TFSA Investors: Now's the Time to Buy the Best Bank for Your Buck!

Description

TFSA (Tax-Free Savings Account) investors experienced some relief this week, with the markets finally finding their footing. The S&P 500 and TSX Index are up 3% and 4.8%, respectively over the past week. Indeed, this bear market has been harsh on many new TFSA investors, especially those who decided to put their 2022 TFSA contribution of $6,000 to work back in January.

Remember, the stock market isn't always going to be like this. In the first half, rate hikes, inflation, recession fears, and the Ukraine-Russia crisis had investors rattled. In the second half, as investors grow tired of worrying, we're bound to experience a bit of respite.

A brutal start to 2022 does not mean a brutal end is inevitable

The first half of 2022 was the worst start to a year in over 50 years. Indeed, that's an alarming fact. However, it's worth noting that the market sell-off essentially began once the clock struck midnight. Though expectations may be tempered for the second half, I think it's unwise to give up on this market as it reaches a turning point that could be sustainable.

Remember, there will always be things for investors to worry about. Whenever investors are worried about the "same old, same old," there are opportunities to be had. Many were fearful over second-quarter earnings, but the numbers were not nearly as bad as feared! Whenever you've got expectations set to the floor, it doesn't take much to impress.

Let's look at a dividend growth stock that may be poised for a rally after being beaten down fiercely over the past few months. Consider **Bank of Montreal** (TSX:BMO)(NYSE:BMO), a TFSA-worthy bank with too much short-term noise clouding the solid long-term fundamentals.

Bank of Montreal

Bank of Montreal stock was dragged down over 22% from its all-time high, primarily due to recession jitters that impacted the market as a whole. As a commercially-focused bank, with a great deal of U.S.

exposure, it should come as no surprise to see shares fade hand-in-hand with U.S. banking giants. And many of these giants took a bigger hit than the Big Six Canadian bank stocks.

What many investors may be ignoring are BMO's innovative capabilities.

Sure, the banks aren't known for their prowess in financial technology. However, there's no denying BMO's tech savviness that helps make the lives of its customers easier. Consider BMO's pre-authorized payment manager, a digital banking first, which launched this month on BMO's mobile app.

The digital banking feature provides an enhanced view of pre-authorized payments, including subscriptions attached to a BMO credit card, helping customers better track how their money is being spent. In a recent survey conducted by the bank, around 65% of Canadians with subscriptions tied to their BMO credit cards say a pre-authorized payment management tool will help them better manage their funds.

I think BMO's digital innovation will eventually be copied by other banks eager to embrace tech to fend off high-tech rivals in the fintech space.

At writing, the stock trades at a ridiculously-low 6.9 times trailing earnings, 2.7 times sales, and 6.3 times cash flow. The dividend is also impressive at 4.43%. A depressed valuation and a bountiful payout on a bank that's disrupting the market with technology? If that's not a bargain, I don't know what is!

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