



TFSA Investors: Invest \$2,000 in This TSX Small-Cap Stock While it's Cheap

Description

Your Tax-Free Savings Account (TFSA) is meant for [investing](#), not timing the markets. So, if you're able but have yet to contribute and invest your 2020 contribution (\$6,000) because of the volatility and uncertainties relating to COVID-19, now is as good a time as any. After stocks posted a nearly full recovery thanks in part to quick action by the U.S. Fed, many bears think that a second wave of coronavirus cases could trigger phase two of the coronavirus crash.

But the reality of the situation is that nobody, not even Warren Buffett, knows where the stock market is headed next. Heck, even so-called expert market strategists have no idea how stocks will even react to a second wave of outbreaks given the unprecedented amount of fiscal and monetary stimulus that's caused a profound disconnect between stocks and the economy.

According to StatsCan, April unemployment rates rose in the U.S. and Canada to 14.7% and 13%, respectively, causing some bears to ponder whether we're in for the worst depression since the 1930s.

There's no question that the numbers are horrific, as America falls into another yet another crisis, there's legitimate cause for concern. But given tools that central banks around the world have been using lately, there's a real chance that we could avert a disaster and pick up where we left off in the pre-pandemic era a lot sooner than many of us think.

TFSA investors invest

Indeed, we've delved deep into uncharted territory. But if you want to be a TFSA investor, you've got to actually *invest*, regardless of what's worrying the talking heads on TV at any given instance. There's no perfect time to invest, and waiting for the markets to crash again comes with a high degree of opportunity cost in an era of rock-bottom interest rates, where your savings will be making negligible amounts of interest.

If you're overweight cash and unrewarding risk-free assets, I hope I've convinced you to at least contribute and nibble away at stocks with your TFSA. It's a profound tool that becomes more powerful with time, but only if you're invested and not waiting for the perfect entry point.

Depending on your personal financial situation, \$6,000 is a substantial amount to put to work in the markets at once. So, consider spreading your risk across time by buying in thirds over several months. Start with \$2,000 in a name like **StorageVault Canada** (TSXV:SVI), with the expectation you'll put the other two-thirds to work in the future, regardless of what happens to shares or the broader markets next.

Bet on the REIT for your stuff with your TFSA

StorageVault is one of my favourite stock that trades on the TSX Venture Exchange. The small-cap stock has a \$1.2 billion market cap and should be on the TSX (maybe it'll graduate sometime soon). While the business of self-storage may seem boring, it can actually be quite lucrative, at least on this side of the border, where the self-storage market isn't as consolidated.

TSXV-traded small-cap stocks may get a bad rap with TFSA investors for being "too risky" or "too volatile." But, believe it or not, StorageVault has demonstrated more [resilience](#) than many of the "Steady Eddie" REITs that trade on the TSX. During the coronavirus crash, many office and retail REITs lost well over half of their value.

StorageVault, which is essentially a REIT for your stuff, plunged 40% before sharply bouncing back over 50%. Today, shares are down 17% from all-time highs and are modestly discounted for growth-savvy TFSA investors who want a front-row seat to an easy-to-understand business with a long growth runway.

Foolish takeaway

Understandably, some TFSA investors are a bit rattled by the volatile year we've had thus far. But that's not an excuse for sticking on the sidelines and being what Motley Fool founder David Gardner would refer to as a "wallflower."

There will always be something to worry about when it comes to markets. As such, TFSA investors should continue buying their way into a position in thirds with growthy businesses like StorageVault.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:SVI (StorageVault Canada Inc.)

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