



## 3 Reasons Toronto-Dominion Bank (TSX:TD) Belongs in Your RRSP Portfolio

### Description

Over the last 10 years at least, [Canadian bank stocks](#) have been a solid investment of choice, delivering strong stock price appreciation, strong dividend income and offering investors a beacon of strength through good times and bad.

We have the history to draw upon that can serve to give us confidence, and we have current results and continued dividend increases to solidify it.

Here are three reasons **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) belongs in your [RRSP portfolio](#) for retirement income and growth:

### Top performer

In the Canadian banking group, TD bank has been the top performer in terms of the stock price as well as financials and growth. In the last few years, the bank's net interest margin has been top of the pack, and in the latest quarter was 2.81%, well above the group in terms of profitability.

Similarly, its Common Equity Tier 1 capital ratio has been the strongest, finally settling at 12% in the fourth quarter of 2018 compared to at least 50 basis points lower for the rest of the group.

Finally, 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.

### Highest returns for shareholders

In the last five year, TD Bank's stock price has been the best performer of its group, with a return of 41%.

While past performance isn't necessarily indicative of future performance, we have seen that this bank continues to outperform operationally, which would be a driver for continued stock outperformance.

In the last ten years, TD Bank has increased its dividend by a compound annual growth rate of 9.4%,

the highest among its peer group.

The latest 12% dividend increase and the once-a-year dividend increase policy is testament to the bank's strength.

### **Lower risk strategy**

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.

### **Final thoughts**

While there is the potential for a slowdown in Canada, TD Bank is clearly well positioned for this, probably one of the best positioned due to its significant deposit volume and banking presence.

It is a bank stock that can offer investors healthy dividend income, strong potential returns, and preservation of capital, everything we want in our RRSP investments.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

### **PARTNER-FEEDS**

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