Millennials: Buy These TSX Small-Cap Stocks Now to Get Rich

Description

Millennial investors with a long-term investment horizon could consider buying small-cap TSX stocks to get rich. Small-cap stocks are risky but have the potential to deliver stellar returns over the long run.

goeasy (TSX:GSY), **Absolute Software** (TSX:ABT), and **Park Lawn** (TSX:PLC) are the three small-cap TSX stocks that investors could consider adding in their portfolios right now. These companies can easily weather the current crisis and have the potential to deliver above-average growth.

A growing tech company

Shares of Absolute Software are up over 62% year to date and have outgrown the broader markets by the considerable margin. The pandemic has led to a sizable shift in remote work and learning, thus driving demand for Absolute Software.

Absolute Software's products and solutions support the management and security of computing devices. The company's security products, including data protection and management and uninterrupted remote access to business and school networks, should help it to deliver good growth in the coming years.

The company has been performing well with consistent growth in its contract value base. A growing contract value base signifies that Absolute Software's future recurring revenues are likely to rise. The company's retention rate remains high with growing demand from both government and enterprise customers.

Its growing business, high customer retention rate, and the rising demand position Absolute Software well to deliver robust growth in the long run.

A beaten-down finance stock

goeasy provides leasing and lending services to sub-prime customers. Its stock is down about 22% as

a weak economic environment and a high unemployment rate has increased the risk of default. However, investors should note that the company has stable and consistent credit performance, thanks to its prudent risk-management techniques and industry-leading credit models.

Besides, its average remaining loan term is fewer than four years, which supports strong free cash flow generation and drives dividend growth. While challenges persist in the near term, goeasy should do well in the long run. For those who don't know, goeasy's revenues and earnings have grown at a double-digit rate over the past several years. Moreover, its net income and same-store sales have grown consistently over the past several quarters.

The company is expanding its footprints in newer markets and focusing on diversifying its product base, which should help drive its portfolio and support the upside in its stock. Moreover, acquisitions should support further growth. The decline in goeasy stock presents an excellent opportunity to buy its stock for a steady income and capital appreciation.

A high-growth funeral services provider

Park Lawn operates the funeral services business, which insulates it from economic slowdowns. The company continues to impress with its financial performance, with its sales and adjusted net income growing at a robust rate since 2015.

Park Lawn's expansion through acquisitions, the addition of cemetery and funeral homes, and an ageing population should help its drive profitable growth in the coming years.

The company is also focusing on reducing costs and streamlining of its operations that should support its earnings and, in turn, its cash flows. Park Lawn pays a monthly dividend with a forward yield of about 2%.

Park Lawn stock is down about 23% this year, which presents a good entry point, as the company has all the right mix to deliver strong returns in the long run.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:GSY (goeasy Ltd.)
3. TSX:PLC (Park Lawn Corporation)

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