



## TFSA Wealth: 3 Small-Cap Stocks to Snag in August

### Description

In the winter and spring of 2020, Canadian and global stocks were pummeled due to turbulence caused by the COVID-19 pandemic. The global economy is still putting together the pieces, and there is no telling if or when a second wave could deal even more damage. However, this environment has also presented historic opportunities for investors. In this climate, the Tax-Free Savings Account (TFSA) can be huge for the savvy and patient buyer. Today, I want to look at three small-cap stocks that are perfect for a TFSA right now.

### TFSA investors: This small-cap stock is still undervalued

Back in early March, investors were just beginning to digest the beginnings of a sharp market correction. At the time, I'd suggested that it was a fantastic time to jump on [high-quality stocks](#) that were falling into discount territory. **goeasy** ([TSX:GSY](#)), a Mississauga-based financial services company, was one of the stocks I'd targeted. This is a stock I love for TFSA investors.

Shares of goeasy have dropped 17% in 2020 as of close on July 31. However, the stock is up 27% over the past three months. In Q1 2020, the company saw its loan portfolio increase 33% to \$1.17 billion. Meanwhile, revenue climbed 20% to \$167 million and diluted earnings per share grew 20% to \$1.41. goeasy achieved total same-store revenue growth of 19.6%, and it suffered no reduction to its personnel due to the pandemic.

The stock last had a favourable price-to-earnings ratio of 12. goeasy is a financial services company with huge growth potential in the years ahead. Moreover, it also offers a quarterly dividend of \$0.45 per share. This represents a 3.2% yield.

### One stock to hold for the future

In early April, I'd discussed why **Park Lawn** ([TSX:PLC](#)) was my [favourite stock](#) to scoop up after the market correction. This was also very attractive for TFSA investors. Shares of Park Lawn have dropped 13% in 2020, but the stock is up 15% in a three-month span.

Park Lawn put together a strong first quarter in the face of the pandemic. Revenue increased to \$73 million compared to \$50 million in Q1 2019. Meanwhile, adjusted EBITDA climbed to \$17 million over \$11 million in the prior year. Investors can expect to see the company's second-quarter 2020 results as markets open on August 14.

Shares of Park Lawn last possessed a solid price-to-book value of 1.3. The company boasts a fantastic balance sheet, and it is one of the strongest players in a fast-growing industry. This is one to stash in your TFSA for years to come.

## This small-cap stock is perfect for a growth-oriented TFSA

The final small-cap stock that I want to look at for TFSA investors is **Cargojet**. This company provides time-sensitive overnight air cargo services in Canada. Its stock has surged 61% in 2020 so far, and its shares are up 83% year over year. Cargojet released its first-quarter 2020 results on May 7.

Total revenues increased 11.4% year over year to \$123 million. Moreover, adjusted EBITDA grew 24.5% to \$40.2 million. Its domestic overnight business and e-commerce maintained robust growth in the face of the pandemic. Management expects earnings growth to continue at a strong pace as it comes out of this crisis. That puts it ahead of many other companies in this difficult climate.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)
2. TSX:PLC (Park Lawn Corporation)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

### Category

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