



Toronto-Dominion Bank (TSX:TD): The Best Canadian Bank for Your RRSP Today

Description

A well-diversified RRSP portfolio makes your [retirement money](#) all the more ready and able to withstand market twists and turns.

So, even if you are of the view that the good times are in the rear-view mirror for [Canadian banks](#), they still deserve a place in your RRSP for their long-term growth and shareholder value creation record, and for their ability to provide consistent and reliable dividend income.

Toronto-Dominion Bank's ([TSX:TD](#))([NYSE:TD](#)) past performance and bright future highlights its place as the best Canadian bank stock to own.

As we know, all banks were tested in 2008 and 2009, and never before was strong risk management more important. This worked very well for TD, as it already had a culture of prudent risk management.

TD's strategy had been consistently one of mitigating risks since well before the crisis.

The company has been expanding and growing its North American retail businesses to deliver a consistent and reliable revenue stream, and this helped it to avoid many of the revenue challenges that other banks have faced.

In the last 10 years, TD 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 a testament to the bank's strength.

Financial markets risk

The yield curve is inverted and there is little possibility of interest rate hikes in the near future, so TD's capital markets division and margins are facing pressure in 2019.

In fact, the bank is already seeing this pressure, with a difficult first quarter for the capital markets

division and lacklustre margin performance, although retail was strong in the U.S. and Canada.

In the late 1990s, the bank made the decision to shift toward the lower-risk retail business. In the capital markets division TD exited higher-risk areas such as high-yield debt and structured products.

All of this serves to reduce TD's vulnerability in difficult times, as we are facing today.

Technology is transforming banking

All aspects of banking are becoming more and more digitized. It's a big priority for the bank and TD is now the largest digital bank in Canada.

Big investments in technology are transforming the self-serve banking experience and better tools on the WebBroker trading platform are evolving and improving TD's digital experience rapidly.

This will enable TD to remain at the forefront of the client experience, ready and able to respond to client preferences so that TD remains the top choice for our banking needs.

Final thoughts

Although we should expect bumpy and pressured margins this year, and we should expect a difficult and fluid environment for TD and Canadian banks in general, TD stock can be expected to continue to be a top performer.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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