



Where Should Canadians Invest \$500 Right Now? How About the “Best Bank for Your Buck?”

Description

For those seeking deep value, look no further than the banks. Consider shares of **TD Bank** ([TSX:TD](#))([NYSE:TD](#)). One of Canada’s bluest of blue chips that probably won’t stay depressed for too long.

TD Bank: Greedy while others are fearful

TD Bank is shaping up to be one of the best banks going into the second half of the year following its one-two punch of acquisitions. Now, investors ought to realize that mergers and acquisitions (M&A) is a double-edged sword. It doesn’t always create value. Sometimes, it can destroy it. Just look at **AT&T’s** acquisition of Warner’s media assets a while back. The firm suffered from the deal and eventually had to spin it off to unlock value. Indeed, bigger is not always better.

Following the acquisition of First Horizons, and, most recently, Cowen, TD Bank is getting greedy amid the recent slide in the financial sector. I respect management’s aggressiveness during market-wide turmoil, and think they’ll walk away with some of the best deals of the year in the banking scene.

First Horizons, which has more than 1,100 branches in the states, has faced some backlash from regulators. However, I think all will go well, and things will be closed come February 2023.

Meanwhile, TD is buying Cowen with US\$1.3 billion in cold, hard cash. TD wouldn’t pay all cash, unless it knew there was value to be had. Amid the recent hailstorm in markets, I think Cowen could help propel TD’s capital markets business to the next level.

Retail banking has been TD’s favourite cup of tea. Still, its capital markets business needed a boost to catch up to the likes of some of its Big Six peers. The Cowen deal, I believe, helps TD gain a solid footing in the realm of investment banking.

Opportunities don’t come every day

“This is an opportunity that doesn’t come every day,” said CEO Bharat Masrani on the Cowen deal. “You’ve heard us talk often about our aspiration to build an integrated North American franchise with global reach.”

Indeed, Masrani hasn’t shied away from noting his firm’s intent to acquire its way to greater growth in the U.S. market. Masrani expects the recent deals to “accelerate” his firm’s aspirations “by many, many years.”

Despite the \$120 billion market cap, TD is still moving fast, and management is its strong point, in my humble opinion. Masrani is worth a premium price tag, and I applaud him for not chasing takeover targets earlier last year when the man shed light on his openness to acquisitions. He waited for the perfect time and made a move that I believe will produce shareholder value over time.

It’ll take time to digest the Cowen and First Horizon deals. However, in due time, I expect more of the same if the firm has the capacity and the right deal comes along. I think TD’s ability to spot deals gives it a durable edge over its peers.

Bottom line

TD doesn’t always wheel and deal. But when there’s a market selloff or bear market, it’s shown a willingness to step up to the plate with the goal of swinging one right out of the ballpark. Indeed, TD’s liquidity position is finally paying off and management’s disciplined M&A strategy amid the dip is so Warren Buffett-esque.

If First Horizons and Cowen deals go as planned, I think TD may have swung two home runs in just a few months. TD’s U.S. business is already strong. After recent deals, TD’s U.S. business could help the company make a move to the very top of the TSX Index (in terms of [market cap](#)). In any case, TD remains the best bank for your buck, and I’m inclined to top-up my position on this latest upside surge.

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