



3 Small-Cap Stocks to Begin Your Investment Journey

Description

Small-cap will have their [market capitalization](#) between \$300 million and \$2 billion. These companies will have higher growth potential and deliver superior returns in the long run. However, these companies are highly susceptible to market volatilities and are highly volatile. So, investors with higher risk-taking abilities and a longer investment timeframe can buy these stocks.

Meanwhile, if you are a young investor and want to begin your investment journey, you should consider the following three stocks with high-growth potential.

WELL Health Technologies

The pandemic has accelerated the adoption of virtual healthcare services. Amid the expansion of its addressable market, I have selected **WELL Health Technologies** ([TSX:WELL](#)) as my first pick. Given its convenience, accessibility, and cost effectiveness, I believe the sector has solid growth potential. Meanwhile, Grand View Research projects the global telehealthcare services to grow at a compounded annual growth rate (CAGR) of 36.5% from 2022 to 2026.

Meanwhile, WELL Health's U.S. business continues to grow, with the revenue from its Circle Medical and Wisp crossing \$115 million on an annualized rate in June. The company delivered healthcare consulting services to 1.17 million patients in the second quarter, with an annual run rate of 4.69 million. The company's management expects its revenue to cross \$130 million in the second quarter while delivering adjusted earnings before interest, tax, depreciation, and amortization (EBITDA) of \$23 million. Meanwhile, the company has also accelerated its merger and acquisition activities, which could boost its financial growth in the coming quarters.

Despite its growing financials and an expanding addressable market, WELL Health's [price-to-earnings](#) multiple for the next 12 months stands at an attractive 15.1, meaning an investor needs to invest around \$15.1 in the company to earn \$1. So, considering all these factors, I am bullish on WELL Health.

Docebo

Second on my list is **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)), which offers a cloud-based e-learning platform to over 2,900 customers worldwide. The learning management system (LMS) market has also witnessed robust growth during the pandemic. Meanwhile, I expect the momentum to continue amid the growth in adopting hybrid work culture and remote learning. Meanwhile, Fortune Business Insights projects the LMS market to grow from US\$16.19 billion in 2022 to US\$40.95 billion by 2029 at a compound annual growth rate of 14.2%.

Given its highly configurable and artificial intelligence-powered learning platform, Docebo is well equipped to capitalize on the growth. Besides the company's growing customer base, multi-year agreements, and increasing average contract value provide stability to its financials. The company also earns around 94% of its revenue from recurring sources.

Despite its growth prospects, Docebo's price-to-sales multiple for the next 12 months stands at 6.2, which is lower than its historical average, thus making it an excellent buy for long-term investors.

Goodfood Market

My final pick is **Goodfood Market** ([TSX:FOOD](#)), which is involved in delivering grocery items and meal kits. The company has witnessed a substantial selloff over the last few months, with its stock price falling close to 90% from its August highs. The falling sales and higher losses have dragged its stock price down. However, with its price-to-sales multiple for the next 12 months standing at 0.3, I believe the company has moved towards oversold territory.

Goodfood Market is focusing on expanding its on-demand delivery service, which witnessed solid 41% quarter-over-quarter growth in the third quarter. It has built nine micro-fulfillment centres, which could support its expansion plans. The company implemented Project Blue Ocean in the third quarter to improve its gross margin and lower selling, general, and administrative expenses. With these initiatives, the company's management hopes to become profitable in the first half of fiscal 2023. So, considering its discounted valuation and growth prospects, I expect Goodfood Market to deliver multi-fold returns in the long run.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. rnanjapla

Category

1. Investing
2. Tech Stocks

Date

2025/08/13

Date Created

2022/07/28

Author

rnanjapla

default watermark

default watermark