



Got \$1,000? Buy These 3 Small-Cap Stocks to Earn Solid Returns

Description

Over the last few weeks, the equity markets have turned volatile amid the uncertainty surrounding Omicron, a highly infectious COVID-19 variant, and the rising inflation rate. Today, the [Bureau of Labor Statistics estimated](#) that U.S. inflation rose by 6.8% last month — the fastest rate since June 1982.

Meanwhile, if you are a long-term investor, you should not worry about these short-term fluctuations and invest in high-quality stocks that can deliver superior returns in the long run. So, if you are ready to invest, here are three small-cap stocks that could provide higher returns over the next three years.

Savaria

Supported by its strong quarterly performance and Handicare's acquisition, **Savaria** ([TSX:SIS](#)) has returned over 34% for this year. Meanwhile, the rally could continue, as the demand for accessibility solutions is rising amid an aging population and increasing income levels. The company is introducing new products to meet customer demands and expanding its geographical footprint to drive growth.

Additionally, the acquisition of Handicare has added four manufacturing and assembly plants located across North America, Asia, and Europe and expanded its distribution network. It could also diversify its revenue sources, provide cross-selling opportunities, and improve operating efficiency. Meanwhile, Savaria is still trading at an attractive valuation, with its forward price-to-sales and forward price-to-earnings multiples standing at 1.7 and 22.9, respectively.

Aurora Cannabis

Although this year has been challenging for cannabis stocks, I have selected **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) as my second pick. It has acquired a 23% market share in the Canadian medical cannabis space. With the segment delivering superior margins, the company is allocating more resources. Meanwhile, only 1% of Canadians currently use cannabis for medical purposes. So, it has substantial scope for expansion. The company is educating patients and navigating them through alternative treatments to grow its customer base. It also looks to increase its footprint in Israel, the

U.K., Australia, and France.

Meanwhile, in the recreational cannabis segment, Aurora Cannabis is only focused on premium, high-THC content products. Meanwhile, last month, it had signed an agreement to acquire a substantial stake in Growery B.V., a Netherlands-based cannabis company, which could further its global recreational cannabis strategy. Along with these growth initiatives, its cost-cutting measures could boost its financials and stock price in the coming quarters. So, [I am bullish on Aurora Cannabis](#).

Goodfood Market

Goodfood Market ([TSX:FOOD](#)), which has lost around 70% of its stock value from its January highs, is my final pick. Weak third-quarter performance, an expectation of a slowdown in its growth amid reopening of the economy, and expensive valuation could have led to a significant fall in the company's stock price. Meanwhile, I believe the steep correction provides an excellent buying opportunity for long-term investors.

With the increasing adoption of online grocery shopping, the demand for Goodfood Market's services could only rise. Meanwhile, the company is strengthening its infrastructure by building 13 fulfillment facilities across Canada, which could increase its delivery speed. It also introduces new products, strengthens its production capabilities, ventures into new markets, and implements technological advancements to drive growth. So, I expect Goodfood Market to outperform over the next three years.

CATEGORY

1. Investing

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

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Date

2025/08/18

Date Created

2021/12/10

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