



## Should Bank of Nova Scotia (TSX:BNS) or Toronto-Dominion Bank (TSX:TD) Stock Be in Your RRSP Right Now?

### Description

Canadians are topping up their [RRSP](#) contributions ahead of the 2018 tax year deadline, and those with self-directed accounts are wondering which stocks might be interesting buys right now.

Let's take a look at **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Toronto Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) to see if one is a better bet for your RRSP portfolio.

### Bank of Nova Scotia

Bank of Nova Scotia is Canada's third-largest bank, but with a market capitalization of better than \$90 billion, the company is certainly no slouch.

A number of years ago, the management team decided to invest heavily in the long-term opportunities in Latin America, with a specific interest in Mexico, Peru, Chile, and Colombia. The four countries are members of a trade bloc called the Pacific Alliance that was set up to enable the free movement of capital and goods among its members.

Bank of Nova Scotia continues to spend billions of dollars on strategic acquisitions to expand its position the region, and the investments to date are generating strong results. Adjusted net income in the international operations rose by 22% in fiscal 2018 compared to the previous year, and the international businesses now account for about 30% of total profits.

Dividend growth continues at a steady pace, and the stock still appears somewhat oversold, even after the recovery that has occurred since late December.

Investors who buy today can pick up a yield of 4.6%.

### TD

TD also decided to build a large international presence over the past 15 years, but its focus has been in the United States. A string of acquisitions since 2005 has given TD an operation that stretches from Maine right down the U.S. east coast to Florida. The bank actually operates more branches in the United States than in Canada and is listed as one of the top 10 banks in the country.

Rising interest rates and a reduction in corporate taxes have provided a boost to revenue and earnings south of the border. TD's U.S. retail division reported adjusted earnings growth of 40% in 2018 compared to the previous year. Consolidation is expected to continue in the U.S. banking industry, and investors could see TD make additional acquisitions.

The bank has delivered 11% annualized [dividend](#) growth over the past 20 years. Management is targeting earnings growth of 7-10% over the medium term, which should support ongoing dividend increases in the same range or better. TD tends to outperform its guidance.

The stock trades at a reasonable 12.4 times earnings and currently provides a yield of 3.6%.

## Is one a better bet?

At this point, I would probably split a new investment between the two banks to get solid long-term exposure to the United States and Latin America. Both stocks should be solid buy-and-hold picks for a self-directed RRSP portfolio.

### CATEGORY

1. Bank Stocks
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### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:TD (The Toronto-Dominion Bank)

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