



3 TSX Banking Stocks to Go All-In on and Never Look Back!

Description

I'm a big believer in the merits of [dividend-growth investing](#), so the other day I was researching various Dividend Aristocrat stocks listed on the TSX Index. I came across the list of Dividend Aristocrats that fall within Canada's finance sector, and I have to say, I couldn't believe what I was seeing.

The list of dividend-growth candidates was flat-out outstanding.

Stocks offering a combination of dividend yields north of 4% while maintaining conservative dividend-payout ratios of less than 60% are simply very hard to find in today's markets.

And when you factor in that Canada's finance sector is not only tightly regulated but well protected from the threat of outside interests, the list I was seeing only began to look that much better.

Here are three top TSX banking stocks that you should feel very good about as a long-term buy-and-hold investor.

Speaking specifically in terms of dividends, **National Bank** ([TSX:NA](#)) was the one name that jumped out at me right away.

National Bank stock pays a solid 4.43% annual dividend yield; I say it's solid because that dividend is backed by dividend-payout ratio sitting very conservatively below 50%.

Not only that, but National is still much smaller than Canada's Big Five banks, giving it considerably more runway to grow. However, it's quite a bit larger than smaller regional rivals like **Canadian Western Bank** and **Laurentian Bank of Canada**, giving it a significant size and scale advantage.

Meanwhile, if you're a little concerned about investing in smaller companies, because they tend to entail slightly higher levels of risk, chances are, you'll find greater comfort with an investment in a company like **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)).

Based on the value of its publicly traded market capitalization, Royal is the single largest company in Canada; however, it [doesn't hold that distinction alone](#).

Rival **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is next largest in that respect, but between the two, I tend to like RY over TD because of TD's larger presence along the U.S. eastern seaboard.

While I applauded the move on the part of former-CEO Ed Clark to diversify its operations beyond Canada's borders, the nature of the U.S. financial system is that it tends to be much more fragmented and thus more competitive than what we're used to here.

My fear is that the heightened presence of competition in the U.S. could act as a drag on TD's margins, and that's why I'm giving the nod to RY here as the best of Canada's two largest financial institutions.

But **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) has to be my top pick of the Canadian banks and of Canada's financial sector.

BNS made some big moves last year, including investments in Peru and Chile along with some very sizable acquisitions it hopes will help to serve as a foundation for its Global Wealth Management division, slated to become its own standalone business segment by the 2020 fiscal year.

Scotia's shares, meanwhile, lagged peers last year, which only serves to make this an even stronger investment case, as those investments begin to pay off for shareholders.

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2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:NA (National Bank of Canada)
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Date

2025/07/23

Date Created

2019/06/30

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