3 TSX Small Caps to Buy in August for High Growth Potential

Description

Growth stocks continue to dominate on the **TSX**, with shares of many companies climbing higher and higher. However, not all of them are considered cheap. That's why today, I'm going to look at three companies with small market capitalizations for investors to consider.

Artis REIT

Artis Real Estate Investment Trust (TSX:AX.UN) has a market capitalization of $1.32 billion, marking just within small-cap territory. Now, there is a plus and a minus of owning Artis stock. The plus side is that it's involved in industrial properties. This is ideal for those seeking exposure to the growing area of e-commerce, especially when inflation and interest rates get under control.

It also invests in office properties, and this could be seen as a downside. Artis could continue to experience a slow rise in office use as people return to work. But it's yet to be determined whether workers will return completely. Still, Artis remains a great buy with shares trading at 4.6 times earnings, and a juicy 5.19% dividend yield. Shares of Artis stock are currently down 1.3% year-to-date.

Calian Group

Getting smaller, **Calian Group** (TSX:CGY) is another great option among small-cap TSX stocks, and is a growth stock with a $678-million market cap. The engineering company provides software and other products and services to the health, defence, security, and aerospace industries. Many of their solutions are secured with long-term contracts, allowing the company to see slow but steady growth.

Now, the company isn't in value territory among growth stocks, trading at 50.7 times earnings. However, it does offer a potential upside of 38% as of this writing to reach the consensus target price among analysts. Further, you can add on a 1.85% dividend yield. Shares remain down by just 1.63% year-to-date as of this writing.

Extendicare

Of the three small-cap growth stocks I'd recommend, **Extendicare** (TSX:EXE) is probably at the top. The $650-million company is a great long-term buy, offering investors a strong hold for decades. Even at today's expensive price trading at 91.5 times earnings.

Why? There are a few reasons. Extendicare is at the forefront of the long-term care industry. This industry has been growing exponentially in the last few years due to the large, aging baby boomer population. Right now, companies like Extendicare offer exposure to this continuously expanding industry.

Today, Extendicare is one of the growth stocks offering a tasty dividend yield of 6.5% as of this writing. And shares are actually up 4.3% year-to-date. So during a market rebound, this company could perform quite well in pretty much any portfolio.

Bottom line

The market is starting to recover, with inflation falling and stocks climbing. These three small-cap stocks offer you exposure to industries that are likely to recover now, and decades beyond. All while providing you with a strong dividend to boot. Consider buying these growth stocks now before they climb even higher on the TSX today.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:AX.UN (Artis Real Estate Investment Trust)
2. TSX:CGY (Calian Group Ltd.)
3. TSX:EXE (Extendicare Inc.)

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