Is This Financial Stock a Trade-Proof Superstar?

Description

Completely trade-proof stocks might well be pure fantasy, but the fact is that the world is treading new ground in terms of international superpower economics, so perhaps anything is possible. That said, there are definitely stock picks out there that are well positioned to weather a coming storm. With an anything-goes attitude to the economy, the U.S. is threatening to reshape global trade, and that means your investment style might need to change with it.

It might be time to start trade-proofing your portfolio

The trade war has technically already begun, even if global markets are still waiting for the other shoe to drop. If talk of a trade war can hurt markets (which it has), then the first mortar rounds have already been fired, so to speak. Of course, the imposition of new tariffs will no doubt skew markets in weird and interesting ways, but suffice it to say that the beginnings of a trade war are in evidence.

Unfortunately, banking has also been in the news of late, with **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) and **Bank of Montreal** (TSX:BMO)(NYSE:BMO) reporting that they both got zapped by online fraudsters over the weekend. Would-be investors might therefore be staying away from financials this week. Here's why that's precisely the opposite of how you should be making your money work for you right now.

Nervous investors, meet the champion of the Big Six...

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) came out on top as far as Q2 earnings among financials are concerned. Seemingly unworried by a slowing mortgage market, TD Bank is <u>covering</u> itself with glory — or, should we say, with profits from retail and business banking. To describe the bank as having a growth spurt is putting it mildly, as it far outstripped expectations last quarter: a 17% increase in year-on-year profits is simply staggering for a financial institution of its size.

Last year's U.S. corporate tax cuts are definitely helping: TD Bank's U.S. retail division turned a \$979 million profit, a 16% increase from the prior year. In fact, it may be TD Bank's U.S. customeracquisition strategy that's really diving its growth. But if you think that sounds like a slur, it isn't.

By snuggling up with U.S. customers, TD Bank is ensuring it's nicely insulated against any coming trade war. To quote *Gangs of New York*: "It's a funny feeling being taken under the wing of a dragon. It's warmer than you'd think."

The bottom line

Untroubled by the tribulations facing two of its biggest competitors, this financial powerhouse remains one of the safest stocks on the TSX. Cheap at \$75.45 a pop, TD Bank is thundering ahead in the U.S. financials market, making this an increasingly stable financial stock pick as well as a handsome income stock with a forward annual dividend of 3.5%. It's worth putting your money on TD Bank, since its current position as the best of the Big Six, along with its canny management style, may well place it as

the number one stock on the TSX, bar none.

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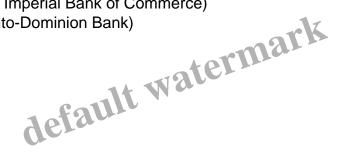
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