



4 Little-Known, Canadian, Small-Cap Gems You'll Want to Buy Before Everyone Else Does

Description

The **S&P/TSX Composite Index** was up 120 points in early afternoon trading on December 23. However, Canadian stocks have been hit by [turbulence](#) since the beginning of the month. Today, I want to look at four under-the-radar, Canadian, [small-cap stocks](#) that are worth snatching up ahead of the new year. Let's jump in.

Here's an undervalued, Canadian, small cap that could bounce back with real estate in 2023

Mainstreet Equity ([TSX:MEQ](#)) is a Calgary-based company that is engaged in the acquisition, redevelopment, repositioning, and management of [multi-family residential properties](#) in Western Canada. Shares of this small-cap stock have dropped 2.2% in 2022 at the time of this writing. Meanwhile, the stock has fallen 1.8% over the past month.

This company released its results for the fourth quarter (Q4) and full year of fiscal 2022 on December 13. Mainstream Equity delivered rental revenue growth of 13%, funds from operations (FFO) growth of 11%, and net operating income (NOI) growth of 12%. Meanwhile, it expanded its portfolio by 815 residential apartment buildings and an additional 548 units it acquired at year end.

Shares of this small-cap stock currently possess a favourable price-to-earnings (P/E) ratio of 9.1. I'm looking to snag this stock on the dip, as it should bounce back with the broader real estate market in 2023.

Don't sleep on this grim but growth-oriented stock right now

Park Lawn ([TSX:PLC](#)) remains one of my favourite small-cap targets in late 2022. This Toronto-based company provides deathcare products and services in North America. The stock has declined 37% in the year-to-date period.

This sector is geared up for strong growth, as North America faces the realities of a rapidly aging population. In the first nine months of fiscal 2022, the company posted net revenue growth of 11% to \$239 million. Adjusted net earnings dropped 8.3% to \$25.5 million. However, this was due to death rates declining compared to the previous pandemic-impacted year.

Park Lawn last had a solid P/E ratio of 24. Moreover, the small-cap stock also offers a quarterly dividend of \$0.114 per share. That represents a modest 1.7% yield.

This REIT is poised to benefit from consolidation in automobile dealerships

Automotive Properties REIT ([TSX:APR.UN](#)) is a Toronto-based [real estate investment trust \(REIT\)](#) that is focused on owning and acquiring primarily income-producing automotive dealership properties located in Canada. This small-cap stock has plunged 13% in 2022.

The automobile dealership space is set to enter a period of consolidation in the years ahead. This is good news for this automotive-focused REIT. Meanwhile, this REIT possesses an attractive P/E ratio of 7.7. Better yet, it offers a monthly dividend of \$0.067 per share. That represents a tasty 6.3% yield.

One more under-the-radar small-cap stock I'm looking to snatch up today

Rogers Sugar ([TSX:RSI](#)) is the fourth and final small-cap stock I'd look to snatch up in late December. This Vancouver-based company is engaged in refining, packaging, marketing, and distribution of sugar and maple products in North America, Europe, and around the world. Its shares have dipped 2.8% in 2022.

In Q4 2022, Rogers Sugar posted revenues of \$267 million — up from \$243 million in the previous year. Meanwhile, adjusted net earnings rose to \$12.1 million, or \$0.12 per basic share, compared to \$9.62 million, or \$0.09 per basic share, in the fourth quarter of fiscal 2021. This small-cap stock is trading in favourable value territory compared to its industry peers. Moreover, it offers a quarterly dividend of \$0.09 per share, representing a very strong 6.2% yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:MEQ (Mainstreet Equity Corp.)
3. TSX:PLC (Park Lawn Corporation)

4. TSX:RSI (Rogers Sugar Inc.)

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