



2 TSX Small-Cap Stocks to Buy Right Now

Description

Investing in small-cap stocks offers a lot of opportunities for investors. Over the last few decades, many of the best **TSX** stocks have started as small-cap stocks and grown to become truly massive businesses.

Dollarama is a perfect example. Back in 2009, Dollarama was still worth just \$1.4 billion with significant growth potential. Fast forward roughly 13 years, and Dollarama stock is now worth upwards of \$22 billion.

Meanwhile, investors who have owned Dollarama since 2009 have earned a total return of roughly 2,500% or a [compound annual growth rate](#) (CAGR) of almost 29%. This shows just how much growth potential a high-quality investment in a small-cap stock can have.

But what is a small-cap stock?

Small-cap stocks are typically companies that have [market caps](#) between \$300 million and \$2 billion. Because these are still smaller businesses than mid- and large-cap stocks, and because they're often still growing rapidly, small-cap stocks are excellent investments for growth.

There, of course, is slightly more risk in buying a company that's not as established, but because of the law of diminishing returns, the larger a company gets, eventually, its growth has to slow.

And because there's more risk in these smaller stocks, many have sold off significantly this year, creating the perfect opportunity for long-term investors to buy these small-cap TSX stocks now.

So, if you're on the hunt for spectacular investments while the market is correcting, here are two of the best small-cap stocks to consider today.

One of the best small-cap tech stocks on the TSX

If you're looking for a small-cap stock that's trading [undervalued](#) but also has years of growth potential,

then one of the best investments to make now is in **WELL Health Technologies** ([TSX:WELL](#)).

WELL Health Technologies has built an incredible portfolio of businesses in recent years. Many of these are digital health apps or other telehealth businesses. However, the company also has numerous physical clinics, as it continues to build a portfolio of undervalued assets that offer many synergies.

In addition, many of the companies that WELL has acquired over the last few years are growing rapidly on their own. This has resulted in WELL constantly restating its guidance higher.

Therefore, considering how cheap WELL is, how much potential it and its industry has over the long run, and how well it's executed so far, it's clear that WELL is one of the best small-cap TSX stocks you can buy.

At its current price of just \$3.30 a share, WELL is trading at a forward [enterprise value](#)-to-sales ratio of just 1.95 times. That's not just ultra-cheap. It's well below where it traded just 12 and 18 months ago, at roughly 3.9 times and 5.1 times, respectively.

Therefore, if you have the patience to wait, WELL Health might just be one of the best TSX small-cap stocks you ever buy.

A top financial stock growing rapidly

Another unbelievable stock you can buy and hold for years is **goeasy** ([TSX:GSY](#)), the specialty finance stock that provides loans and other financing to consumers with below prime credit scores.

goeasy was actually a mid-cap stock at the start of the year worth nearly \$3 billion. However, after selling off significantly with many other assets this year, it's now a small-cap stock again and one that offers a tonne of potential.

Not only is goeasy ultra-cheap after its selloff, but even before it became cheap, it was a top stock to buy for its insane growth potential.

For example, in the five years from 2016 to the end of 2021, goeasy's net income grew by a whopping 689%. Furthermore, over that period, the stock had a total return of over 735%, earning investors a CAGR of nearly 53%.

Part of the reason why goeasy has been able to grow so quickly is due to its impressive execution, both in growing the business and keeping its loan portfolio robust. However, its small size also plays a major role, allowing goeasy to grow at an unbelievable pace.

So, with the stock now trading ultra-cheap, it's the perfect time to buy one of the best small-cap stocks on the TSX. This discount won't last forever, though, so it's crucial that investors take advantage while the opportunity presents itself.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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