These 2 Fired Up Small-Cap TSX Stocks Could Make You a Fortune

Description

Small-cap **TSX** stocks have notably outperformed their larger counterparts in the recent rally. Canadian shares at large have soared almost 50%, while the small-cap index has gained over 80% in the last four months. Let's discuss two small-cap TSX stocks that have thrashed peers.

Top TSX stock: Major Drilling Group

The $500 million **Major Drilling Group** (TSX:MDI) offers mining and contract drilling services. The stock has soared more than 200% since its record lows in March.

Gold-related mining activities contribute more than 50% of Major Drilling's revenues. Rallying gold prices motivate miners to spend more, which ultimately benefits Major Drilling.

The mining industry has been reeling under pressure from the last few years, but Major Drilling managed notable growth in its top line in this period. As the pandemic wanes and economies re-open, mining activities will likely ramp up.

What makes MDI stand tall against peers is specialized drilling. Almost all of the easily approachable mineral reserves worldwide are depleting fast, and new deposits will be available in the regions that are tough to approach.

Major Drilling's specialized drilling, such as deep-hole drilling, high altitude drilling, and directional drilling, comes in handy in such areas. The company generated 70% of revenues from specialized drilling in the recently reported quarter.

After years of loss, Major Drilling reported an adjusted profit of $3.9 million for the fiscal year 2020. Higher prices of gold and copper, which is the second-most important metal for MDI, will play a major role in its growth.

Major Drilling stock's above-average beta and underlying uncertainty make it a risky bet. Investors with deep pockets and stomachs to digest high volatility can consider it for superior growth prospects.

Top TSX stock: goeasy

Shares of top consumer lender **goeasy** (TSX:GSY) have been on a remarkable uptrend recently. They have soared more than 20% so far in August and 230% since its record lows in March.

The company reported its second-quarter earnings on August 13 and exceeded expectations. It posted marginal revenue growth during the quarter, but its earnings grew by a handsome 45% year over year.

goeasy operates through two business verticals: easyfinancial, which offers loans to non-prime borrowers, and easyhome, which offers furniture on a rent-to-own basis. Despite being in a risky industry, goeasy has managed a substantial growth in the last several years and has created sizeable wealth for its shareholders.

goeasy's second-quarter earnings indicate that it is well placed to weather the crisis. It stood strong on the liquidity front and also on the credit portfolio front. The company's customers typically don't own a home and, thus, have a lower debt burden. Also, a majority of its customers are protected with a full loan insurance cover in case of consecutive six months of unemployment.

GSY stock is currently trading at a dividend yield of around 3%, lower than TSX stocks at large. In the last two decades, the company has managed to grow its per-share earnings by 24% compounded annually. That's a remarkable achievement in a relatively shaky industry.

Notably, such a premium growth with decent dividends at attractive valuation make GSY stock nothing short of a steal.

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Date
2025/07/03
Date Created
2020/08/14
Author
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