Protect Your Wealth With These 3 Wealth Creators

Description

With the volatility in the market today, investors are understandably looking for stocks that are more steady and reliable.

Stocks with a long track record of creating shareholder value and a bright future that will allow them to continue to create shareholder value.

Here I will discuss three such stocks in the Canadian banking industry, an industry that will benefit from rising interest rates through rising net interest margins, although higher rates will also cause credit risk concerns.

Here are three bank stocks that investors can turn to in order to protect their wealth.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

In the last 10 years, CIBC stock has returned 117%, and although this is the lowest return among the Canadian bank stocks, its dividend has consistently been higher than the rest.

CIBC stock's dividend yield is currently 4.78%.

During this time, the bank has increased its focus on retail and business banking and now, wealth management. Away from capital markets revenue, thereby reducing the risk to earnings.

The wealth management business is forecast to have robust growth rates as baby boomers are driving demand.

CIBC's most recent results show continued strong growth, as adjusted EPS came in well above expectations and its dividend was increased once again, this time by 2.3%.

The bank's interest rate margin increased by 10 basis points to 2.49%.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD)

With total assets of $1.29 trillion, up from $563 billion in 2008, TD has pretty much tied Royal Bank to become Canada’s largest bank by assets.

But TD is not interested in growing for the sake of growing; they are after profitable growth with high returns.

Now let’s take a look at TD stock price action to see how the stock has fared. Not surprisingly, the stock increased a stellar 171% in the last 10 years.

And this is not including dividends, which have grown at a compound annual growth rate of 9.14% in the last ten years.

TD’s strategy has been to focus on the lower risk retail side of the business and continue to expand in the U.S. The success of this strategy is evidenced by the fact TD Bank is now the sixth largest North American Bank by total assets and by market capitalization.

Royal Bank of Canada (TSX:RY)(NYSE:RY)

With a solid and secure dividend yield of more than 4.12%, Royal Bank stock pays investors to stick with it through market weakness.

The bank is having a very strong start to the year and had a strong 2017, with a 3% dividend increase to $0.94 per share and a share buyback of 9 million shares, which is testament to this strength.

Royal Bank 10-year stock performance is 120%. And this does not include dividends, which have grown at a compound annual growth rate of 6.52% in the last ten years.

Key risks for all bank stocks remain the housing market and consumer indebtedness, but strong capital ratios and balance sheets mean these banks are resilient.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TD (The Toronto-Dominion Bank)

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