



## TSX Stocks: 2 Small-Caps With Major Value

### Description

It was only a few weeks ago when volatility was skyrocketing, and markets were moving 10% in a single day. The major declines in TSX stocks across all industries had created significant buying opportunities for long-term investors.

A lot of the big-name stocks have since rallied considerably from their lows. And while you can still find some decent discounts in these blue-chip stocks, the real opportunities today are in smaller companies.

It's natural that investors rush into [blue-chip](#) TSX stocks that offer investors more safety and stability. However, if you're doing adequate research, you can minimize the risk and afford to buy these smaller names.

As long as these businesses having robust operations, are well run, and aren't in trouble financially, then an investment today could be a great opportunity.

Even if the stock is facing headwinds in the short run, long-term investors will look past these issues and see the potential for huge returns down the road.

### Winery stock

One of the first small-cap stocks that looks super attractive at these levels is **Andrew Peller** ([TSX:ADW.A](#)). Andrew Peller owns a portfolio of wineries across Canada. The business sells its products predominantly in Canada and has significant market share in the domestic category.

The business has a track record of strong execution and has been [around for more than 50 years](#), since 1961.

The wine industry in Canada continues to grow, and Andrew Peller is taking advantage of all segments. The company offers brands with affordable price tags in addition to premium wines as well.

Plus, not only is Andrew Peller one of the leading domestic wine producers in Canada, but the

company has recently begun to look for growth in new beverage segments.

It recently launched a line of ciders and has even put out its own brand of liqueur. Andrew Peller is using its top industry knowledge and experience to launch the new products, which should help the business to grow its customer base.

Another factor contributing to Andrew Peller's top-notch execution is the integration of its business. In addition to its wholesale revenue, the company can earn higher profit margins through sales in its retail stores. Currently, Andrew Peller has more than 100 retail stores in strategic locations.

As of midday Thursday, the small-cap TSX stock was trading for roughly \$8.65. That's more than 40% off its 52-week high. This presents a significant opportunity for investors, especially since its business has been only minimally impacted.

Its stores continue to stay open, as the products are deemed essential, suggesting this TSX stock could be extremely oversold.

## Restaurant TSX stock

**Recipe Unlimited** ([TSX:RECP](#)) is another top small-cap TSX stock to consider buying today. Retail stocks have been some of the most affected stocks during this crisis. However, restaurant stocks have been just as affected.

Recipe Unlimited is an operator, franchiser, and one of the biggest restaurant companies in Canada. It franchises well-known brands such as Harvey's, Swiss Chalet, Kelsey's, and many more.

Many restaurants have been forced only to offer takeout. And even for companies like **Pizza Pizza** that normally make most of their sales on takeout or delivery, the stay-at-home orders and lack of discretionary capital among many consumers have impacted restaurant stocks tremendously.

In response to the ongoing issues, Recipe suspended its dividend. The shutdown of its business and suspension of its dividends are the main factors that have led to Recipe Unlimited's massive fall.

These are only short-term problems, however, and the stock remains more than 60% off its highs.

Long-term investors willing to take a position and ride it out could be heavily rewarded, as the stock currently trades at a trailing price-to-earnings ratio of just 13 times. That's pretty cheap for what was a top TSX growth stock before all this.

## Bottom line

A lot of the big blue-chip TSX stocks have been bid up considerably from their lows. However, many small caps remain significantly undervalued.

These two stocks are some of the most appealing at current valuations. But be aware that these deals may not last. As we've seen the last few weeks, markets have begun to rally rapidly.

## CATEGORY

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. TSX:ADW.A (Andrew Peller Limited)
2. TSX:RECP (Recipe Unlimited)

## **PARTNER-FEEDS**

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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