



Got \$1,000? Buy These 4 Canadian Small-Cap Stocks

Description

Small-cap stocks are usually in the growth stage of their business lifecycle and have considerable scope for expansion. So, these companies offer high growth prospects and could deliver superior returns in the long run, outperforming the broader equity markets.

However, these companies are highly volatile due to their susceptibility to market fluctuations. So, long-term investors with higher risk tolerance levels can invest in the following four stocks to earn superior returns.

Savaria

Supported by its [impressive first-quarter performance](#) and accretive acquisition, **Savaria** ([TSX:SIS](#)) has delivered solid returns of over 35% for this year. Meanwhile, I expect the rally to continue amid the growing addressable market and its growth initiatives.

With the ever-increasing aging population and rising income, the demand for accessibility solutions is increasing.

Meanwhile, the recent acquisition of Handicare would expand its distribution network outside North America and diversify its revenue stream, as Handicare earns around 89% of its revenue from Europe.

The acquisition could also improve product innovation and production efficiency while also offering cross-selling opportunities. So, the company's growth prospects look healthy.

Besides, the company also pays monthly dividends of \$0.04 per share, with its forward dividend yield standing at 2.45%.

Converge Technology Solutions

My second pick would be **Converge Technology Solutions** ([TSX:CTS](#)), one of the top performers this

year, with returns of over 109%. Investors' optimism over its strategic acquisitions and solid first-quarter performance appear to have boosted the company's stock price. Amid the growing digitization of business processes, the demand for the company's services is rising.

Over the last six months, the company has acquired CarpeDatum, Accudata Systems, Dasher Technologies, and ExactlyIT. These acquisitions could strengthen its capabilities across various categories and also offers global expansion opportunities. Besides, the company is also working on acquiring Vicom Infinity and Infinity Systems Software.

Also, it strengthened its financial position by raising funds through new equity offerings and debt facilities. So, given its healthy growth prospects, [I am bullish on Converge Technology](#).

Goodfood Markets

Third on my list would be **Goodfood Market** ([TSX:FOOD](#)). The online grocery and meal kit delivery company had reported a solid third-quarter performance earlier this month. Its top-line grew 24% to \$107.8 million due to the expansion of its same-day delivery service and increased product offering.

Meanwhile, the company's gross margin also improved by 6.2% due to lower packaging costs amid higher average order value and lower shipping and production expenses.

However, its adjusted EBITDA margin declined due to higher selling, general and administrative expenses.

Meanwhile, the pandemic-infused restrictions have increased the adoption of online shopping. This secular shift has created long-term growth prospects for the company.

Besides, the company is focusing on strengthening its last-mile delivery capabilities, broadening its product offering, and increasing its production capabilities, which could boost its financials in the coming quarters.

With Goodfood Markets currently trading over 22% lower this year, investors should utilize this correction to accumulate the stock to earn superior returns.

Aurora Cannabis

My final pick would be **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB). Amid the weakness in the cannabis sector and disappointing third-quarter performance, the company's stock price has corrected over 60% from its February highs.

Meanwhile, the company's third-quarter performance also had some positives. Its medical cannabis sales grew in both domestic and international markets, while its SG&A expenses declined by 42% year over year.

Further, the company has also adopted several initiatives that could deliver \$60-\$80 million of cost savings over the next 12 to 18 months. So, these initiatives could allow the company to move toward profitability. Besides, the company is also focusing on launching innovative products to meet

customers' needs.

So, given its growth initiatives, expanding cannabis market due to increased legalization, and a steep correction in its stock price, I expect Aurora Cannabis to deliver superior returns over the next three years.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. TSX:ACB (Aurora Cannabis)
3. TSX:FOOD (Goodfood Market)
4. TSX:SIS (Savaria Corporation)

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