My Top 2 TSX Portfolio Holdings Heading Into February 2023

Description

Heading into February 2023, my portfolio looks much like it did back in 2022: highly value oriented. As a value investor, I have a strong preference for banks and beaten-down tech names. Last year, I held some oil too, though I'm not in those stocks anymore. Apart from that, I pretty much own the same kinds of stocks I owned last year.

In this article, I will explore my top two TSX portfolio holdings heading into February 2023.

TD Bank

Toronto-Dominion Bank (TSX:TD) is the TSX stock that I've held the longest out of all the ones I own. I've owned it for nearly five years now, and I have no plans of selling it anytime soon.

Why do I like TD Bank stock so much?

First of all, it has a solid brand. TD Bank is a household name in Canada, and it's pretty widely recognized in the Eastern U.S., too. I wouldn't say that TD is a big-tech style "super brand" that gives pricing power or anything like that, but it's fairly strong — strong enough that it could help with attracting depositors.

Second, it has relatively strong growth by banking sector standards. Over the last five years, TD has grown its revenue by 7% per year, its earnings by 10.5% per year, and its earnings per share (EPS) by 11.7%. By bank standards, that is truly incredible growth. Additionally, TD stock is cheap, despite its moderately strong growth. At today's prices, it trades at 10.65 times earnings, 3.6 times sales, 1.61 times book value, and 4.37 times operating cash flow.

Finally, the bank has two big U.S. deals waiting to close, which will increase its foreign presence and potentially ramp up its earnings growth. 2022 was a big year for TD Bank, with many big deals announced, and 2023 could be the year they finally close.

iShares S&P/TSX 60 Index Fund

iShares S&P/TSX 60 Index Fund (TSX:XIU) is a diversified Canadian index fund that I have held for almost as long as I've held TD. It consists of the 60 biggest Canadian public companies, weighted by market cap. The fund is not quite as diversified as TSX composite funds, but it has delivered slightly better price returns over time. Canadian large-cap banks and utility stocks have done quite well over the years, and XIU has more exposure to them, proportionately, compared to broad market Canada funds. Overall, I'm happy holding XIU in my portfolio for the long haul.

One last idea

As a concluding note, I should mention one TSX stock I no longer own, but still think fairly high of: **CN Railway** (TSX:CNR)**.**

It's a Canadian railway that I held on the run up from $100 to $155. This railroad has an economic moat, as there are only two railway companies in Canada. It also has access to many U.S. routes. Its three-coast network is a unique advantage — one that should benefit shareholders over the long haul. I don't hold this stock anymore, but I only sold it because I wanted to raise cash for other investments. I still consider it a better-than-average stock.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CNR (Canadian National Railway Company)
2. TSX:TD (The Toronto-Dominion Bank)
3. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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