# 3 Reasons Why Toronto-Dominion Bank (TSX:TD) Is the Only Good Apple in a Bad Bunch

## Description

**Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) stock has been bruised amid unfavourable macro headwinds over the past year. Although the bank has had its fair share of issues, I believe the name has proven to investors once again that it's a name that can be relied on through good times *and* bad.



In a prior piece, I'd mentioned that Steve Eisman, the Canadian bank bear made famous from *The Big Short*, had bearish conviction on nine out of 10 banks as they approach the next phase of the credit cycle.

Eisman made several appearances under the limelight of the financial media, warning viewers of the "ill-preparedness" of the big banks in dealing with the credit cycle. Given Eisman's excellent track record, it's probably not a good idea to bet against him. But in the case of Toronto-Dominion Bank, I think the name is that one good apple in the Eisman's "spoiled batch" of banks that are poised for a considerable amount of downside.

Although Eisman has spent a majority of his time talking down the banks (and talking up his book), Toronto-Dominion Bank seems like the prominent name to exclude from his incredibly one-sided "short Canadian banks" thesis. Here are three reasons why.

## TD Bank is Canada's most American bank

As investors worry about the sluggish Canadian economy and the frothy Canadian housing market, which may be on the verge of a nasty correction, TD Bank is one of the best Canadian outlets to the U.S. market out there. While TD Bank still has a reasonably sizeable Canadian business, it stands to endure less damage relative to its Big Five peers come the next credit cycle.

## TD Bank has an exceptional management team

TD Bank has a remarkably strong management team that knows where the puck is headed next. As a result, the bank had ample time to prepare for the credit cycle, as its peers focused most of its attention on growth initiatives and not preparing for coming provisions.

## TD Bank is arguably Canada's most conservative bank

I once noted that TD Bank's conservative nature was ingrained in its corporate structure. The bank is all about achieving high risk-adjusted returns. Pursuing high-growth opportunities with a vital consideration for downside risk.

That's a huge reason why TD Bank was one of the first financial roaring out of the gate when it came time to rebound from the Financial Crisis, and it's a significant reason why the name may be virtually unscathed come the next big bump in the road.

With recessions, slowdowns, and bumpy roads thrown into the equation, TD Bank is a king among men, so investors rattled by short-sellers should have no hesitation when it comes to adding the name here, even with the bleak year-ahead outlook for Canadian banks.

## A premium stock at an unwarranted discount

At the time of writing, the stock trades at a slight discount at 10.5 times next year's expected earnings, despite it being one of the few big banks that have demonstrated robustness through these more challenging times.



Stay hungry. Stay Foolish.

**CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

**TICKERS GLOBAL**

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

**PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

**Category**

1. Bank Stocks
2. Dividend Stocks

3. Investing

**Date**
2025/08/23
**Date Created**
2019/07/31
**Author**
joefrenette