



This 1 Market Crash Mistake Can Cause You to Lose More Money

Description

Seeing the value of your investment drop sharply is a most unfortunate situation. After all, you're investing because you want to safeguard your savings for future use or retirement, not see them get smaller! During a market crash, rational thinking tends to go out the window. Panic consumes the mind, but acting on that panic could lead to a worse and costly [financial decision](#).

Anxious reaction

The rule of thumb for stock investing is to buy low and sell high. But when markets are correcting or crashing like today, emotions often overrule our brains. Thus, some investors break the rule and sell when their stocks are cheap. Those investors will realize real losses or lose a lot of money with this anxious reaction.

Yes, the **Toronto Stock Exchange** (TSX) is falling at an unprecedented scale at present. Since February 2020, more than \$1 trillion of its value is gone, and the index just entered bear market territory. Historically, however, it took 33 months for Canadian stocks to hit the lowest point after the 1929 stock market crash.

Buy-and-hold asset

Don't be your worst enemy when the market is crashing, especially if you own buy-and-hold stocks like **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). You won't get broke invested in companies with proven records of enduring market crashes or recessions. This \$98.38 billion bank has a history of uninterrupted dividend payouts beginning 163 years ago.

For many years, TD has displayed stable profitability throughout all types of economic environments. It was the only institution that was able to achieve steady revenue and earnings growth during the 2008 financial crisis. Ironically, revenue dropped 19% in 2009, although it remained profitable with a 14% return on equity.

TD is one of the 10 largest retail banks in the United States. The bank serves clients in seven wealthy states and four large metropolitan areas across the border. As it expands further in the U.S., TD's retail operations should deliver about 7% to 10% annual adjusted EPS growth in the medium term.

The second-largest bank in Canada has little exposure to the riskier investment banking and trading operations compared to its industry peers. There is a balance between TD's net interest income from the lending business (57%) and net interest income from non-lending operations (47%).

In summary, TD has a healthy balance sheet, diversified retail banking business, and a low-cost deposit base. Thus, this bank should be able to ride out the next recession. As of this writing, the price has fallen to \$54.38 from \$72.68 in early January 2020. The dividend yield is a high 5.44%, with the bank maintaining a payout ratio of 44.92%.

Keep calm

Financial advisors are telling investors to think long term instead of panicking and selling at bottom prices during the market crash. You can even consider making smart buys because some quality stocks are trading at [fire-sale prices](#).

Toronto-Dominion Bank, for instance, is not exempt from the extreme market volatility. But to say the blue-chip company might fold up or go bankrupt due to the virus fallout is absurd. This top bank in Canada and the U.S., with a standout business and towering presence, will be operating for decades to come.

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