



## 3 Top Small-Cap Stocks to Buy in July

### Description

A small-cap stock generally has a market capitalization between \$300 million and \$2 billion. Today, I want to look at three of my favourite small-cap stocks on the TSX that are worth targeting in early July.

### This small-cap stock in tech is on a tear

Technology stocks have played a huge role in the rebound for the TSX. **TMX Group** ([TSX:X](#)) is engaged in the operation of exchanges, markets, and clearinghouses for capital markets in Canada and around the world. Shares of this small-cap stock have climbed 15% in 2020 as of close on June 26. The stock is up 44% year over year.

The company released its first-quarter 2020 results on May 11. Revenue increased 12% year over year to \$220.3 million, and adjusted diluted earnings per share rose 18% to \$1.53. TMX Group benefited from a spike in market activity due to the COVID-19 pandemic. It reported higher volumes in its equities and derivatives trading and clearing businesses, which drove revenue growth.

Shares of TMX Group last had a price-to-earnings (P/E) ratio of 28 and a price-to-book (P/B) value of two. This puts it in solid value footing in comparison to its industry peers. Moreover, the stock offers a quarterly dividend of \$0.66 per share. This represents a 2% yield.

### Gold is great, but don't sleep on silver

The spot price of gold has surged in 2020 on the back of volatility and uncertainty due to the destructive pandemic. However, silver has also enjoyed a rise on momentum. In the summer of 2019, I'd suggested that investors should consider [piling into silver stocks](#).

**Silvercorp Metals** is one of my favourite small-cap stocks in the silver mining space. Its shares have dropped 5.9% in 2020 so far, but the small-cap stock is up 26% month over month. Silvercorp possesses an immaculate balance sheet and is a very reliable producer. In Q4 fiscal 2020, the company announced that silver, lead, and zinc production had surpassed annual guidance by 3%, 3%,

and 17%, respectively.

## One top small-cap stock I'm still bullish on

In early June, I'd discussed three hot TSX stocks that I was [bullish](#) on heading into the summer.

**Sleep Country Canada** ([TSX:ZZZ](#)) is engaged in retailing mattresses and bedding-related products in Canada. Shares of this small-cap stock are down 20% in 2020 so far. However, the stock has climbed 60% over the past three months.

Sleep Country released its first-quarter 2020 results on May 4. Revenue increased 1.5% year over year to \$151.6 million, as Mattress and Accessory revenue climbed 2.8% and 3.3%, respectively. Sleep Country saw a boost primarily due to its impressive e-commerce performance. It reported 143% e-commerce growth across all brands after it was forced to close stores due to the COVID-19 pandemic.

Canadian provinces are reopening gradually, but Sleep Country will continue to pour resources into its online channels. Shares of the small-cap stock last had a favourable P/E ratio of 11 and a P/B value of 1.9. Sleep Country is still worth scooping up in the early summer.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:X (TMX Group)
2. TSX:ZZZ (Sleep Country Canada)

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