



3 Small-Cap Canadian Stocks to Jump On

Description

Ofentimes new investors make up small-cap, micro-cap, and nano-cap stocks, lumping them together in the same category and unconsciously assigning the same attributes to them like volatility, weak financials, limited capital to work with, etc.

But that's not actually the case. Small-cap stocks tend to be relatively more stable than micro, especially nano-cap stocks, and many can be considered leaders in their niche industries. It's primarily a financial classification and should be treated as such. And if you are trying to diversify your portfolio from a market capitalization perspective and wish to add some small-cap stocks to it, there are three that you should keep an eye on.

An architectural service company

With a market capitalization of \$466 million, **IBI Group** ([TSX:IBG](#)) is on the lower end of the small-cap spectrum. [The company](#) offers a wide variety of architectural, engineering, and design services. The company has an impressive ESG profile, and it helps new constructions and renovations with improving their environmental-friendliness as well.

That's a business segment that will gain more traction in the future. As building codes evolve and new ways to make architectures "greener" come online, IBI might see its business boom. The company is still riding the post-pandemic growth wave, and the stock has already grown about 269% since the crash, so you may consider waiting for it to normalize a bit before buying.

A seafood company

High Liner Foods ([TSX:HLF](#)) is a [frozen-food processing](#) and marketing company based out of Lunenburg. With a market capitalization of \$438.2 million, the company is small-cap even within the small-cap stocks. It has been around for over a century (1899) and has a well-established presence in Canada, the U.S., and Mexico.

Even after the recovery-fueled growth post-pandemic, which pushed the stock up 130%, the stock is halfway from its glory days valuation (2016). The company also slashed its dividends quite aggressively in 2019, but it started growing the payouts again in 2021. If the company continues the pattern and grows its payouts (step-by-step) to the former number, it can turn out to be a powerful dividend addition to your portfolio.

A meal kit company

Everybody understands that homecooked meals are healthier and relatively more affordable than eating out, but it's not a practical option for many. Meal kits offer a nice compromise between the two, although they don't come close to the financial benefits of cooking from scratch. Still, meal kits are a popular option, making companies like **Goodfood Market** ([TSX:FOOD](#)) an attractive buy.

The company has the distinct competitive advantage of being Canada's number one meal kit company. It offers a wide variety of healthy and relatively affordable options. The company has an impressive local and online presence, and the stock did very well in the early days. But between 2018 and 2020, the stock barely grew, and it grew too much (over 500%) post-pandemic.

So even though it might be a good long-term stock, you might consider waiting for Goodfood Market to normalize before buying.

Foolish takeaway

These small-cap stocks are not just financially stable but relatively well-established businesses. They have a decent presence in their industries and might do well in your portfolio, especially if you buy them at the right moment. However, apart from one dividend stock, you have to gauge the potential of the other two as [growth stocks](#).

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)
2. TSX:HLF (High Liner Foods Incorporated)
3. TSX:IBG (Ibi Group)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Smart News

PP NOTIFY USER

1. adamothonman
2. arosenberg

Category

1. Dividend Stocks
2. Investing

Date

2025/08/15

Date Created

2021/10/31

Author

adamothonman

default watermark

default watermark