



3 Small-Cap Stocks to Nail Down Your 1st Million

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. 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.

Get rich quick

Kicking off our list is **Richelieu Hardware** ([TSX:RCH](#)), which currently sports a market cap of \$1.6 billion. Shares of the specialty hardware company are up about 21% in 2019.

Richelieu's leadership position (more than 80,000 customers in North America), wide array of products (over 110,000 SKU), and logistical efficiency should continue to drive solid long-term returns. In the most recent quarter, operating cash flow clocked in at \$44 million as revenue improved 3% to \$269 million.

“By continuing to activate our main growth drivers, namely our innovation, acquisition, market development, and customer service optimization strategies, we expect to close this fiscal year with good results and a solid financial position,” said CEO Richard Lord.

Richelieu shares trade at a forward P/E of 22 and offer a dividend yield of 0.9%.

Senior opportunity

Next up, we have **Sienna Senior Living** ([TSX:SIA](#)), which has a market cap of \$1.3 billion. Shares of the senior housing operator have climbed about 20% so far in 2019.

Sienna's long-term growth should continue to be supported by a high-quality portfolio (70 seniors' residences across Canada), maximum occupancy rates, and disciplined cost controls. In the most recent quarter, same-property net operating income improved 1.4% as revenue increased 2.4% to \$166 million.

"Our team delivered solid operating results in the second quarter, with the results, highlighting the benefits of having a balanced portfolio of high-quality retirement and long-term care residences," said CEO Lois Cormack. "This quarter, we further strengthened our balance sheet, continued to harmonize our operating and sales platform and generated same property growth."

Sienna shares currently offer an attractive dividend yield of 4.9%.

Catch the bus

Rounding out our list is **NFI Group** ([TSX:NFI](#)), which sports a market cap of \$1.8 billion. Year to date, shares of the bus manufacturer are down 14%.

NFI has grown its revenue, income, and dividend at a whopping rate of 108%, 367%, and 173%, respectively, over the past five years. And in the most recent quarter, EPS clocked in at \$0.42, as revenue improved 1.5% to \$683 million.

"Fundamentally the core strengths of NFI have not changed and as we move forward we are a more diverse business, with a material backlog ... strong free cash flow generation, leadership positions in all of our core markets, and a focus on continuing to return capital to shareholders," said CEO Paul Soubry.

NFI currently yields a juicy 5.9%.

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.

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1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:NFI (NFI Group)
2. TSX:RCH (Richelieu Hardware Ltd.)
3. TSX:SIA (Sienna Senior Living Inc.)

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