



TD Bank (TSX:TD): An Oversold Dividend Stock to Stash in a TFSA Today

Description

TFSA investors who keep telling themselves that they'll put money to work in the stock market once things settle down could be waiting a very long time. As long as the coronavirus is still out there, [volatility](#) will likely prevail. Once a vaccine does land, valuations could be a multitude higher to account for the massive layer of uncertainty that's been lifted off.

As such, TFSA investors should stop sticking on the sidelines and should actually seek to invest rather than waiting for that perfect opportunity to jump in. Because unless you've got a crystal ball handy, odds are you won't be able to jump in the markets at the perfect moment.

Great TFSA investors [don't time the markets](#). Great TFSA investors invest. And if you've got a tonne of cash collecting dust (and not much interest) in your TFSA savings account, it's time to make the jump into the equity markets while valuations are still modest, because by staying out of the market, you're betting that the Fed won't step in with more action once the going gets tough again — a bet I wouldn't be comfortable making.

Great TFSA investors (wait for it...) invest!

Depending on which pundit you tune into on TV, you're likely to hear that the market is everything from fairly valued to overvalued, because the fundamentals no longer align with the markets themselves.

Given the Fed has shown its willingness to throw everything but the kitchen sink to avert an economic depression (equity purchases and negative interest rates on the horizon?), I don't think it makes sense to compare the reality of the economic situation to the stock market. The stock market will probably continue to be unpredictable, and it could further deviate from the bleak economic picture that's been painted.

The best part of this uncertain market is that it was made for stock pickers. You don't need to risk your shirt in some of the hardest-hit areas of the economy. And you don't need to speculate to punch your ticket to a shot at outsized gains either. All you need to do is to resist the urge to time the market and focus on the longer-term horizon.

TD Bank is a must-buy for any long-term investor's TFSA

Plenty of battered blue chips like **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) are still on sale, having not participated as much as most other securities in the broader market rebound. Things tend to fall back to the banks in an economic downturn or a shock. But it's important to remember that things aren't as horrific for the Canadian banks as they were in the depths of the Financial Crisis when the future of the financial system was up in the air.

The banks are stress tested, well capitalized, restructured following weakness in the Canadian credit downturn, and they're ready to weather this coronavirus typhoon. Loan losses will swell, but capital ratios, especially for a well-managed bank like TD, will remain robust, even though it seems like this "perfect storm" of headwinds will cause them to implode further.

It doesn't seem like it now, but TD is a well-run bank that still deserves a premium price tag. The bank may have an "aura of conservative" practices ingrained in its corporate governance practices, but few financial institutions are capable of dodging profound shocks to the economy. In due time, these headwinds will pass, and TD, as well as its peers, will come roaring out of the gate when the economy looks bright and credit becomes easy again.

Foolish takeaway

The banks have been duds of late. But it won't stay this way forever. If you've got room in your TFSA and the patience to hold, it makes a lot of sense to scoop up a name like TD, as you collect the bountiful 5.1% yield.

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Date

2025/08/05

Date Created

2020/06/20

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