



3 Top Small-Cap Stocks to Buy in October

Description

Big things can come from small packages, and the same thing can be said about big gains emerging from stocks with small market capitalizations. It's true that [investing in small-cap stocks](#) isn't for the risk-averse, but there are plenty of attractively priced stocks commanding market caps of less than \$2 billion right now.

Sonos ([NASDAQ: SONO](#)), **Zuora** ([NYSE: ZUO](#)), and **Tanger Factory Outlet Centers** ([NYSE: SKT](#)) are three dynamic small-cap stocks priced attractively to beat the market. Let's take a closer look at each of them to see why they're among the top stocks to buy in October.

Sonos

It's been a [little more than a year](#) since the wireless speaker pioneer went public at \$15, and it currently trades below that price. The stock falling out of favor may seem to make sense at first. Tech giants have flooded the market with cheap and often subsidized virtual assistants that double as low-end wireless speakers. How can little Sonos stand out when the big kids are playing?

Well, Sonos is holding up a lot better than you probably think. Revenue is on pace to deliver double-digit percentage growth in 2019, stretching its streak of positive growth to 14 years. Sonos is still on the cutting edge. It teamed up with IKEA to launch a new line of bookshelf speakers and table lamps that double as speakers this summer. Sonos also recently introduced its first portable battery-operated Bluetooth speaker. The [25% top-line surge](#) that Sonos posted in its fiscal third quarter is a fluke, but this remains a growing high-end leader that is somehow trading as a broken IPO despite doing so many things right in its rookie season.

Zuora

We live in the golden age of subscription services, and Zuora's cloud-based tools arm platforms with the support they need to to run their businesses. Zuora works with new- and old-school companies, enhancing their subscription-based offerings.

Zuora's clicking with its clients. Revenue rose 21% in its latest quarter, and it now has [566 different accounts](#) generating \$100,000 or better on an annualized basis. The platform is sticky, as the dollar-based retention rate is clocking north of 100% (107% if you wish to be precise). Zuora is still in the red on a reported and adjusted basis, but it's coming off back-to-back quarters of posting narrower-than-expected deficits. If you believe that subscription services are the future — and you would be right to believe that — Zuora is a name that should come first even if alphabetically speaking it may be at the end.

Tanger Factory Outlet Centers

The mall may be dying, but trend watchers and income investors could find themselves all landing on Tanger Factory Outlet Centers as a worthwhile investment. Unlike traditional mall REITs that find themselves to be at the mercy of consumers finding better deals online, Tanger's chain of factory outlet malls smoke out the deal seekers. Saving money is always fashionable, and it's going to be a good place to be if the economy hits a hiccup or two in the near future.

Tanger's current yield of 9.4% is juicy, and possibly even sustainable in the near term after it boosted its adjusted funds from operations forecast in its [latest quarterly report](#). With an increase in traffic and tenant sales and an occupancy rate of 96% for its consolidated portfolio, Tanger offers a somewhat defensive way for income investors to play the mall REIT market.

CATEGORY

1. Investing
2. Tech Stocks

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1. Syndicated

TICKERS GLOBAL

1. NASDAQ:SONO (Sonos)
2. NYSE:SKT (Tanger Factory Outlet Centers)
3. NYSE:ZUO (Zuora)

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