



3 Top TSX Small-Cap Stocks With Huge Upside Potential

Description

Investing in the small-cap stocks can be rewarding, as they have the potential to grow at exponential rates and boost investors' wealth considerably in the long run. However, as small-cap stocks are riskier and volatile, investors should take caution before choosing to invest in them.

So, if you have a risk appetite, here are three TSX small-cap stocks that have the potential to generate exponential gains for investors over time.

Jamieson Wellness

With a strong underlying business and upside opportunity from M&A and global expansion, **Jamieson Wellness** ([TSX:JWEL](#)) is one of the top small-cap stocks that should be on your radar. Its [organic revenues](#) have grown at a compound annual growth rate (CAGR) of 7.4% from 1999 to 2019. Moreover, from 2013 to 2019, its organic sales have grown at a CAGR of 8.9%, reflecting an acceleration in growth rate.

Jamieson stock emerged unscathed from the virus-led selloff, thanks to its resilient business and favourable industry tailwinds. Its stock is up over 49% year to date, and the uptrend is likely to be sustained in the coming years.

Real Matters

Shares of **Real Matters** ([TSX:REAL](#)) are on a tear in 2020. The low interest rate environment amid the pandemic has presented a multi-year growth platform for Real Matters stock. The record-low interest rates are driving refinancing activities in the U.S., which is leading to the higher utilization rate of its platform and, in turn, is supporting the upside in its stock.

In the most recent quarter, Real Matters reported a 53% growth in its net revenues. Meanwhile, its adjusted EBITDA and adjusted EBITDA margin expanded significantly.

With an uncertain economic outlook, the interest rates could continue to remain low for the rest of 2020 and beyond. Further, the demand for mortgage refinancing activities could continue to remain elevated in the foreseeable future, driving volumes and market share for Real Matters.

goeasy

goeasy ([TSX:GSY](#)) is another top small-cap stock that has the potential to grow at an exponential rate. Its top and bottom line have grown at a CAGR of 13% and 30% from 2001 to 2019. Moreover, it has paid dividends for the past 16 years and [consistently increased it](#) in the last six years.

The subprime lender continues to outperform its peers with its growth and remains well positioned to sustain the momentum in the coming years.

The lender's allowances for credit losses have remained unchanged, which is encouraging amid a pandemic. Moreover, its customers have lower debt-to-income ratio, which is comforting given the uncertain economic scenario. With the reopening of the economy, geographical and omnichannel expansion, cost-savings measures and lower allowances, goeasy is likely to deliver double-digit earnings growth in the coming quarters, and generate huge returns for its investors.

CATEGORY

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

TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)
2. TSX:JWEL (Jamieson Wellness Inc.)
3. TSX:REAL (Real Matters Inc.)

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