



2 Bank Stocks to Own for the Rest of Your Life

Description

Passive investors aren't constantly pursuing high-yields but would settle for assets you can own for life. If you have the same desire, initiate or add to a position in **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

You can buy shares of the second- and third-largest bank in Canada today and never sell. Many investors have done this, and I'm sure none of them are dissatisfied. Moreover, you can minimize risks and maximize returns if you maintain a long-term view.

Resilient as ever

The World Economic Forum perennially ranks Canada's [big banks](#) as among the world's safest investments. Young and old investors were drawn to TD following its remarkable display of resiliency during the 2008 financial crisis. It was the only company that reported revenue and income growth during the economic meltdown.

TD overcame massive headwinds like the COVID-19 pandemic and low-interest-rate environment in 2020. The \$154.62 billion bank is even stronger in 2021. Because the expected significant loan losses did not materialize, TD's pleasant problem is where to deploy the \$14.6 billion excess capital in its coffers.

Hiking [dividends](#) is an option, although TD must wait for the bank regulator to end the moratorium on dividend increases. Management is open to spending on M&A if compelling opportunities arise. The bank now owns the Canadian Direct Equipment Finance business of **Wells Fargo** and Chicago-based Headlands Tech Global Markets.

Bharat Masrani, TD Group's president and CEO, said the bank continues to report solid revenue growth due to its proven business model. In Q3 fiscal 2021, net income in TD's U.S. and Canada retail segments rose 92% and 68%, respectively. Meanwhile, the bank is monitoring developments in the U.S., because the economic recovery has slowed down.

TD boasts the highest growth rates among the six banks. Its annual earnings growth averaged between 6.83% and 8.79% from 2016 to 2020. Current investors enjoy a 21.2% gain in addition to the 3.73% dividend. Some analysts say TD could grow its dividend at a faster pace once restrictions are lifted.

Well-diversified business model

BNS pays the highest dividend (4.6%) in the banking sector, which is the perfect enticement to dividend investors. Moreover, the bank stock's total return of 177,736.83% (16.56% CAGR) in the last 48.82 years is an incredible feat. Likewise, the \$95.68 billion bank has a dividend track record of 189 years and counting.

Like TD, BNS is [cash rich](#), with \$5.1 billion in excess capital. After three quarters in fiscal 2021, the bank's net income was \$7.39 billion, or nearly 50% higher compared to the same period in fiscal 2020. Its president and CEO Brian Porter credits the robust Q3 fiscal 2021 results to BNS's well-diversified business model.

Net income rose to \$2.5 billion during the quarter, or nearly 95% higher versus Q3 fiscal 2020. Market analysts see a potential upside of 9.8% to \$86.43 in the next 12 months regarding the stock price's outlook. The current share price of \$78.74 is a good entry point if you want higher gains.

Sources of lifetime income

The more than 150-year dividend track records of TD and BNS make both banks compelling long-term investments. Either one could be the core holding in your stock portfolio and the source of lifetime income.

CATEGORY

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3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:TD (The Toronto-Dominion Bank)

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Date

2025/09/28

Date Created

2021/10/02

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