TSX Stocks: 2 Canadian Titans That Lost 25% Amid the COVID-19 Crash

Description

It's almost been two months since **TSX** stocks started trading weak due to the coronavirus outbreak. Despite the recent rebound, the Canadian broad market index is still 20% lower against its record highs earlier this year.

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Investors should note that there has not been much improvement on the pandemic front, but markets have shown a huge surge in the last few weeks. Thus, given these uncertainties, defensive investing could be effective in the current market scenario. Canadian heavyweights that pay regular dividends and have a long, positive track record could be apt at the moment.

Top TSX stocks

Top TSX stocks **Royal Bank of Canada** (TSX:RY)(NYSE:RY) and **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) were some of the top losers amid the pandemic crash. Both have exhibited a notable surge after hitting their respective multi-year lows last month. However, they are still trading approximately 25% lower compared to their 52-week highs.

Royal Bank of Canada is the biggest among the Big Five banks in terms of market capitalization. Along with retail banking, RBC has a presence in insurance, wealth management, and treasury services. Its geographical and operational diversification bodes well for its earnings stability. Its leadership position, along with size and scale, put it well ahead of its peers.

Royal Bank is currently trading at a dividend yield of 5%, higher than the average TSX stocks. It has a long dividend payment history of more than 130 years, so investors can count on it.

Even if the stock has recently shown a strong bounce back, it still looks attractive in terms of valuation. Royal Bank stock is currently trading 10 times its estimated 12-month earnings, indicating a large discount against its five-year historical average valuation.

Toronto-Dominion Bank

Toronto-Dominion Bank is the second-biggest bank in Canada in terms of market capitalization as well as in terms of assets. Top TSX stock TD Bank is also trading approximately 25% lower against its 52-week high.

TD has a strong liquidity position and high-quality loan portfolio, which makes it better placed amid these challenging times. It did not have any exposure to subprime lending in 2008, which made it survive the last financial crisis.

Just like Royal Bank, TD Bank stock also seems attractive from the valuation standpoint at the moment. It is trading 10 times its forward earnings, which is a large discount against its historical average.

TSX stock Toronto-Dominion offers a dividend yield of 5.3% at the moment. What's striking here is its consistent dividend growth. Since 2000, the bank has increased its dividends by 10% compounded annually. Thus, considering its strong dividend profile and a discounted valuation, Toronto-Dominion Bank stock looks attractive for long-term investors.

These top TSX stocks will likely remain volatile while the pandemic dominates. Their earnings in the next couple of quarters could also take a serious dent as loan defaults increase. However, as earlier stated, Royal Bank and TD Bank look fundamentally sound. Their size and scale will help them emerge stronger through these tough times.

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