



3 Top Financial Stocks for 2019

Description

Amid the [market carnage](#), it is tempting to run for the hills. My advice to you: don't. In fact, investors should take advantage of this great opportunity to pick up quality companies on the cheap. As Warren Buffet once wisely said, "be greedy when others are fearful."

If you are new to the markets, these types of corrections are normal and healthy. Just like the markets don't go up forever, so too will they revert up from their recent downtrend. Value investors have been waiting patiently for years for this type of opportunity. Time to take advantage.

With that in mind, here are the best financial stocks for your TFSA and RRSP for 2019.

Canada's top banking stock

One cannot talk about the top financial stocks in Canada without touching on Canada's big banks. Of those, my top pick for 2019 is **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). TD Bank has been Canada's best-performing bank for years.

Thanks to the recent downtrend, it is trading at valuations not seen since the financial crisis. Yes, this is a once-in-a-decade opportunity. Canada's Big Five always revert to trade in line with historical averages; in TD Bank's case, its average is 12.6 times earnings. This implies 13% upside from today's share price. The company is also trading at a price-to-earnings-to-growth (PEG) ratio of 0.81. A PEG below one signifies that its share price is not keeping up with expected growth rates and is undervalued.

This is a no-brainer: back the truck up for TD Bank.

Canada's best-valued stock

If you're looking for a financial stock [that offers the best value](#), look no further than **goeasy** ([TSX:GSY](#)). The company has lost 40% of its value in the past quarter. There is nothing in the company's financials

or performance that warrants this type of drop.

It continues to post record quarterly results, has met or exceeded guidance since 2011, and has consistently topped analysts' estimates. Analysts who are calling for earnings and revenue to grow by 54% and 22%, respectively. Trading at a forward P/E of 7.73 and a PEG of 0.27, goeasy is ridiculously cheap.

The company does have a high degree of volatility, but investors will be well rewarded once the market rebounds.

Canada's best small-cap stock

Is a company that's a little more obscure more your taste? Then consider **Versabank** (TSX:VB), Canada's first fully digital Schedule 1 Chartered Bank. Unlike the other two on this list, Versabank has actually held up quite well. In fact, it posted a 6.91% gain, outperforming the majority of its peers.

Despite this outperformance, it is still cheap. It is trading at a forward P/E of 7.34 and a PEG of 0.60. The bank is expected to grow earnings by 15% on average through 2020. Don't be turned off by its tiny 0.86% dividend yield. The bank only recently introduced its dividend and last raised dividends by 50% this past November. At this rate, its yield will jump above 2% in no time. Get in Versabank on the ground up.

CATEGORY

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POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:GSY (goeasy Ltd.)
3. TSX:TD (The Toronto-Dominion Bank)
4. TSX:VBK (VersaBank)

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Author

mlitalien

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