



## TFSA Investors: 1 Dividend Aristocrat to Consider Amid a Market Downturn

### Description

TFSA investors have a tough job on their hands, with broader U.S. markets flirting with lows not seen since June. Undoubtedly, the bears will call for much more pain ahead, as the U.S. Federal Reserve is open to inducing a bit of economic pain to drag down inflation rates toward normalized levels. Indeed, a 2% inflation target would be ideal. However, I'd not be surprised if the Fed takes its foot off the rate-hike gas if inflation shows signs it's falling faster than expected.

Now, inflation is projected to retreat. To the market, it's all about how much faster (or slower) inflation will drop from these levels. As we saw during summer, a slight CPI (Consumer Price Index) beat can inject a wave of euphoria into the markets. On the flip side, the latest CPI miss had an equally detrimental impact on stocks.

Any given month, we could have a sudden reversal of market sentiment. Indeed, it's profoundly volatile out there, and it's [beginner](#) investors who should take advantage of the monthly downswings, so they're ready for the next inevitable upswing.

Indeed, the August CPI report is fresh in the minds of many right now. That's just how myopic everyone is in the face of a recession and the Fed's ongoing battle to curb price increases.

### Bear market: Get used to exogenous-event-induced volatility

Now, another CPI miss could easily send stocks even lower. However, I'd argue that a better-than-expected CPI number could have a larger effect to the upside. That's why I'd not bail on markets here, even though it seems like every day is sure to be a down day. In bear markets, tides can turn on a dime, and it's those who try to exit (after much damage has already been done) that could be left missing the boat when it's ready to sail higher again.

In this piece, we'll have a look at an oversold dividend stock I'd look buy, even as negative momentum accelerates. Buying stocks in bear markets is never fun. That said, it's bear markets when much of the long-term gain is made by contrarian investors.

Indeed, if you're a long-term investor, your total returns would likely be enhanced over a 10-20-year timespan if you braved a bear market, rather than giving in and selling on fear.

## TD Bank

**TD Bank** ([TSX:TD](#))([NYSE:TD](#)) is a Dividend Aristocrat that tends to be a great buy, regardless of what pundits think is up ahead. Over the next 18 months, we're likely to see a recession, with big banks experiencing some loan losses. Undoubtedly, even the best-run bank is not immune from economic downswings. What separates TD from the pack, I believe, is its recent wheeling and dealing. The bank went into the year hungry for a U.S. acquisition. And after a nasty bear market slide, TD clearly got prices that were too good to pass up on.

Indeed, TD Bank didn't flinch at the opportunity to grab First Horizons and Cowen for US\$13.4 billion and US\$1.3 billion, respectively. The First Horizons all-cash deal seemed to suggest TD's managers saw immense value to be had. While the smaller Cowen deal may be less striking, it can help TD take its capital markets business to the next level. Indeed, TD is a relative underdog in capital markets, but with Cowen, I think TD has a solid foundation to make strides over peers.

At 10.7 times trailing price-to-earnings, TD stock trades at a [discount](#) to historical averages. With macro headwinds approaching, though, earnings are bound to take a bit of a hit. Regardless, TD is likely to walk away a long-term winner from the great bear market of 2022, with two quality financial firms in its hands.

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