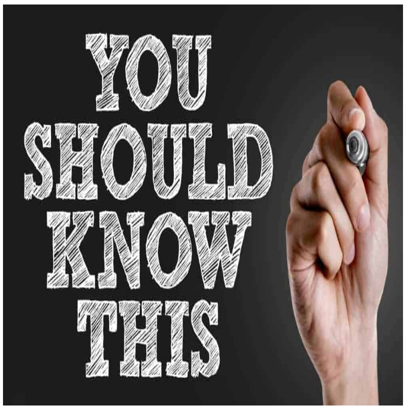

TFSA Holders Should Avoid This BIG Mistake if the Stock Market Crashes

Description

The stock market selloff is continuing to intensify, which could possibly lead to a bigger market crash. After starting the year on a strong note — with the **TSX Composite Index** rising by 3.1% in the first quarter, the market benchmark has dived by close to 10% in the ongoing quarter. Apart from continued supply chain disruptions and rising geopolitical tensions, consistently high inflationary pressures and a series of aggressive rate hikes are haunting investors.

TSFA holders should avoid this big mistake

If you recently started investing your TFSA (Tax-Free Savings Account) money into the stock market, you might well be sitting on big losses and find the possibility of a steeper market crash no less than a nightmare. But instead of regretting your decision, you should focus on understanding how you can still protect your TSFA money in case the ongoing market selloff turns into a bigger crash.

In such market conditions, many TFSA holders consider giving up on stock investing and book losses by selling their stock positions. However, this could prove to be a deadly mistake that would wipe out years of your hard-earned savings in a moment. That's why it's time for you to be patient and think twice before taking any wrong step. If you carefully added some fundamentally strong stocks to your TFSA portfolio recently, then there shouldn't be any reason for you to panic sell them and cash out in the short term.

I'm not claiming that all fundamentally strong stocks in your TFSA portfolio will recover completely if you hold them for a couple of more months. But it's important for new investors to understand that stock investing is not a sprint but a marathon. To realize the true potential of stock investing, you must keep investing with good financial discipline in fundamentally strong stocks and then hold them for the long term — irrespective of short-term economic cycles. This is one of the most important factors that has helped the world's greatest investors make a fortune by investing in stocks.

Grow your TFSA by doing this instead

Most Canadian high-growth tech stocks were trading close to their record highs nearly six months ago. Back then, new investors were willing to take risks to participate in the rally. While nothing major has changed for most of such tech companies in the last few months — except for macro uncertainties, their share prices have massively corrected.

For example, **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD) stock has dived to $25 per share from around $124 per share since November 2021, reflecting about 80% value erosion. In its fiscal year 2022 (ended in March), its total revenue jumped by 147% from a year ago. While its year-over-year sales growth remains strong, its long-term growth prospects haven't changed much in the last six months.

The consistently rising popularity of Lightspeed's innovative omnichannel commerce platform could help it reach sustainable profitability sooner than expected. These factors indicate that LSPD stock might be way too oversold right now. That's why TFSA investors can take advantage of the ongoing market selloff to add more fundamentally strong stocks at a big bargain right now instead of giving up on stock investing.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jparashar
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

Date
2025/08/16

Date Created
2022/06/14
Author
jparashar