



\$3,000 Invested in These 2 Small-Cap TSX Stocks Could Make You Rich

Description

TSX stocks at large have soared more than 40% in the last three months. Many Canadian bigwigs have become notably expensive after the recent rally. However, many small-cap TSX stocks still seem to be trading below their fair values. So, if you have some cash right now, consider putting it in these high-growth stocks.

Major Drilling Group

Major Drilling Group ([TSX:MDI](#)) is a \$280 million company that offers mining and contract drilling services. The company exhibited notable weakness on its bottom line during the last quarter, mainly driven by the pandemic. However, there are many encouraging signs about Major Drilling's future.

The stock has surged more than 70% in the last three months, notably beating TSX stocks at large. Importantly, rallying gold prices have fueled Major Drilling stock so far this year. Gold-related drilling activities generate more than 50% of its total revenues.

Notably, higher yellow metal prices could influence gold miners to spend more, which will be a huge positive for the company. Copper mining also contributes a large chunk to its total revenues.

Despite a subdued sentiment in the mining industry, the company has reported above-average revenue growth in the last three years.

Major Drilling has a competitive advantage of specialized drilling, which is a major barrier for new entrants. All the easily approachable mineral reserves all over the world are fast depleting, and new deposits will be available in the areas that are challenging to approach.

In such areas, Major Drilling's specialized drilling, such as deep-hole drilling, high altitude drilling, and directional drilling comes in handy.

Major Drilling stock looks a tad stretched from the valuation standpoint, and thus can it be a risky bet. However, its scale, strong balance sheet, and solid growth prospects make it an attractive bet for the

long term.

Goodfood Market

An online grocery company, **Goodfood Market** ([TSX:FOOD](#)) has seen substantial growth recently. Though it's a loss-making venture at the moment, its revenue growth averaged around 90% in the last four quarters.

Driven by its superior performance, Goodfood stock is up almost 70% in the last 12 months. It has soared a notable 140% in the last three months amid the broad market rally.

Goodfood's mission is to enable members to do their weekly meal planning and grocery shopping in less than one minute. It has seen a huge demand surge, echoed in its [growing subscriber base](#), mainly during the lockdowns. The trend might continue with changing lifestyles, the addition of distribution hubs, and attractive pricing.

Despite its recent rally, Goodfood stock looks reasonably valued at a forward price-to-sales ratio of one times. Analysts expect its superior top-line growth to continue for the next few years.

Goodfood's meal kits offer convenience, which makes it more appealing for millennials. I see strong growth prospects for this online grocer with its recent expansion into Vancouver and Toronto.

The two small-cap TSX stocks, Major Drilling and Goodfood Market are relatively risky bets but offer [attractive growth potential](#) for the future. Investors with an appetite for excess volatility can enjoy superior returns for the longer term.

CATEGORY

1. Coronavirus
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Investing

3. Metals and Mining Stocks

Date

2025/08/22

Date Created

2020/06/23

Author

vinitkularni20

default watermark

default watermark