RRSP Investors: TD Bank Stock Looks Like a Great Buy and Hold for the Next 5 Years

Description

RRSP investors should be focused on the extremely long term to get the greatest edge that the account can offer. Indeed, investing in top Canadian dividend stocks, while using the proceeds to reinvest, can help one kickstart their push to obtaining a rich and comfortable retirement. Indeed, growth stocks and speculative assets are tempting, but for those who want a greater degree of certainty with their retirement timeline, such plays may not be ideal for an RRSP.

Undoubtedly, a major loss from an asset like a risky **Bitcoin** fund could set one back considerably. With your RRSP, you should seek to stay in wealth-compounding mode, minimizing the chances that you'll hit a major bump in the road that could cause your retirement to be delayed by years. Undoubtedly, a longer-term horizon makes investments less risky, but one should avoid the temptation to speculate or profoundly accelerate the wealth-creation process. Because, like it or not, an RRSP with boring dividend stocks in "set-and-forget" mode is powerful. And best of all, those RRSP investors who leverage it can sleep easy at night, even in the face of a drastic pick-up in market volatility.

RRSP investors: A tough 2022 could be in the cards

Bears and pundits have been ringing alarm bells this year, all while the stock market continued its ascent. This goes to show that timing the market is not an effective strategy.

Still, RRSP investors must always consider valuation and not forget that corrections and crashes are possible, even if we go around two years without one. Indeed, Warren Buffett has been selling a considerable amount of stock over this past year. That doesn't mean a crash is nigh, though. It simply means that the abundance of valuations may not be the greatest he's ever seen it. As a result, he's certainly not itching to put his cash hoard to work.

Moving forward, RRSP investors may wish to insist on a wide margin of safety, so they'll be in a position to do better than broader markets, which may be in a spot to offer far less in terms of real returns. Unlike Buffett, RRSP investors may be more vulnerable to higher levels of inflation (over 4%) if they're hoarding excessive amounts of cash.

Depending on who you ask, the next year or few years are unlikely to be as generous on the returns front as the past few years. While the TSX may struggle to continue this pace, I think there are individual names underneath the good that can do far better over the next five years than the five years that lie behind us — most notably, Canadian banks, which could be on the cusp of a multi-year bull run.

High-dividend financial stocks like **TD Bank** (TSX:TD)(NYSE:TD) are just some of many intriguing dividend options for risk-off RRSP investors to do well, regardless of what Mr. Market has in store for us in 2022 and beyond!

TD Bank: The next five years look brighter than the past five years

In terms of value for what you get, it's tough to stack up against TD Bank ahead of what appears to be a higher-rate environment. The bank, which has enough firepower to acquire a U.S. retail banking firm, finds itself in a good spot, as provisions plunge, loans growth bounces, and margin hopes rise. Indeed, the last five years have been tough for the Big Six Canadian banks, especially TD, which had stumbled through 2020, leaving it a bit of a rut, as its younger brothers outpaced it on a returns front.

Moving forward, though, look for TD to pick up to pace, as the outlook improves. Indeed, the next five years look far brighter for TD and the broader basket of banks. Today's valuations, I believe, reflect a tough past two years, not the next five years, which could be so much brighter. As such, RRSP investors should consider buying or watching the name before the dividend hikes come rolling in at a generous annualized rate once again. TD lost a step, but it'll come back. And the relative discount versus its peer group is unlikely to last.

CATEGORY

1. Bank Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. 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. joefrenette
2. kduncombe

Category

1. Bank Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/09/05
Date Created
2021/11/18
Author
joefrenette