



4 Top Canadian Small-Cap Stocks to Buy Right Now

Description

Small-cap stocks have high-growth potential and could deliver superior returns in the long term. However, these stocks are risky, as market volatility could easily impact their stock prices. So, young investors with fewer financial obligations could invest in these stocks to earn higher returns. Here are the four top small-cap stocks you could buy right now.

Goodfood Market

The pandemic has changed our lives forever. Amid the pandemic, the adoption of online shopping has increased. This secular shift has created long-term growth potential for online grocery companies, such as **Goodfood Market** ([TSX:FOOD](#)). In its recently reported [first-quarter earnings](#), its top line grew by 62%, while its adjusted EBITDA margin expanded around 8%. Its subscribe base increased 33% to 306,000 at the end of the quarter.

Meanwhile, Goodfood Market is expanding its product offerings, increasing its production capacity, and penetrating newer markets to capitalize on the shift towards online shopping. The company has returned an impressive 276.7% since the beginning of 2020. Despite the rise, its valuation looks reasonable, with its forward price-to-sales multiple standing at 1.4.

HEXO

With Democrats taking control of both Senate and House and expanding addressable market amid increased legalization has led to a strong buying in the cannabis space. Since the beginning of this year, **Hexo** ([TSX:HEXO](#))(NYSE:HEXO) is up around 180%. On Tuesday, **Canopy Growth** reported [an impressive third-quarter performance](#) and provided an optimistic outlook, which also contributed to HEXO's stock price growth.

Meanwhile, I believe the rally in HEXO's stock price could continue, given the expanding addressable market and its growth prospects. After gaining a significant market share in Quebec, HEXO continues to expand to other Canadian markets aggressively. Its value brand Original Stash and its joint venture

with **Molson Coors's** Truss have been a hit among its customers.

Meanwhile, the company had relaunched its UP brand products in December, with higher THC content and improved quality. In January, it introduced a new line of non-alcoholic CBD beverages in Colorado. So, the company's growth prospects look healthy.

CloudMD Software and Services

CloudMD Software and Services ([TSXV:DOC](#)) focuses on providing virtual healthcare solutions to patients from their home's comfort. It services around 500 clinics, 4,000 licensed practitioners, and eight million patients across North America. The demand for the company's services rose amid the pandemic, as patients were afraid to visit hospitals. However, given its accessibility, convenience, and cost effectiveness, I believe the demand for the company's services could sustain even in the post-pandemic world also.

Further, the company is aggressively expanding through acquisitions. These acquisitions will help in strengthening its market share and also expand geographically. Boosted by these acquisitions, its annual revenue run rate has crossed \$60 million. So, given the sector's growth potential and its aggressive expansion, I am bullish on CloudMD Software.

goeasy

goeasy ([TSX:GSY](#)) has delivered an impressive performance in the last five years, with its stock price returning 412% at a CAGR of 38.7%. The sub-prime lender is also trading over 13% higher for this year. The expansion of the vaccination program and the pent-up demand could drive economic activities in the coming months, improving credit growth and increasing the demand for goeasy's products and services. Further, the large untapped sub-prime credit market offers strong growth prospects for the company.

goeasy pays quarterly dividends of \$0.45 per share, representing a dividend yield of 1.6%. Its valuation also looks attractive, with its forward price-to-earnings and forward price-to-sales multiple standing at 10.2 and 1.5, respectively.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. TSX:FOOD (Goodfood Market)
3. TSX:GSY (goeasy Ltd.)
4. TSX:HEXO (HEXO Corp.)
5. TSXV:DOC (CloudMD Software & Services Inc.)

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