15 Top Small Caps to Buy in June

Description

We asked 15 of our Foolish writers for their top small-cap stock picks right now. Here are their picks:

Kyle Walton: MTY Food Group Inc.

My favourite small-cap stock right now is **MTY Food Group** (TSX:MTY). MTY is one or the largest franchisors in the Canadian restaurant industry with over 7,000 locations worldwide. With over 80 brands in its roster, MTY caters to pretty much every palate. MTY operates a mix of standalone brands, as well as brands that tend to dominate mall food courts.

While MTY recently suspended its dividend, this was a prudent move given the uncertainty in timelines for a return to somewhat normal operations. However, the stock still has significant capital appreciation potential.

As quarantine orders are gradually lifted, MTY will see demand pick up. There are concerns that malls may be a bit slow to fully re-open, compared to standalone locations. However, MTY's mix of location formats should provide it with significant upside potential, even if malls take a little bit longer to open than the rest of the retail and restaurant industry.

Fool contributor Kyle Walton has no position in the companies mentioned.

Robin Brown: Viemed Healthcare Inc.

Viemed (TSX:VMD)(NASDAQ:VMD) has been on a tear in 2020, and for good reason. The company reported very strong first quarter results, in which, patient base, net revenues, and adjusted EBITDA increased year-over-year by 25%, 31%, and 76%, respectively.

The COVID-19 crisis has massively accelerated demand for in-home respiratory/ventilation products and services. As a result, the CMS fortunately removed non-invasive ventilation from its competitive bidding program. This was previously an overhang on the stock. Yet, now, Viemed is perfectly positioned to grow in and through the pandemic crisis. It is building strong relationships with hospitals and this will likely play-out in an accelerated stage of growth going forward.

Fool contributor Robin Brown owns shares of Viemed Healthcare Inc.

Jed Lloren: goeasy

If you read my article on **goeasy** (TSX:GSY) earlier this month, you would know going into this that I really like the company. It provides loans to subprime borrowers and sells furniture on a rent-to-own basis. In April, Statistics Canada reported that the unemployment rate in Canada grew to 13%. Because of the high unemployment rate, goeasy has a great opportunity to attract new customers.

While many businesses have been struggling during the pandemic, the opposite can be said for goeasy. During its recent earnings call, the company reported record quarterly revenues and a 33% increase in its loan portfolio compared to the same quarter last year. Its stock also saw a rapid recovery, rising 141% since the market bottom. The company seems poised for big things and it could be a solid company to add to your portfolio.

Fool contributor Jed Lloren has no position in the companies mentioned.

Nicholas Dobroruka: Laurentian Bank of Canada

My top small cap stock for the month of June is **Laurentian Bank of Canada** (TSX:LB). The bank is primarily a regional bank, with the majority of revenue being driven from east coast provinces Ontario and Québec.

The bank has been making headlines recently for cutting its quarterly dividend. The financial industry has been hit extremely hard by COVID-19, so only time will tell if the other Canadian banks follow suit.

A dividend cut typically isn't a great sign for future success, but the valuation of the stock today is extremely attractive. The P/E ratio is in line with the other top Canadian banks, but the Bank's P/B ratio of just 0.6 highlights how undervalued the stock is today.

Volatility will likely continue over the short-term in the financial industry, but for long-term value investors, Laurentian Bank would be a wise buy at these price levels.

Fool contributor Nicholas Dobroruka has no position in any of the stocks mentioned.

Aditya Raghunath: Docebo Inc.

Small-cap stocks are popular for a reason. They have the ability to grow at exponential rates and increase investor wealth considerably over time. One such small-cap stock on the TSX is **Docebo Inc.** (TSX:DCBO). Valued at a market cap of $740 million, shares of this enterprise-facing e-learning company are already up 91% since they went public last October.

Docebo's platform provides enterprises an efficient way to create training programs at a low cost. Its robust platform is integrated with artificial intelligence technology that allows managers to monitor employee performance and helps them optimize employee training programs.

