



If I Could Only Buy 1 Canadian Stock, This Would Be it

Description

As an investor, I am sure you know that diversifying your portfolio is one of the most critical factors that influences your long-term success. There is no real way of actually predicting when the market situation can steer the prices of stocks up and down. A well-performing stock can plunge by large margins due to a single scandal or several other reasons.

There is a reason why they say “never put all your eggs in a single basket.” The statement holds true in many situations, especially when it comes to the stock market. You should place your trust in multiple and well-chosen stocks. It will help you to decrease the chances of losing all your wealth in case any one of the shares drastically underperforms.

With all that being said, let us suppose that you had the option to invest in all but one stock listed on the Toronto Stock Exchange. Which one would you pick? I am going to talk about **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) and why it is always going to be my pick if I could only buy one Canadian stock.

The prime candidate

RBC is a big name. It is one of the Big Five in Canada’s banking industry. That fact itself translates to plenty of reasons for you to consider it as a buy-and-hold-for-eternity stock. Let us take a better look at RBC and why I would want to go for it if I could buy shares from just one Canadian company.

Canadian banks generally have a remarkable reputation — not just on the TSX, but in general. The banking sector in Canada has historically been reliable, and it has weathered some of the worst economic storms with grace. 2019 was not an easy year for the banking sector. Several factors contributed to the tough year.

Increasing debt and an [overheated housing market](#) are two significant reasons for the industry-wide issues. Royal Bank of Canada has still fared better among its peers. Year to date, the bank stock has gained 15.66% to stand at \$108.28 at the time of this writing. The lowest that RBC shares declined to was \$97.60, which is still 4.25% better than how the stock started the year at \$93.63 per share.

The largest financial institution and AI

RBC is not just one of the Big Five. It is the biggest among them. The bank has enjoyed a strong position for a long time. Instead of relying on archaic banking practices, RBC is evolving with the world. With younger people taking up advisory positions in top banks, RBC is among the financial institutions looking to make strides in the world of technology.

Artificial Intelligence (AI) is becoming more commonplace for businesses all over the world. [Robo-advisors](#) might provide financial advice or investment management for customers without the need for human intervention. The long-term implications and success of the AI-based advisory tool remain to be seen. But the move is a reassuring sign that RBC is willing and able to embrace modern banking needs as they arise.

Foolish takeaway

A top bank in the most reliable banking sector in the world with constant growth year over year, RBC is my top pick. If I buy and hold its stock, I can rely on capital gains and the added bonus of receiving dividend payouts at a yield of 3.88%. What more could I require as an investor? I feel that it could be a stock worth considering for your portfolio if it isn't already in it.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

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