# 3 Small-Cap Stocks Poised to Skyrocket in 2020

### 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 chip companies, 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.

If you're looking to get your 2020 off to a hot start, this is a good place to begin looking.

## Dream situation

Kicking off our list is **Dream Office REIT** (TSX:D.UN), which currently sports a market cap of roughly $1.7 billion. Shares of the office property company are up about 23% over the past year.

Dream Office's heavy exposure to the Greater Toronto Area (89% of portfolio), impressive scale (over four million square feet of gross leasable area), and strong balance sheet should continue to drive solid long-term returns. In the most recent quarter, funds from operations (FFO) clocked in at $26.7 million.

"We are well positioned to capitalize on opportunities that can continue to grow the value and quality of our business," said CFO Jay Jiang.

Dream Office shares trade at a P/E of 15 and offer a dividend yield of 3.3%.

## Getting greener

With a market cap of $1.5 billion, **Aphria** (TSX:APHA)(NYSE:APHA) is our next small-cap marvel. Shares of the embattled marijuana producer are down about 48% over the past year.

Disappointing growth and industry turbulence have weighed heavily on the shares, but Aphria seems to be heading into 2020 with some positive momentum.

In October, the stock surged on better-than-expected Q1 sales and cost controls. More recently, the company doubled capacity after its Aphria Diamond facility received a cultivation license from Health Canada.

“Reaching industry-leading production levels coinciding with the expansion into new categories and new opportunities for cannabis in Canada and around the world is a transformative moment for Aphria Inc,” said Chairman and CEO Irwin Simon.

Aphria shares sport a high beta of 3.7.

## Easy does it

Rounding out our list is **goeasy** (TSX:GSY), which sports a market cap of $960 million. Over the past year, shares of the alternative lender are up an impressive 74%.

Goeasy’s leading position in the Canadian subprime space, impressive scale (it has originated over $3.6 billion in loans throughout its history), and growth trends should continue to support solid long-term gains.



In the most recent quarter, the company’s loan portfolio jumped 38%, net income improved 38%, and revenue increased 20%.

“Our progress to improve the future credit quality of our portfolio … and strengthen our balance sheet with $120 million of increased capacity and reduce borrowing costs, provides further confidence to achieve our targets for 2019 and beyond,” said CEO Jason Mullins.

Goeasy currently trades at a forward P/E in the low teens.

## 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. Cannabis Stocks
2. Dividend Stocks
3. Investing

**TICKERS GLOBAL**

1. TSX:D.UN (Dream Office Real Estate Investment Trust)

2. TSX:GSY (goeasy Ltd.)

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