



## Millionaire Makers: 3 Small-Cap Stocks Poised to Pop

### 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%. So 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.

### Absolute steal

Kicking off our list is **Absolute Software** (TSX:ABT), which currently sports a market cap of \$315 million. Shares of the security software specialist are off about 2% in 2019.

Absolute's high growth rates, experienced management team, and impressive scale (already has 12,000 customers worldwide) should continue to drive solid long-term returns. In the most recent quarter, earnings spiked 144% as revenue improved 5% to \$25.3 million.

Moreover, Absolute paid a quarterly dividend of \$0.08, translating into a juicy annual dividend yield of 4.2%.

"Absolute delivered an impressive quarter in Q4 with strong sales performance across all key industry verticals, finishing a solid fiscal 2019 marked by significant transformation and achievement," said CEO Christy Wyatt.

Absolute shares are up slightly over the past year.

## Deadly stare

Next up, we have **Park Lawn Corp.** ([TSX:PLC](#)), which has a market cap of \$760 million. Shares of the funeral and cemetery provider are down about 11% over the past three months, suggesting that now might be an opportune time to jump in.

Death care is as close to a recession-proof business as you're going to find. In fact, the company's revenue, income, and operating cash flow have grown 283%, 182%, and 824%, respectively, over the past three years.

In the most recent quarter, revenue jumped 46% to \$59 million.

"PLC continues the successful execution of its business plan focusing on acquisitions and organic growth initiatives, while maintaining its focus on the integration of its US businesses," said Chairman and CEO Andrew Clark.

Park Lawn shares are up 12% in 2019.

## Dirty money

Rounding out our list is **DIRTT Environmental Solutions** ([TSX:DRT](#)), which sports a market cap of \$475 million. Over the past three months, shares of the interior construction company are down 28%, giving contrarian value hounds something to look into.

Over the past three years, DIRTT has grown its revenue and operating cash flow at a rate of 96% and 242%, respectively. And in the most recent quarter, adjusted operating margin improved 60 basis points to 10.7%, suggesting that its competitive position remains relatively solid.

With a beta of 1.8, DIRTT shares are nearly twice as volatile as the overall market. But for long-term investors willing to take on some risk, DIRTT's current risk/reward trade-off is particularly attractive.

## 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
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:DRT (DIRTT Environmental Solutions Ltd.)
3. TSX:PLC (Park Lawn Corporation)

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