



Royal Bank of Canada (TSX:RY): Why I Sold This Stock

Description

It's not very often that I sell stocks I own. As a long-term "buy and hold" investor, I prefer to stick with investments for a good while. Every now and then, I'll sell stocks to lock in a gain or pay for something. But for the most part, I aim for holding periods of at least 10 years.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) was one recent exception. When I bought this stock, I did intend to hold it long-term. However, I ended up selling it after only a few months. In this article, I'll explain why I did so—and explore whether Canadian bank stocks are still a good value at today's prices.

Realizing a gain

One of the reasons I sold RY stock is because I realized a fairly quick gain on it. The stock rose about 11% in the two months I held it, and I didn't think it had much a shot of continuing that rally for the remainder of the year.

At this point, Canadian banks have pretty much recovered from their 2020 COVID-19 damage. Their loans are no longer as risky as they were last year and their stocks have fully reflected that fact.

Today, most Canadian banks trade for higher prices than they did before the pandemic began. So, the quick gains realized from March 2020 to June 2021 are unlikely to continue. Realizing this, I decided to sell my RY stock at a quick, easy gain.

Buying other stocks

Another reason I sold my Royal Bank of Canada stock was to buy other stocks.

I'm a big fan of financial companies in general, but I already have a lot of Canadian bank exposure through my **TD Bank** position. TD has more growth potential than RY does, so I'm not about to exit my TD stock. But earlier this year, I was very interested in getting into fin-tech.

Particularly **PayPal**, a payments company that is rumoured to be getting into the [brokerage business](#). I'm saving up to buy a house at the moment, and I didn't want to dip into my down payment savings to buy PYPL stock. So, I sold my RY stock to raise the money instead.

Fundamentals

As I've outlined already, I sold my Royal Bank of Canada stock for two main reasons:

1. I realized a gain on the shares.
2. I wanted to buy other stocks.

These reasons alone were enough for me to shed my RY position. However, they don't mean that you shouldn't buy the stock. Royal Bank's fundamentals are still pretty good for the trailing 12-month period, boasting strong metrics like:

- A 31% profit margin.
- A 0.91% return on assets.
- 12.7% revenue growth.
- A [13.6% CET1 ratio](#).

All pretty solid numbers for a bank. If RY can keep up these results in the future, then it will prove to have been a worthy buy at today's prices. For my own part, I'm just more interested in other things.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:RY (Royal Bank of Canada)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. andrewbutton
2. arosenberg

Category

1. Dividend Stocks
2. Investing

Date

2025/08/22

Date Created

2021/09/24

Author

andrewbutton

default watermark

default watermark