



The Motley Fool

## 3 small-cap shares on my radar for 2017



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What a start to 2017!

The **S&P/ASX 200** (Index: ^AXJO) (ASX:XJO) has already managed to climb 1.15%, or 65 points, during the first trading session of the year.

While investors will undoubtedly be happy with today's gains, I think it is important to remember that the market is unlikely to remain this buoyant over the course of the whole year.

In fact, I think investors should be prepared for markets to become more volatile as soon as institutional investors start to return to their desks over the next few weeks.

With that in mind, here are three small-cap shares that investors could consider if the market takes a tumble:

### **Compumedics Limited** (ASX: CMP)

Compumedics enjoyed an extremely successful 2016 and the medical devices company remains well placed to deliver further impressive growth in 2017. Not only is the company actively expanding into new and larger geographic territories, it is also enjoying a period of strong margin expansion.

Importantly, Compumedics has an experienced management team and has been led by its founder since 1990.

### **iSentia Group Ltd (ASX: ISD)**

Unlike Compumedics, iSentia did not enjoy a great 2016 after the company disappointed the market with a profit downgrade. Nonetheless, the media monitoring and intelligence company still possesses some attractive features and could regain the trust of investors with a better-than-expected second half. Until then, however, I would be inclined to sit on the sidelines or wait for an even cheaper share price.

### **Nick Scali Limited (ASX: NCK)**

Nick Scali may be one of the best retailers on the ASX but I think the current share price doesn't provide a large enough margin of safety for prospective investors. The furniture retailer is still susceptible to many of the factors that can affect consumer sentiment and is also exposed to the risk of a slow-down in the property market. With that said, a pull-back in the share price could present a rare opportunity to gain exposure to a niche segment of the retail market.

<http://www.fool.com.au/2017/01/03/3-small-cap-shares-on-my-radar-for-2017/>