



4 Top Small-Scale Canadian Stocks to Buy Right Now

Description

Small-cap companies are usually young companies with tremendous growth prospects but are riskier, as these companies are highly susceptible to market volatilities. So, investors with higher risk-taking abilities and longer investment horizons can invest in these stocks to earn superior returns. So, if you are looking for higher returns, here are four top small-cap stocks that you can buy right now.

Savaria

My first pick would be **Savaria** ([TSX:SIS](#)). The accessibility solutions provider has outperformed the broader equity market this year, with returns of 36.4%. Meanwhile, the uptrend could continue amid its growing addressable market and strategic acquisitions. Meanwhile, the acquisition of Handicare has expanded its product offerings, strengthened its production capabilities, improved its efficiency, provided cross-selling opportunities, and diversified its revenue streams.

Despite its healthy growth prospects, Savaria is still trading at an attractive valuation, with its forward price-to-sales standing at 1.7. Notably, analysts also look bullish on the stock. All the eight analysts that follow the stock have issued a “buy” rating, while their consensus price target stands at \$24.75, representing an upside potential of over 25%. The company also pays monthly dividends, with its forward yield standing at 2.53%.

Interfor

My second pick would be **Interfor** ([TSX:IFP](#)), which offers its customers a wide range of lumber products. The company had reported impressive second-quarter earnings in August amid solid operating performance and robust lumber prices. Its revenue and adjusted EPS had increased by 177.1% and 4,000%, respectively. The company also generated around \$484.5 million of cash from its operations, thus strengthening its financial position.

Meanwhile, I expect the strength in Interfor’s operating performance to continue, given the booming Canadian housing market, higher production amid the acquisition of four sawmills in July, and

improvement in operating efficiency. However, despite its healthy growth prospects, the company is still trading at an attractive forward price-to-earnings multiple of 4.6. [So, I am bullish on Interfor.](#)

Absolute Software

Amid the rising remote working and learning, I have selected **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) as my third pick. The growth in remote working and learning has increased cybersecurity spending, benefiting the company. Meanwhile, the company is also enhancing its platforms and introducing new innovative products to add new customers and increase revenue per customer.

Its [recent acquisition of NetMotion Software](#) has increased its product offerings while strengthening its competitive positioning. However, the company is currently trading at a discount of 45% from its recent highs. So, given its healthy growth prospects, a significant discount on its stock price, and a healthy dividend yield of 2.62, I expect Absolute Software to outperform over the next three years.

WELL Health Technologies

WELL Health Technologies ([TSX:WELL](#)) is my final pick. The telehealthcare company reported a solid second-quarter performance in August, with its top-line growing at 484%. The company had also posted a positive adjusted EBITDA for the third consecutive quarter. Supported by its aggressive acquisition strategy, its revenue and adjusted EBITDA run-rate have reached \$400 million and \$100 million, respectively.

Meanwhile, WELL Health is looking at expanding its presence in the United States. It recently acquired a majority stake in WISP, which offers telehealth and e-pharmacy solutions to female patients. Its recent acquisition, Circle Medical, has recently started its operations in New York. Also, it plans to expand its presence in 46 U.S. states by the end of this year. So, given WELL Health's aggressive acquisitions and growing demand for virtual services, WELL Health would be an excellent buy right now.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. TSX:ABST (Absolute Software)
3. TSX:SIS (Savaria Corporation)
4. TSX:WELL (WELL Health Technologies Corp.)

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