



This 1 Stock Is All You Need for Lifelong Passive Income

Description

Canada's banking industry is one of the most respected, if not revered, industries in the world. Young professionals and recent graduates aspire to land a job in any of the Big Banks in the country. Most global economies fear an economic meltdown because it could shake people's trust in their general banking system.

Many big-name banks in the U.S. wilted during the 2008 financial crisis. The epic disaster resulted in the failure of even the most prominent American lenders. The Feds rolled out an alphabet soup of different programs to lend financial support. However, the top banks in Canada were unruffled. None of them requested a federal bailout.

Industry attributes

During the global financial crisis, the Canadian banking system displayed grit and resiliency. For years, industry regulators didn't give in to the pressure of relaxing lending restrictions. As such, the stringent policies enabled the banks to maintain solvency and sound balance sheets.

In the current health crisis, Canadian banks endured another financial catastrophe. The impact of the COVID-19 pandemic was severe, and the big lenders have stepped up again. They all worked in lockstep with industry regulators and the central bank to confront the menace.

The financial giants gave thousands of homeowners mortgage flexibility and granted credit card payment deferrals to thousands more. Aside from helping facilitate government programs, the Big Six banks allocated more than \$6 billion provisions for credit losses (PCLS).

Confidence in bank stocks

Despite the 173% increase in PCLs in Q3 2020 versus the same period in 2019, stock investors never lost confidence in bank stocks. They feel safe and secure in the ability of the formidable group to weather the storm.

But if you were to pick only one for [life-long passive income](#), the **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is the logical choice. The amount of PCL increases varies, but Canada's largest bank had the smallest increase among all. The **Toronto-Dominion Bank**, the second-largest, increased its PCL by 234%. RBC's increase was \$675 million, or 59% from a year before.

Stock performance

RBC stands tall with its \$165.34 billion market capitalization. As of April 23, 2021, the share price is \$116.56 or 47.8% higher than it was a year ago. The year-to-date gain is 13.63%. If you were to invest today, the dividend yield is a very decent 3.71%.

Note that the blue-chip stock's total return over the last 48.4 years is 42,484.29% (13.33% CAGR). The [dividend track record](#) is likewise striking. RBC has been paying dividends since 1870. There's no doubt that you'll have a financial wellspring when you retire.

Most valuable brand

The Big Five banks are in the top 10 in the 2020 annual BrandZTM Top 40 Most Valuable Canadian Brand rankings. The Royal Bank of Canada is at the top spot, followed by the Toronto-Dominion Bank. It appears that strong brands are far more shielded from economic shocks.

The companies should also rebound faster during the recovery phase. For Q1 fiscal 2021 (quarter ended January 31, 2021), the bank reported a 10% increase in net income versus Q1 fiscal 2020. Market analysts also forecast the stock price to climb 14% to \$133 in the next 12 months. If you want real lasting income, it's RBC or bust.

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1. Bank Stocks
2. Dividend Stocks
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