

# Buy Toronto-Dominion Bank Now, or You'll Regret it Later

## Description

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), the largest bank in Canada in terms of total assets, has watched its stock fall over 8% in 2015, but it has the potential to pare these losses and head significantly higher from this point forward. Let's take a look at three of the primary reasons why this could happen and why you should make it a core holding today.

### 1. Its strong earnings results could support a quick rebound

On August 27, TD Bank released very strong earnings results for its three- and nine-month periods ending on July 31, 2015, but its stock has responded by falling over 1.5% in the weeks since. Here's a summary of 10 of the most notable statistics from the first nine months of fiscal 2015 compared with the first nine months of fiscal 2014:

1. Adjusted net income increased 5% to \$6.58 billion
2. Adjusted earnings per share increased 5.5% to \$3.47
3. Total revenue increased 3.9% to \$23.38 billion
4. Net interest income increased 5.4% to \$13.84 billion
5. Non-interest income increased 1.7% to \$9.54 billion
6. Total assets increased 17% to \$1.099 trillion
7. Total deposits increased 19.5% to \$685.66 billion
8. Total loans, net of allowance for loan losses, increased 13.5% to \$528.63 billion
9. Total assets under management increased 19.8% to \$345.51 billion
10. Book value per share increased 21% to \$33.25

### 2. Its stock trades at inexpensive forward valuations

At today's levels, TD Bank's stock trades at just 11.1 times fiscal 2015's estimated earnings per share of \$4.58 and only 10.6 times fiscal 2016's estimated earnings per share of \$4.82, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 13.7 and the industry average multiple of 11.6.

I think TD Bank's stock could consistently trade at a fair multiple of at least 13, which would place its shares upwards of \$59 by the conclusion of fiscal 2015 and upwards of \$62 by the conclusion of fiscal 2016, representing upside of more than 15% and 21%, respectively, from current levels.

### 3. It is both a high-dividend and dividend-growth play

TD Bank pays a quarterly dividend of \$0.51 per share, or \$2.04 per share annually, which gives its stock a 4% yield at today's levels, and this is significantly higher than the industry average yield of 2.6%. It is also worth noting that the company has increased its dividend for five consecutive years, and its increased amount of free cash flow could allow this streak to continue for the foreseeable future.

### **Is there a place for TD Bank in your portfolio?**

I think Toronto-Dominion Bank represents one of the best long-term investment opportunities in the market today. Its strong earnings results in the first nine months of fiscal 2015 could support a quick rebound, its stock trades at inexpensive forward valuations, and it is both a high-dividend and dividend-growth play, which will continue to attract income investors. All Foolish investors should strongly consider initiating positions today.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

### **TICKERS GLOBAL**

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

### **Category**

1. Bank Stocks
2. Dividend Stocks
3. Investing

### **Date**

2025/09/30

### **Date Created**

2015/09/25

### **Author**

jsolitro

default watermark