3 Small-Cap Stocks Worth Holding in Your Portfolio

Description

If you're in the market looking for stocks that can provide massive growth, then it's imperative that you start focusing on small-cap stocks. That's because it's much easier for a company to grow from a $1 billion market cap to $10 billion than it is for that same company to grow from $10 billion to $100 billion. In fact, as I write this article, there are only six **TSX**-listed companies that have surpassed that $100 billion market cap milestone. In this article, I'll discuss three small-cap stocks worth holding in your portfolio.

This is an excellent dividend company

At a valuation of $1.83 billion, **goeasy** (TSX:GSY) is the first small-cap stock that investors should consider for their portfolios. Unlike the other companies that'll be discussed in this article, I don't look at goeasy for its stock price appreciation. Instead, investors should note how fast goeasy's dividend grows each year. Over the past eight years, goeasy has raised its dividend distribution at a CAGR of nearly 35%. If you hold this stock in your portfolio, you could see your source of passive income snowball very quickly.

This company should continue to see a lot of demand in its services. goeasy is a leading lender of high-interest loans to subprime borrowers. During the pandemic, goeasy saw a massive spike in its business. Even as we exit the pandemic, it's very likely that the economy will need quite a bit of time to fully recover. As a result, consumers could continue to turn to goeasy's lending services for the foreseeable future.

A play on the e-commerce industry

One area that interests me very much is the ecommerce industry. I'm a strong believer that consumers will continue to shift towards online shopping over the coming years. We can already see that consumers have shifted towards online retail in a major way over the past two years, due in large part to the COVID-19 pandemic. We're now seeing consumers return to in-person shopping. However, the habits that have been developed over the past two years won't go away very quickly.

One area within the e-commerce space that should receive a lot more attention is the online grocery industry. Canadian consumers are turning to online grocery and meal kit companies as a way of saving time spent on making food. **Goodfood Market** (TSX:FOOD) is a leading company in that industry. In 2019, it already managed to capture a 40-45% share of the Canadian meal kit industry. With a 163% CAGR in its revenue from 2016 to 2021, this company possesses a strong history of past growth.

Telehealth should become an important industry

If we've learned anything over the past two years, it's that Canada's healthcare system needs to be revamped. Many primary healthcare providers were unable to see patients over the past two years. That provided an opportunity for telehealth companies to enter the market and provide well-needed solutions to Canadians.

WELL Health Technologies (TSX:WELL) is a leading player in the Canadian telehealth space. It has managed to expand into the United States recently. However, its presence in that market isn't really anything to write home about at this point. WELL Health aims to continue growing via an aggressive merger and acquisition strategy. This has been a proven strategy for many Canadian growth stocks in the past, but it's also very hard to pull off. If you're looking for a high-risk, high-reward stock, this is one you should consider.

CATEGORY

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2. TSX:GSY (goeasy Ltd.)
3. TSX:WELL (WELL Health Technologies Corp.)

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