



3 Places I'd Put My \$27K TFSA to Make a 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 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.

Delicious choice

Kicking off our list is **MTY Food Group** ([TSX:MTY](#)), which currently sports a market cap of about \$1 billion. Shares of the restaurant operator are down about 14% over the past year.

MTY's well-recognized brands (including ManchuWOK, Country Style, and Thai Express), strong scale (over 7,000 locations worldwide), and steady cash flow generation could fuel a big price rebound in 2020. In Q3, quarterly sales clocked in over \$1 billion for the first time in MTY's history.

"Third-quarter results were record-breaking for system sales and EBITDA, driven by the first full quarter of contribution from Papa Murphy's, despite it being a seasonally softer quarter for the division," said CEO Eric Lefebvre.

MTY shares trade at a forward P/E in the mid-teens.

Need a lift?

With a market cap of nearly \$700 million, **Savaria** ([TSX:SIS](#)) is our next small-cap marvel. Shares of

the personal mobility specialist are down slightly over the past year.

Savaria's entrenched position in the personal mobility space, stable fundamentals, and diverse range of products (from stair chairs to ceiling lifts) should continue to fuel solid long-term growth. In the most recent quarter, adjusted earnings jumped 78% as revenue increased 34%.

"It is a pleasure to present to our shareholders strong results for the third quarter of 2019," said Chairman and CEO Marcel Bourassa. "Revenue reached \$96.4 million and adjusted EBITDA \$15.7 million, representing increases of over 33% and 57%, respectively, over the same period in 2018."

Savaria trades at a forward P/E in the low 20s.

Taking off

Rounding out our list is **CargoJet** ([TSX:CJT](#)), which sports a market cap of \$1 billion. Over the past year, shares of the overnight cargo company are up more than 40% over the past year.

CargoJet's strong gains continue to be supported by its leadership position in the overnight cargo space (over 90% share in Canada), hard-to-replicate domestic network, and stable cash flows. In the most recent quarter, adjusted EBITDA jumped 24%, as revenue improved 3% to \$117 million.

"CargoJet remains focused on its strategic priorities and during Q3 we executed several of these initiatives," said CEO Dr. Ajay Virmani. "Our domestic network continues to benefit from overall e-commerce growth in Canada with revenues up 5.5% versus the previous year."

CargoJet shares currently trade at a forward P/E in the low 60s.

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:CJT (Cargojet Inc.)
2. TSX:MTY (MTY Food Group)
3. TSX:SIS (Savaria Corporation)

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