2 Stocks I Just Loaded Up on Inside My TFSA

Description

There are a few ways to beat the markets during a downturn. Granted, you can't really get completely away from a recession. That's just not possible. If you think you'll get through a recession and see huge returns, that's just not a likely scenario.

However, there are definitely ways to take advantage of a downturn in the market place, and a recession is a great time to accomplish this task. It's relatively easy as well, as analysts will pretty much tell you what stocks are set to drop.

In today's case, the financial sector has been beaten down over the last few months, providing a great opportunity for investors looking for a bargain. What everyone is concerned with is whether this recession is going to be as bad as the last. Frankly, it isn't. Rather than have one huge downturn that takes almost a year to get out of, this recession has been met with a series of dips and will then have another larger dip that will last longer, encompassing the recession.

That means investors have some time to prepare. That's exactly what I did when I bought **Royal Bank of Canada** (TSX:RY)(NYSE:RY) and **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD).

I bought both of these stocks for very similar reasons. First off, the value was there. Both RBC and TD continue to be well under fair value, offering strong potential upsides just to reach that fair value. Beyond that, in the next 12 months, analysts predict both stocks to exceed that fair value price and then some. That leaves plenty of room for my investments to make significant gains.

But I was also looking for stocks I could buy and hold for the long run. Banking stocks are great options for this for a few reasons. Both RBC and TD have been around for more than 100 years, with a strong history of revenue and share growth. In the last two decades, RBC has climbed by 583% and TD by 427% as of writing.

So, if I'm looking for stocks I want to buy for the next 20 years, that gives me an excellent indicator of where I could be in that time.

The stocks both have the same future potential to get me to that goal. Both RBC and TD have been expanding into both the United States and the wealth and commercial management sectors. Both areas have proven to be highly lucrative for these banks, and analysts are confident that there is still room to grow for both companies.

In fact, this diversification has allowed both RBC and TD to bring in relatively strong earnings, even before an economic downturn.

Then, of course, there's the dividends both banks offer. RBC offers a dividend yield of 4.07%, while TD offers 3.98% as of writing. Both dividend yields have grown in the last five years — RBC by an average of almost 10% per year and TD by a whopping 12% per year!

All that money coming in every quarter means I can reinvest in these stocks down the line, bringing up my bottom line even higher over the next two decades.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

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

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