



TFSA Users: 99% of You Are Making This Huge Mistake

Description

If you have ever bought dividend stocks in a TFSA, you are making a huge mistake. If you've ever bought bank stocks in a TFSA, you are also making a huge mistake.

If you want to take full advantage of your TFSA, you need to focus on growth stocks. Growth stocks are shares of companies anticipated to grow at a rate significantly above the market average and usually do not pay dividends.

Stocks that fall into this category include **Pollard Banknote** ([TSX:PBL](#)), **Park Lawn** ([TSX:PLC](#)) and **Kirkland Lake** (TSX:KL)(NYSE:KL), to name just a few.

All of these stocks have achieved three-year growth in excess of 125% compared to dividend stocks like **Royal Bank**, which has increased a mere 40% in the past three years.

Pollard Banknote

Pollard Banknote is engaged in the manufacturing, development and sale of lottery and charitable gaming products. The company derives the majority of its revenues from the sale of instant win tickets.

It's a great example of a [growth stock](#), with revenues increasing from \$194 million in fiscal 2014 to \$332 million in fiscal 2018 for a compound annual growth rate of 11.34%.

Further to this, the company reports significant insider ownership. The Pollard family owns 67.5% of the company and members of the family act as the three CEOs.

This is good news for investors, as companies with insider ownership perform better as the wealth of senior management is directly correlated with the success of the business as a whole.

Park Lawn

On an eerie note, Park Lawn is responsible for providing goods and services associated with the

disposition and memorialization of remains in the United States and Canada.

Since its IPO, Park Lawn's share price has increased 272%! The company is also engaged in an acquisition-centric growth strategy with the recent round of acquisitions totaling \$275 million.

This is beneficial for investors, as a company engaged in acquisitions is looking to quickly expand its business, which means significant revenue growth in the future and ultimately net income growth.

Kirkland Lake

Last, but certainly not least is Kirkland Lake. The company [derives its revenues](#) from mining and refining gold, which it sells in the form of gold bars.

Kirkland Lake is a good investment due to its increasing net income and high operating cash flow. Net income has increased from \$116 million to \$916 million in the past four fiscal years.

Its operating cash flow has increased from \$39 million in fiscal 2015 to \$543 million in fiscal 2018.

Kirkland's ability to achieve growing net income and operating cash flows is testament to the adeptness of management, as gold prices have fluctuated in recent years, which leads to unpredictable revenue.

Summary

Don't be like 99% of other Canadians who use their TFSA for investments in passive-income stocks and "safe stocks" like banks.

Take some risk and buy growth stocks because in order to take full advantage of the TFSA, you need to buy stocks with the potential for significant capital gains.

With the aforementioned stocks, you'll be well on your way to taking advantage of your TFSA. By focusing on growth stocks the next time you meet your friends, you can tell them how you're on track to retiring at 50.

CATEGORY

1. Bank Stocks
2. Investing
3. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:PBL (Pollard Banknote Limited)
3. TSX:PLC (Park Lawn Corporation)
4. TSX:RY (Royal Bank of Canada)

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