



Toronto-Dominion Bank (TSX:TD) Stock Is Still a Tremendous Opportunity

Description

Although **Royal Bank of Canada** remains the largest Canadian bank by market cap, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) takes first place in terms of assets.

The quality bank has more than 25 million customers around the world, including about 12 million active online and mobile customers. Specifically, it has about 4.4 million Canadian mobile users and roughly 2.8 million U.S. mobile users. TD Bank primarily focuses on North American retail, which tends to generate stable, consistent earnings.

Will TD stock continue to outperform?

From 2013 to 2017, TD stock delivered 16.7% per year on average, outperforming its Canadian peers by about 2.1%. In the same period, the stock increased its dividend per share by 10.2% per year on average, thereby outperforming its Canadian peers by 3.4%.

[TD stock will likely continue to outperform](#) its Canadian peers, as the bank is estimated to grow its earnings per share at a faster pace than the other big Canadian banks.

Analysts estimate TD Bank will grow its earnings per share by 9-12% per year on average for the next three to five years. If so, then the stock's recent quotation of about \$77 per share is still a reasonable price despite the roughly 18% run-up of the stock in the last year.

Its recent quotation implies a price-to-earnings multiple of about 12.7, which aligns with the stock's long-term normal multiple and is reasonable for its earnings growth forecast.

Recent results

In the most recent reported quarter, TD Bank had total assets of \$1,283.8 billion, total deposits of \$829.8 billion, total loans of \$622 billion, assets under administration of \$416.4 billion and assets under management of \$365.2 billion.

In fiscal Q2, TD Bank generated about 60% of its net income from its Canadian Retail segment, about

31% from its US Retail segment, and about 9% from its Wholesale segment.

Near-term upside potential

Thomson Reuters Corp. has a 12-month mean target of \$84.80 per share on TD stock, representing about 10.1% near-term upside potential.

Investor takeaway

If your portfolio has little exposure to the financial sector, TD Bank is one of the best Canadian banks you can buy today at a reasonable price. The bank has a meaningful exposure to the U.S. economy, which remains strong.

As TD stock's payout ratio is estimated to be about 42% this year, the company should be able to grow its dividend at a rate that keeps pace with its earnings growth, if not exceeding it. The bank offers higher growth than its Canadian peers, which is why TD stock offers a lower yield in comparison.

TD stock is a great pick for investors seeking growth and a [quality stock](#) in the financial sector.

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