



## 2 of the Best Canadian Stocks Under \$10 Today

### Description

Investing in small-cap Canadian stocks can be both risky *and* profitable. Small-cap stocks often pose a higher risk for a few reasons. First, they have a smaller [market capitalization](#) and less market liquidity. Once you are in, it can be harder to quickly get out if you need to. Second, they are often newer businesses that have yet to prove their business model. With a limited track record, it is just harder to establish a pattern of good management and profitability.

### Canadian small-cap stocks can offer huge upside

Despite these challenges, there are also opportunities. Finding a great business in the early innings of its growth trajectory can lead to significant outsized returns. There is a lot of trash in the [small-cap stock](#) space. However, when you find a diamond in the rough, the key is to be patient, monitor its progress closely, and hold on for as long as it possibly makes sense.

### StorageVault: A small-cap success story

A great example of this is **StorageVault** (TSXV:SVI). Today, it operates one of Canada's largest portfolios of self-storage properties. Sure, this seems like a rather boring business. Yet, there is nothing boring about the fact that this Canadian stock has delivered a 2,558% return over the past 10 years. That is an average 38.8% return annually, placing it with the likes of some of Canada's great technology companies like **Constellation Software**.

Self-storage in Canada is incredibly fragmented. There are still hundreds of mom-and-pop operators. Hence, StorageVault has driven its success by consolidating the sector under one efficient operational framework.

When there is a wide shortage of housing and land, self-storage stands to thrive. StorageVault is not a real estate investment trust (REIT), so it gets to keep its profits and reinvest them back into its business. That is largely why it has been able to grow so consistently.

Today, this Canadian stock trades for \$5.52 per share. It has a market capitalization of \$2 billion. While it is not cheap, it has a market-leading position, great management, and a solid growth outlook. It could continue to deliver very solid returns for years ahead.

## Goodfood Markets: An up-and-coming small-cap stock

If you are worried about the surge in the COVID-19 Delta variant, one up-and-coming Canadian small-cap stock that could benefit is **Goodfood Markets** ([TSX:FOOD](#)). It trades for \$9.80 per share and boasts a market cap of \$722 million.

It operates one of Canada's largest meal-kit businesses. Today, people are looking for convenient home meal alternatives. Goodfood's meal kits provide an easy, reasonably affordable, and healthy alternative to eating out.

Goodfood has grown its subscriber base to over 300,000. It just hit record revenues of \$107 million. That was a 24% increase over the quarter last year (already a banner quarter). For the first nine months of the year, it has grown revenues by 49%.

The company is not yet profitable because it has been investing heavily to automate and optimize its supply chain and distribution platform. As its infrastructure is built out, it will have a very competitive, efficient channel to deliver meal kits and groceries to much of Canada's population.

For [a Canadian growth stock](#), Goodfood only trades with a price-to-sales ratio of 1.8 times, which is reasonably cheap. Once it consistently hits profitability, this Canadian stock could see an uprating in the stock valuation. Certainly, this is a competitive space with razor-thin margins, so this stock is higher-risk. Yet, if you want to win from the early trend to digitize groceries, Goodfood could be an attractive option.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)
2. TSX:SVI (StorageVault Canada Inc.)

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robbybrown

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