



## These 2 Bank Stocks Have Outperformed Their Peers

### Description

Value investing and buying on the dip could present you with great opportunities for capital appreciation, but sometimes it doesn't pan out, and the stock just continues to decline. Instead, what you could do is hop on the bandwagon and buy a stock that has been doing well in the hopes that the rally continues and you can profit from further gains. I'm going to look at two bank stocks that have outperformed their peers in the past three months and that might still be good buys today.

**National Bank of Canada** ([TSX:NA](#)) has seen its stock rise ~10% in the past three months, and the share price recently hit a new all-time high. Four of the Big Five banks have posted returns of just 4% or less during this time. National Bank had a strong earnings result at the end of August, which started the stock's ascent. In its last quarter, the company recorded revenue of \$1.6 billion, which was up 7% year over year, as net income also grew by a similar amount.

It is important to note that National Bank's strong stock performance has not been limited to just the past three months. In the past five years, the stock has produced returns of 64%, which have been in line with what the Big Five banks have produced during that time.

As the economy continues to grow and as interest rates rise, all of the big banks will stand to benefit from higher spreads and more sales as a result. Although National Bank may not be one of the Big Five banks, it is still a great investment option for investors that are looking for stability and growth. The company has seen its revenue grow 13% in the last three years, while averaging a very strong 25% profit margin.

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) has also seen a strong 9% return over the past three months and has only been outdone by the National Bank during this time. However, if we look at the past five years, then TD has been the top-performing Big Five bank, with **Royal Bank of Canada** finishing a close second.

What has fueled TD's strong performance is the bank's strong diversification with a big presence in the U.S. and less exposure to the domestic economy that other Canadian banks face. TD has been a very stable stock, and the company has been able to grow its revenues in each of the past nine years and

is on pace to do so again this year.

TD's stock is trading near all-time highs, and with the share price trading at 13.4 times its earnings, it is priced at a small premium compared to National Bank's multiple of 12.8. However, with TD you are getting a stronger brand and more opportunities for future growth.

### **Bottom line**

Both of these bank stocks would be great buys today and both have proven to be well-performing stocks in the short term as well as over the past several years. As the economy continues to grow and do well, banks will continue to prosper and benefit from more fees and stronger bottom lines.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:NA (National Bank of Canada)
3. TSX:TD (The Toronto-Dominion Bank)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
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