



## New Investors: Here's Why You Should Build a Banking-Focused TFSA

### Description

A bank stock discussion can often inspire yawns from experienced investors. Bank stocks have a reputation as a kind of jack of all trades on the TSX. These equities can lack the dividend-growth length and high yields sought by income investors, and the explosive potential desired by growth investors. However, for investors just starting out, bank stocks offer a great balance that can get your portfolio started on the right foot.

A banking-focused TFSA will allow new investors to [build a foundation](#) for long-term growth while also assuring steady quarterly income. Even investors who are intimidated by the stock market are better off betting on blue-chip banks stocks rather than being swept into high-fee mutual funds or ETFs. With all of this in mind, let's look at two bank stocks that are suitable for a starting portfolio.

### Toronto-Dominion Bank

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is the second-largest financial institution in Canada, right behind **Royal Bank**. Shares of TD Bank have climbed 13% in 2019 as of close on June 20. TD boasts the largest U.S. footprint out of the Big Six Canadian banks. This exposure has [fueled earnings at TD Bank in recent years](#), especially after the U.S. Tax Cuts and Jobs Act, which slashed corporate taxes in the United States by 14%.

If we take a glance at TD's performance over the past decade, we can see how the "jack-of-all-trades" designation may find legs. Over a 10-year stretch, TD Bank stock has climbed 163%. **BMO S&P 500 Index ETF**, which seeks to track the U.S.-based S&P 500 index, has increased nearly 180% over the same period.

TD Bank last boosted its quarterly dividend to \$0.74 per share. This represents a solid 3.8% yield as of this writing. The bank has achieved dividend growth for eight consecutive years.

### National Bank

We will shift gears now with **National Bank** ([TSX:NA](#)), the smallest of the Big Six Canadian banks. Its stock had climbed 11.6% in 2019 as of close on June 20. National Bank has worked to boost its investment banking division, but its footprint is centred mainly in its home province of Quebec. The Quebec economy has thrived in recent years. National Bank has sought to focus more on its roots after mixed results in its push to wrestle away market share in other provinces.

In its second-quarter earnings release, National Bank reported net income of \$558 million, which was up 2% from the prior year. Improved market conditions did not lead to a better quarter in its Financial Markets segment, which saw net income fall 16% year over year to \$190 million.

National Bank stock has increased 124% over a 10-year period as of close on June 20. In its second-quarter earnings report, the bank announced that it would raise its quarterly dividend to \$0.68 per share. This represents a nice 4.3% yield.

## CATEGORY

1. Bank Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:NA (National Bank of Canada)
3. TSX:TD (The Toronto-Dominion Bank)

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