



1 Top Canadian Bank I'd Buy for My TFSA This January

Description

If you're looking to Canada's Big Six banks for opportunities after the TSX's latest correction, you've definitely got your crosshairs on the right sector.

Banks are "permanent holds" for any TFSA portfolio; they're the perfect blend of blue-chip income and growth. And whenever you can nab a bank with a higher-than-average yield at a lower-than-average multiple, you're putting your portfolio in an excellent position to beat the broader market indices over the long haul.

Consider **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), Canada's most American bank, a name that I've been [pounding the table](#) on over the past few weeks as shares fell towards its \$69 level of support.

Now, support levels are more like a memory foam mattress, and less like a rigid board, so investors should expect TD Bank stock to sink, potentially a bit lower than the \$69 before experiencing a sharp upward move. At the time of writing, TD Bank stock is trading at \$70 and change, a level that I think many Canadian investors should be buying on while shares remain as depressed as they've been in recent memory.

Why TD Bank over its peers?

TD Bank clocked in a heck of a good fourth-quarter, with its U.S. business firing on all cylinders thanks in part to tax reform and the incredible growth from TD Ameritrade, which continues to give the bank a significant boost, something I expect will continue over the longer term, as the company further bolsters its platform with innovative technologies.

Further, TD Bank continues to spread its wings south of the border, and over time, I do expect TD Bank's U.S. business to grow at a quicker rate than its Canadian business, potentially to a level where the U.S. business will account for 40% or more of overall revenues. Now, U.S. acquisitions are not going to be cheap, but I don't think it matters when you consider the longer-term growth implications from potential tuck-in deals as TD Bank continues to penetrate deeper the more attractive U.S. market.

Over the last five years, TD Bank has posted 7.4% and 11.7% in annual revenue and EPS growth, respectively, to go with double-digit annualized dividend growth. That's impressive, and the most unfathomable part is the fact that the stock trades at a mere 10 times next year's expected earnings.

Foolish takeaway on TD Bank stock

TD Bank's a blue chip bargain, plain and simple. The bank delivered a [knock-out fourth-quarter](#), topping many of its peers, but the market didn't seem to care as equities fell out of favour. It's times like these when real money is made by contrarians who can see beyond the fear-driving events that has everybody feeling gloomy.

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