2 Under-the-Radar Canadian Stocks That Could End the Year Higher

Description

There are still plenty of cheap Canadian stocks out there, so you don't need to look far. In this piece, we'll have a look at two promising mid-cap companies with a proven track record of growing their earnings at an above-average rate over time. Moreover, each name is positioned to get a big boost over the next three years as COVID-19 gradually restrictions lift and the pandemic finally ends.

Without further ado, consider the following under-the-radar plays while they're still modestly discounted:

StorageVault Canada: The REIT for your "stuff"

StorageVault Canada (TSXV:SVI) is my favourite company on the TSX Venture Exchange. Unlike most other small- and mid-cap stocks on the exchange, StorageVault isn't wildly volatile or dangerously risky. In fact, StorageVault is far less risky than most of its bigger brothers on the **TSX Index**.

StorageVault is essentially a REIT for your stuff and has been a play on the play on several trends, most notably "the five D's.": death, divorce, downsizing, displacement, and densification. Sadly, the former four trends have been picking up traction amid the COVID-19 pandemic, while the latter trend has worked against Storage Vault and broader demand for self-storage units.

The COVID-19 pandemic has caused the multi-year densification trend to go backward, with many people moving to the suburbs during the pandemic. If you can work from the comfort of your own home, why live in an inner-city apartment?

As things return to normal once the pandemic ends, I expect inner-city living spaces will be in demand again. And just like that, the densification trend will be back and working in the favour of self-storage giants, StorageVault included.

While the stock is just one good day away from surging back to all-time highs, I still find the name to be compelling, given its resilience and the boost it could get from a resurgence of densification trend in a post-COVID environment. The stock trades at 8.4 times book and 10.7 times sales. While it's not a cheap stock, but as a growthy mid-cap with a mere $1.7 billion market cap, I'd argue SVI stock isn't as expensive as it could be.

Over the past five years, SVI stock has surged over 550%. Moving forward, investors can expect more of the same from the "boring" growth gem on the TSXV.

Boyd Group Services

Boyd Group Services (TSX:BYD) is an owner and operator of auto-repair shops across North America. The business has taken a hit during the pandemic, as more people stayed at home to avoid contracting the insidious coronavirus. Fewer cars on the road mean fewer accidents. Fewer accidents mean less business for Boyd.

Pandemic headwinds have caused Boyd stock to grind to a halt. While the pandemic is a clear negative for Boyd, it's also a huge negative for its mom-and-pop competitors. Heck, I'd argue it's far worse for Boyd's less liquid competitors. Some may not make it to the post-COVID world, which bodes well for Boyd as it looks to take its growth to the next level.

On the other side of this pandemic, I expect the scene to be that much less crowded. And Boyd may walk away with a couple of low-cost acquisitions.

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