



Got \$2,000? Invest in These 4 Small-Cap Stocks for Higher Returns

Description

Small-capitalization stocks offer high-growth prospects and have the potential to create significant wealth over the long-term. However, market volatilities can severely impact these stocks, thus making them highly volatile. So, investors with higher risk-taking abilities and long-term investment horizons should consider buying these stocks for superior returns.

goeasy

My first pick would be **goeasy** ([TSX:GSY](#)), which provides financial services to sub-prime borrowers. After delivering impressive returns over the last few years, the company has continued its upward momentum, with its stock price rising 25.5% this year. The solid fourth-quarter performance and management's promising guidance for the next three years has boosted its stock price.

The recovery in demand amid the reopening of the economy could drive economic expansion, leading to higher loan origination. Further, newer products, increased penetration, and expanding addressable market could also contribute to goeasy's growth. Additionally, the company also had increased its [2021 dividends by 47% to \\$2.64 per share](#), with its dividend yield currently standing at 2.2%. So, I believe goeasy would be an excellent buy right now.

Pizza Pizza

My second pick would be **Pizza Pizza Royalty** ([TSX:PZA](#)), which operates restaurants under Pizza Pizza and Pizza 73 brands. Due to its highly franchised business model, the company has fared better than its peers amid the pandemic-infused restrictions. The introduction of contactless pick-up and delivery transactions has been resonating well with its customers.

Its investment in expanding its delivery, pick-up, and digital ordering channels has helped mitigate the impact of weak footfalls. Meanwhile, these investments could drive the company's sales in the post-pandemic world also. Further, the widespread vaccination distribution could allow governments to lift restrictions, allowing the company to operate its restaurants at full capacity and boosting its financials.

With the Canadian government expecting to make the vaccine available to all its citizens by the end of September, I am bullish on Pizza Pizza. The company also pays quarterly dividends, with its yield standing at a healthier 6.3%.

HEXO

Despite its impressive second-quarter performance, **Hexo** ([TSX:HEXO](#))(NYSE:HEXO) is trading close to 40% lower from its 52-week high, providing an excellent entry point for long-term investors. During the quarter, the company's top line grew 94% year over year, while its adjusted EBITDA moved to positive territory for the first time in the company's history.

Meanwhile, the company is expanding its market share in the cannabis-infused beverage segment, which has enormous growth potential. The company's management has also announced that the company is in talks with several CPG partners to launch edible products, which could boost its position in the growing U.S. cannabis market.

Further, the proposed acquisition of Zenabis Global could make HEXO one of the top three players in the Canadian recreational cannabis market and also provide the company access to the European medical market. So, given its high-growth prospects and expanding addressable market, [HEXO can deliver superior returns](#) over the next three years.

Goodfood Market

After delivering impressive returns of over 285% last year, **Goodfood Market** ([TSX:FOOD](#)) is trading close to 30% lower for this year. The expectation of life returning to pre-pandemic ways amid the ongoing vaccination drive and high valuation appears to have dragged the company's stock down. However, I believe investors should use this correction to accumulate the stock, given its growing customer base, penetration into newer markets, and sectoral tailwind.

Given the convenience and accessibility of the service, I believe the demand for Goodfood Market's services could thrive even in the post-pandemic also. Further, the introduction of same-day delivery and expansion of product offerings is gaining traction with its customers. By the end of its February-ending quarter, the company had 319,000 active subscribers, representing a 30% year-over-year growth.

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. TSX:PZA (Pizza Pizza Royalty Corp.)

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