3 Small-Cap Stocks to Grow Your TFSA

Description

Investing in small-cap stocks could result in much greater gains than investing in established blue-chip companies. This is because smaller companies tend to grow at much faster rates. If investors can take advantage of massive gains generated by small-cap stocks in a TFSA, then that could result in large tax-free payouts. However, it's very tough to determine which small-cap stocks investors should focus on. In this article, I'll discuss three small-cap stocks that could grow your TFSA.

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Take advantage of businesses working remotely

For the past two years, businesses have been working remotely. Even as many countries have lifted lockdown orders, businesses are hesitant to return to office settings. For one, it's easier on costs if businesses don't need to pay rent in order to provide office space. In addition, many businesses have invested a lot of money into optimizing its remote operations and are hesitant to spend money in order to revert those changes. The fact that we could be seeing remote work as the new norm bodes well for **Docebo** (TSX:DCBO)(NASDAQ:DCBO).

Docebo provides a cloud-based and AI-powered eLearning platform to enterprises. Using its platform, managers can assign, monitor, and modify training programs more easily. Docebo has managed to build an impressive customer base, which includes the likes of **Amazon**. It's true that Docebo stock hasn't performed very well since its amazing run in 2020. However, I'm a firm believer that more companies will eventually find themselves on Docebo's platform. Amazon's multi-year deal with the company speaks volumes to its value in the workplace.

The e-commerce industry will drive this stock's growth

Ever since the start of the pandemic, it's been clear that e-commerce stocks have been major winners. However, ever since stocks in the industry saw massive gains in 2020, investors have slowly brought those stocks back to more reasonable valuations. For companies like **Goodfood Market** (TSX:FOOD), it means that the stock is trading at a 75% discount from its all-time highs. However, despite its recent struggles, I believe Goodfood is still a *good stock* to hold over the long term.

Looking at its most recent earnings presentation, it's clear that Goodfood's growth story has been spectacular. In fiscal year 2017, the company reported $20 million in sales. In 2021, Goodfood's total revenue amounted to $379 million! That represents a CAGR of more than 100% in that timeframe. Goodfood plans on providing on-demand delivery to Ottawa, Vancouver, and Quebec City in the near future. If it can successfully implement that service in those markets, it could see even greater growth in the coming years.

The telehealth industry could be a breeding ground for home-run stocks

Finally, investors should keep an eye on the telehealth industry. There's a lot of uncertainty regarding which stocks will end up as winners in this industry; however, the ones that succeed are sure to grow into massive companies. In Canada, **WELL Health Technologies** (TSX:WELL) is leader in this industry. It supports more than 2,800 clinics on its EMR network and 36 apps on its online marketplace.

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If WELL Health can continue to build off its expansion into the United States, then it has a chance to become a global player in the emerging telehealth industry. We're still in the very early innings of the telehealth industry. However, if you're looking for a company to bet on, WELL Health is where I'd start looking.

CATEGORY

1. Investing

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1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:FOOD (Goodfood Market)
4. TSX:WELL (WELL Health Technologies Corp.)

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