



3 TSX Small Caps to Keep Your Eye on

Description

There are several reasons why most beginners start with [blue-chip stocks](#), and many retail investors stick to them throughout their lives. These companies are stable, have years (often decades) of data to determine patterns from, and typically have leadership positions within their industries.

But a downside of limiting yourself to blue-chip stocks is overlooking small caps: an asset pool with plenty of safe and profitable choices. If you wish to explore this asset pool, there are three small-cap stocks that you should consider tracking.

Not all three are worth buying right now, but when the time is right, they offer remarkable growth potential, and if you already have an eye on them, you can snatch them up before they explode.

A zero-emission bus manufacturer

The world is going “green” at an incredible pace, and one avenue where a lot of environmental efforts are concentrated is transportation. This is one of the reasons we have seen an explosion of electric vehicles (EVs) and EV companies in the last few years. Several zero-emission mobility solution providers, including **NFI Group** ([TSX:NFI](#)), have also entered the game.

The company offers two types of ZEVs, or zero-emission vehicles, (buses) to the mass-transit market: fuel-cell and EV. The vehicles produced by the company are already in circulation in over 120 cities in six countries, but that’s just the tip of the iceberg.

If more local governments and private entities start investing in zero-emission mass transit, companies like NFI Group might experience significant acceleration in their business.

With a market capitalization of \$693 million, the company is near the lower end of small-cap stocks. It’s also aggressively discounted from its 2018 peak (almost 85%). Once it starts recovering, you may consider hitching a ride which may hopefully take you beyond the 2018 peak, and your capital may experience over four to five times growth.

A private equity firm

Clairvest Group ([TSX:CVG](#)) is one of the most attractively valued growth stocks trading on the TSX. It has a price-to-earnings multiple of just 3.5, which has risen over 21% this year. The long-term growth has been more impressive — over 280% in the last decade. The company's current market capitalization is at \$1.1 billion, but at the pace at which it's growing, it may leave the small-cap pool in less than a decade.

The company correlates its success to its strategy of choosing the right entrepreneurs and businesses to back with its finances and resources. It has made over 59 investments so far, and for all the companies it exited, the average capital growth has been above 400%.

Assuming the company continues to be as successful in the future, you may see somewhat similar growth if you invest now (or at a discounted price).

A risky crypto investment

Crypto investments are risky — a belief held by many conservative investors, which, unfortunately, the current crypto market is proving. But considering its utility and potential, crypto is most likely not going anywhere, and crypto companies like **Galaxy Digital Holdings** ([TSX:GLXY](#)) may experience a comeback one way or another.

The company is currently trading at a 90% discount from its peak, and the market capitalization has fallen to \$1.3 billion, pushing it into the small-cap territory. If you buy now, and the company reaches just beyond its last peak, you may see 10-fold growth of your capital. This makes Galaxy a risk worthy enough, considering the reward.

Foolish takeaway

Two of the three [small-cap stocks](#), Galaxy and NFI Group, are regional leaders in their domains, and even though Clairvest is not, it has proven its mettle over time. The three small-cap companies can be considered safe and potentially profitable investments, worthy of monitoring, even if you are not buying immediately.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CVG (Clairvest Group Inc.)
2. TSX:GLXY (Galaxy Digital)
3. TSX:NFI (NFI Group)

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