Analysts expect Docebo sales to increase from $41.44 million in 2018 to $78.5 million in 2021. This growth will help the company improve profit margins at a fast clip and report a non-GAAP net income by 2022.

Docebo's promising growth and a rapidly expanding client base make it a winning bet not just for 2020, but for the upcoming decade as well.

Fool contributor Aditya Raghunath has no position in any of the stocks mentioned.

Christopher Liew: Extendicare

Extendicare (TSX:EXE) has weathered the recent market crash relatively well. This $559.44 million company operates through subsidiaries. Its home health care services are available in Alberta and Ontario.

The company is diversified internationally, with a subsidiary in the United States. Extendicare operates and offers a range of healthcare services like nursing care, assisted living, subacute care, and rehabilitative therapy.

With an aging population, Extendicare should be able to broaden its footprint across Canada. It has a growing network of over120 senior care and retirement living centres.

Boasting a generous 7.68% dividend yield, Extendicare continues to focus on growing its resident-centered care services. The recent market drop could be a good entry point to purchase Extendicare's stock.

Fool contributor Christopher Liew has no position in any stock mentioned.

Stephanie Bedard-Chateauneuf: Jamieson Wellness

Jamieson Wellness (TSX:JWEL), Canada's #1 consumer health brand, is my top small-cap stock to buy now.

While many companies have been hurt by the pandemic, some companies managed to have a strong increase in sales. Jamieson saw demand for its vitamins and supplements increase as consumers are becoming more health conscious.

In the first quarter, revenue increased by 16.5% to $84.5 million and adjusted net income increased by 20.6% to $7.8 million. Sales are expected to grow by 10% to $380 million for the full year.

Jamieson's stock has performed well since the beginning of 2020, with a return of over 20%. The $1.2 billion company is a good long-term buy as demand for health products will likely keep increasing in the future.

Fool contributor Stephanie Bedard-Chateauneuf has no position in any of the stocks mentioned.

Joey Frenette: StorageVault Canada

My top small-cap pick to buy right now is **StorageVault Canada** (TSXV:SVI). The self-storage company that I like to view as a "REIT for your stuff" got pummelled amid the coronavirus crash, falling around 40% before recovering most of the ground lost in April and May.

Despite the recent 40% relief rally off those March bottoms, shares of SVI still look modestly discounted when you weigh the calibre of boring and predictable growth you'll get as the firm continues to spread its wings across the Canadian self-storage market, a market that looks way more fragmented on this side of the border.

If you seek a secular growth story at a reasonable price, now is as good a time as any to scale into a position with shares trading at a modest 8.3 times sales.

Fool contributor Joey Frenette has no position in any stocks mentioned.

Sneha Nahata: Absolute Software

Absolute Software (TSX:ABT) stock has generated exceptional gains so far this year and has outperformed the benchmark index by a significant margin. Despite the surge in its stock, Absolute Software has enough ammo that could push its stock higher in the coming quarters.

Absolute Software continues to benefit from steady growth in its Annual Contract Value base or ACV base, which indicates the strength of its future recurring revenues. The company's Enterprise and Government verticals, accounting for about 70% of its ACV base, continue to grow at a brisk pace, which is an encouraging sign. Besides, its ability to acquire new customers and a very high customer retention rate is comforting.

Absolute Software's annual recurring revenues account for 96% of its total sales, indicating stable future earnings. Meanwhile, the company's debt-free balance sheet and ability to generate strong cash flows position it well to capitalize on inorganic growth opportunities.

Fool contributor Sneha Nahata has no position in any of the stocks mentioned.

Kay Ng: Savaria Corporation

Savaria (TSX:SIS) has a market cap of about $698 million. Uncommon to see in a small-cap stock, Savaria offers a dividend and a nice yield of 3.3% to boot!

Despite the company maintaining its dividend so far, investors should view the yield as a bonus and focus on the growth potential of the stock instead, as most returns come from price appreciation in small-cap stocks.

Savaria designs, develops, and manufactures products that help people gain personal mobility including stairlifts, wheelchair lifts, ceiling lifts, residential and commercial elevators, and the conversion and adaptation of vehicles. So, it rides on the trend of a growing aging population.

