



## TFSA Investors: 3 Ridiculously Cheap TSX Stocks to Buy and Hold Forever

### Description

If you aren't afraid to be a long-term investor in your [Tax-Free Savings Account](#) (TFSA), there are some very attractively priced small [market cap](#) stocks available on the **TSX**. The recent stock market rally has propelled many large-cap stocks up. Yet there are still some unbelievable deals in lesser-known, smaller stocks.

### Small-cap stocks could grow massive in a TFSA

Often, small-cap stocks are avoided by large institutional investors, because they are less liquid, and it's harder to fill a meaningful position. Yet that is often where the large multi-bagger opportunities lie.

You can buy small, but fast-growing businesses at a discount while they are still relatively unknown. If you hold them for the long run, you can make a fortune, especially in your TFSA, where you pay no tax on investment gains!

Looking for some ridiculously cheap small-cap stocks to buy and hold for years in your TFSA? Here are three that look well positioned right now.

### HDI: A cheap buy-and-hold stock for your TFSA

With a market price of \$33.80, **Hardwoods Distribution** (TSX:HDI) trades with a market capitalization of \$805 million. It is one of the largest distributors of specialty wood and architectural products across North America.

This stock is down 25% this year, and it only trades with a price-to-earnings ratio of 5.5! By any measure, it is incredibly cheap. Yet, it has been posting very strong numbers over the past few years. Last year, it grew revenues and earnings per share by 65% and 244%, respectively!

In its most recent second quarter, sales increased year over year by 107%, and earnings per share increased 56%. North American housing construction may temporarily slow due to rising interest rates.

That could slow earnings to an extent in the near term.

However, there is a huge lack of housing supply that should support long-term growth in the industry. Hardwoods should continue to significantly benefit from that long-term tailwind.

## Calian: Attractive growth at a fair price

**Calian Group** ([TSX:CGY](#)) is another TFSA stock that has recently pulled back. It is down 6% in the past few days after it [revised its revenue guidance](#) for the year. At \$63.25 per share, it has a market capitalization of \$720 million right now.

Certainly, a guidance revision is never good. However, according to management, it is mainly due to the timing of projects coming to completion. It continued to maintain its adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) and earnings guidance, which indicates its profitability margins are still improving.

Calian has been growing revenue and earnings by +20% for the past few years. It has been growing organically and by smart acquisitions. Despite a quality, diversified business, this TFSA stock only trades for 14 times earnings and 10 times EBITDA. Plus, investors get a nice 1.8% dividend while they wait.

## EQB: Canada's fastest-growing bank stock

**EQB** ([TSX:EQB](#)) (formerly Equitable Group) is Canada's fastest-growing bank. It has a digital-first banking platform and a focus on niche sub-prime home and business lending. Over the past 10 years, this TFSA stock has outperformed top Canadian banks, like **Royal Bank**, **TD Bank**, and **National Bank** by a wide margin.

EQB stock is down 15% this year. It trades with a price of \$58.70 and a market cap of \$2 billion. It has a price-to-earnings ratio of only 6.2 today. The stock market is worried about a recession and its effect on the housing market. Hence, EQB stock is cheap.

It just announced a good quarter, where it affirmed its target to grow adjusted earnings per share by 8-10% this year. It also increased its quarterly dividend by 7%. Right now, this stock yields 2.2%. For value, steady growth, and income, EQB looks like a nice stock to hold in your TFSA.

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