3 Super Small-Cap Stocks to Buy Before September

Description

The **S&P/TSX Composite Index** was up eight points in early afternoon trading on August 20. However, the index was being carried by Information Technology — the only sector in the green at the time of this writing. Today, I want to look at three top small-cap stocks that are worth picking up before September kicks off. Let's dive in.

Why I'm targeting this super small-cap stock in late August

goeasy (TSX:GSY) is the first super small-cap stock I want to focus on today. The company provides loans and other financial services to its consumer base in Canada. Its stock has managed to break even so far in 2020. Shares have surged 39% over the past three months.

The company released its second-quarter 2020 results on August 12. It was another stellar quarter for goeasy, as its loan portfolio increased 18% from the prior year to $1.13 billion. Adjusted diluted earnings per share climbed 50% year over year to $1.89. It achieved total same-store revenue growth of 1.1% in the face of the COVID-19 pandemic. Moreover, it suffered no reduction to its personnel in this crisis.

Shares of goeasy last possessed a price-to-earnings (P/E) ratio of 12 and a price-to-book (P/B) value of 2.8. This puts it in attractive value territory in comparison to industry peers. Better yet, it declared a quarterly dividend of $0.45 per share. This represents a 2.6% yield.

This company is positioned for big growth going forward

Park Lawn (TSX:PLC) was my top small-cap stock pick for the rest of the year back in April. The company provides deathcare products and services in Canada and the United States. Shares of Park Lawn are still down 2.4% in 2020 so far. However, the stock has climbed 33% over the past three months. It released its second-quarter 2020 results on August 13.

In the year-to-date period, revenue increased to $158 million compared to $108 million in the first six months of 2019. Adjusted net earnings grew to $8.7 million in Q2 2020 over $5.6 million in the prior year. Meanwhile, adjusted EBITDA increased to $19 million — up from $13 million in Q2 2019.

Shares of Park Lawn still possess a favourable P/B value of 1.5. It last announced a monthly dividend of $0.038 per share, which represents a modest 1.6% yield.

Don’t sleep on this small-cap stock that pays a dividend

Automotive Properties REIT is an open-ended real estate investment trust focused on owning and acquiring income-producing automotive dealership properties in Canada. The automotive industry has been hit hard by the COVID-19 pandemic. However, in recent months, sales have managed to rebound as the economy reopens. This small-cap stock has nearly doubled from its March lows, but it still has not fully recovered to pre-market crash levels.

In Q2 2020, Automotive Properties reported that it collected approximately 99% of its expected July and August contractual base rent. Moreover, the REIT continues to pay out a monthly distribution of $0.067 per share. This represents a monster 8.1% yield.

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TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)
2. TSX:PLC (Park Lawn Corporation)

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