The stock had a super rally of 70% from March's low of $8. Interested investors can consider a position on a dip to at least $12 for a bigger margin of safety.

Fool contributor Kay Ng does not own shares of Savaria.

Andrew Button: Cargojet Inc

Cargojet Inc (TSX:CJT) is my top small-cap stock for June. It's a cargo airline that ships small deliveries mainly in Canada. Its business includes shipping e-commerce orders, which have been increasing in the past few months. This led to an earnings beat in Q1: revenue was up 12%, and adjusted earnings were up 24.5%. That's an incredibly strong showing for an airline in the COVID-19 era. It's natural to ask whether the momentum will slow once brick and mortar retail re-opens, but that's unlikely: e-commerce is a strong growth industry averaging 9% CAGR revenue growth.

One final note: with a market cap of $2.1 billion as of this writing, CJT technically slightly above the threshold for a small-cap, but it's close enough to be included in this article.

Fool contributor Andrew Button has no position in any of the stocks mentioned.

Ambrose O'Callaghan: Equitable Group

My top small-cap stock for the month of June is **Equitable Group** (TSX:EQB), which boasts a market cap of about $1.3 billion. Shares of Equitable Group had climbed 19% month-over-month as of close on June 8. Canada's housing market has taken a hit due to the COVID-19 pandemic, but fundamentals in this sector remain strong. Equitable Group has proven resilient even in previously slow years like 2018.

In the first quarter, Equitable Group saw deposits at its digital bank rise 22% from the prior year. It achieved growth in all retail and commercial asset categories. The stock last possessed a favourable price-to-earnings ratio of 7.1 and a price-to-book value of 0.9. Moreover, the stock offers a quarterly dividend of $0.37 per share, representing a 1.8% yield.

Fool contributor Ambrose O'Callaghan has no position in any stocks mentioned.

Mat Litalien: Real Matters

In terms of top stocks, **Real Matters** (TSX:REAL) is one of the best. In 2019, it was the top-performing stock on the S&P/TSX Composite Index with gains of 298%. The company's torrid pace is continuing in 2020 with its stock jumping by approximately 80% thus far.

Expect the company to remain among the top performers. It is one of the few companies that is expected to grow earnings and revenue at a 30% clip. In fact, none of the major technology companies can lay claim to this type of growth on the top and bottom lines. Trading at only 4.57 times sales and with a PE to growth (PEG) ratio of only 0.5, there is plenty of time for investors to jump into this stock.

Fool contributor Mat Litalien has no position in Real Matters.

Vineet Kulkarni: Facedrive

A Canadian ride-sharing platform **Facedrive** (TSXV:FD) is ready to take on global peers Uber and Lyft with its cleaner fleet. The company describes itself as 'people and planet first' and offers riders options to choose from EVs, hybrids, and gas-powered vehicles. Riders can also check their carbon footprint after each of their ride.

It reported revenues of $599,104 last year against revenues of $13,579 in 2018. It is aggressively expanding in corporate ride-hailing as well as in food delivery business.

Facedrive stock was trading below $2 late last year while it breached $12 levels last week. The stock might continue to trade higher with its growth plans to expand in the US and Europe later this year.

Fool contributor Vineet Kulkarni does not have any positions in the stocks mentioned.

Jared Seguin: Sleep Country Canada

Sleep Country Canada (TSX:ZZZ) is a top small-cap TSX stock. As of writing, it's trading at $16.53 and yielding 4.72%.

Of course, retail has been hit hard as of late. However, Sleep Country has been able to find success by transitioning further to e-commerce.

In last month's earnings report the company announced a 1.5% increase in year-over-year quarterly revenue and a 143% growth in its e-commerce activity.

So, while physical locations were forced to close, it seems Sleep Country did just fine in adapting over to contactless delivery through its e-commerce platform.

Sleep Country is already up nearly 25% since May 19th. With more room to run and a 4.72% yield on top of that, Sleep Country is a great small-cap stock.

Fool contributor Jared Seguin has no position in any of the stocks mentioned.

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