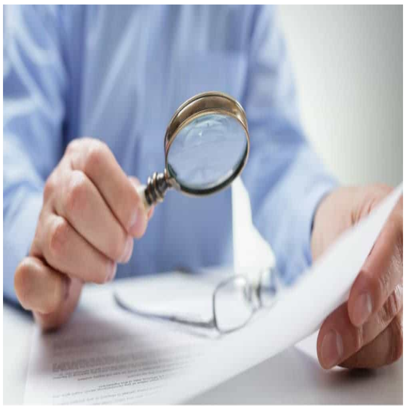

3 Small-Cap Stocks You Should Hold

Description

Investors looking to achieve market-beating returns often seek out small-cap stocks. This could be a good strategy, as the law of large numbers states that larger companies won’t be able to maintain the high growth rates that we see in small-cap stocks.

However, this form of investing is a lot riskier. For starters, these companies are often less established. This means that the market may not completely agree that its products and services are necessary. In addition, there may be a lot more competitors that could potentially steal market share. If small-cap stocks interest you, here are three companies that you should consider holding.

This company has seen its business boom

The e-commerce industry is one of the most intriguing spaces to invest in today. Expected to grow at a CAGR of 14.7% from 2020 to 2027, online retail is one of the fastest-growing industries. Within that space, the online grocery market is a very interesting investment opportunity. In the United States alone, online grocery sales totaled about US$28.7 billion in 2019. By 2023, it’s expected to generate about US$59.5 billion. If it does grow at that pace, companies leading the industry could see massive gains.

In Canada, **Goodfood Market** (TSX:FOOD) is a top contender in this industry. It already claims more than 40% of the Canadian meal kit market. Goodfood has been committed to growth over the past few years, with facilities in British Columbia, Alberta, Ontario, and Quebec.

In its latest quarterly earnings presentation, Goodfood reported that it had seen a 24% year-over-year increase in quarterly revenue. In addition, the company reported a 17% year-over-year increase in active subscribers. Considering the company had already seen significant growth in 2020 due to the COVID-19 pandemic, this continued growth rate suggests the company may have the traction necessary to grow for many years into the future.

One stock that has quietly produced massive returns

If you were to force me to choose one **TSX-**listed small cap stock to invest in, I would choose **goeasy** (TSX:GSY) more often than not. In fact, I once held goeasy stock in my portfolio (only selling my position to allocate more funds to my Shopify holding). Despite not holding the stock currently, it's one that I watch very closely and could very well find itself back in my portfolio one day.

goeasy operates two distinct business segments. The first is easyfinancial, which offers high-interest loans to subprime borrowers. Its second business segment is easyhome, which sells furniture and other durable home goods on a rent-to-own basis. As you could imagine, goeasy saw a huge boost in revenue last year during the pandemic. This has resulted in goeasy stock gaining more than 515% since hitting its lowest point during the market crash last year.

This industry could change the lives of many

Because of the pandemic, the telehealth industry has received a lot of attention over the past year. However, this may come with good reason. It's forecasted that the telehealth industry will grow at a CAGR of 25.2% from 2019 to 2027. This bodes well for the companies operating in this space, like **WELL Health Technologies** (TSX:WELL). The company is the telehealth leader in Canada.

WELL Health operates primary health clinics in addition to offering EMR services and provides a network to connect health app developers with care providers. The company also has a history of market outperformance. In the three years it was listed on the **TSX Venture Exchange**, before graduating to the TSX, WELL Health was included in the TSX Venture 50. This is a list of the 50 best-performing stocks on the TSXV.

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TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)
2. TSX:GSY (goeasy Ltd.)
3. TSX:WELL (WELL Health Technologies Corp.)

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