



Buy These 3 Explosive Stocks if the Market Keeps Falling

Description

Hello, 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.

So if you're looking to take full advantage of the recent selloff, this list might be a good place to start.

Pot shot

Leading off our list is **Aphria** (TSX:APHA)(NYSE:APHA), which currently sports a market cap of \$1.2 billion. Shares of the embattled marijuana producer are down about 65% over the past year.

Lackluster growth, industry concerns, and overall market fears have weighed heavily on the stock, but now might be an opportune time to pounce. In the most recent quarter, revenue spiked 456% to \$120.6 million as the company sold 7,062 kilograms of product.

Moreover, Aphria recently secured a \$100 million investment from an unnamed institutional investor, thus reinforcing the company's long-term investment appeal.

"Given the strength of our leadership team, the continued execution of our strategic plan and the robust opportunities we have for growth in the global cannabis industry, we were able to secure this additional capital from a single investor, a significant endorsement of Aphria in these market conditions," said CFO Carl Merton.

Aphria shares currently sport a stomach-churning beta of 3.0.

Sweet dream

With a market cap of roughly \$2 billion, **Dream Office REIT** ([TSX:D.UN](#)) is next on our list. Shares of the office property company are up an impressive 40% over the past year.

Dream Office's investment case continues to be backed by impressive scale (more than four million square feet of leasable area), heavy exposure to the attractive Greater Toronto Area (89% of portfolio), and a rock-solid balance sheet. In 2019, for example, funds from operations (FFO) clocked in at a solid \$109 million.

Moreover, the company's occupancy rate stood at 91%, providing plenty of comfort for 2020.

"We have made good progress in simplifying our capital structure and reducing the debt and overall risk of our business," said CFO Jay Jiang. "Our capital sources remain flexible and our balance sheet is well capitalized to pursue opportunistic investments, value-add capital projects and long term development programs."

Dream Office offers a dividend yield of 2.9%.

Living it up

Rounding out our list is **Sienna Senior Living** ([TSX:SIA](#)), which has a market cap of \$1.2 billion. Shares of the senior housing operator have climbed about 40% over the past year.

Sienna's long-term bull case is underpinned by a high-quality portfolio (70 seniors' residences across Canada), strong occupancy rates, disciplined cost controls, and attractive demographic trends. In 2019, for instance, net operating income improved 3.7% as revenue increased to \$670 million.

More importantly, Sienna's occupancy rate stands at an impressive 98%, while its balance sheet remains strong.

"In 2019, we continued to invest in our team, our platform and our properties to further strengthen Sienna's position in a growing sector," said CEO Lois Cormack. "With a balanced portfolio, extensive management expertise in seniors' living, and a strong balance sheet, we are well positioned to achieve sustainable long-term growth and provide great resident experiences."

Sienna shares currently offer an attractive dividend yield of 5.3%.

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:D.UN (Dream Office Real Estate Investment Trust)
2. TSX:SIA (Sienna Senior Living Inc.)

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1. Business Insider
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