



2 Top Little-Known Growth Stocks Under \$3

Description

If you're a young investor who's hungry to beat the markets at their own game, you should look to the mid-cap universe for greater growth.

Not only can you land higher growth potential with some of Canada's lesser-known small- and mid-cap stocks, but your odds of buying shares at a wide discount to their intrinsic value range increases. Be careful not to bet the farm on penny stocks, though, because there are ample value traps out there that you could stumble into if you don't put in the due diligence beforehand.

Micro- and small-cap stocks may get a bad rap for being absurdly volatile plays that could lead to steep losses over a very concise timeframe. But if you're a young investor with a long-term time horizon and have the capital to work on put on such riskier, lesser-known names, it may be a wise idea to scoop up shares of companies that could evolve to become the next big thing. At least consider doing so with a small portion of your portfolio!

Please do be mindful of the downside risks. To repeat what your financial adviser has probably told you ad nauseam: "higher rewards tend to come with higher risks."

Without further ado, consider shares of up-and-coming sports-betting play **Score Media and Gaming** (TSX:SCR) at \$3 and budding cannabis retailer **Fire & Flower** ([TSX:FAF](#)) at \$0.81. Score and Fire & Flower sport \$1.3 billion and \$172 million market caps, respectively.

While both companies are prone to wild double-digit percentage swings, I think that young investors, like millennials, have a lot to gain by stashing the following names in their portfolios, as they forget about them for years at a time.

Score Media and Gaming

If you're looking to improve your chances of scoring (please forgive the pun!) multi-bagger gains, you've got to take a page out of Wayne Gretzky's playbook by skating to where you think the puck is headed next, rather than skating to where the puck is at right now. By doing so, you, like the Great

One, can improve your chances of shooting a one-timer in the back of the net.

The same goes with The Score, a lesser-known way to play the rise of legalized sports betting. While The Score's fundamentals may not be incredible today, there's no denying the firm's longer-term growth potential. It's the growth story that has investors excited, and although shares are up over 330% since November, I think there's still room for the stock to run as the firm looks to go in on a breakaway in a market sports-betting scene.

Fire & Flower

Fire & Flower is a small-cap stock with its market cap just north of \$100 million. As you may know, such smaller-cap stocks, while capable of greater gains are riskier. With Fire & Flower, though, I believe such risks are lower than most other stocks with similar-sized market caps. Why? The budding cannabis retailer has **Alimentation Couche-Tard**, an established blue-chip behemoth, standing in its corner.

The cannabis retail business is highly competitive. With the potential for a future takeover and an opportunity to leverage Couche-Tard's retail expertise, I think FAF stock is far less risky than its small market cap would suggest.

The stock trades at just 1.8 times sales at the time of writing, which is a pretty low price to pay for a firm with a competitive advantage (its dealings with Couche-Tard) up its sleeves.

CATEGORY

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2. Stocks for Beginners
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TICKERS GLOBAL

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