3. TSX:ZZZ (Sleep Country Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date

2025/07/04

Date Created

2019/09/16

Author

bpacampara

default watermark

default watermark