Toronto-Dominion Bank (TSX:TD) Belongs in Your Portfolio Right Now

Description

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) has become one of the most impressive options on the market for investors in recent years due to its rapid growth and string of stellar results. Earlier this year, TD announced results from the first quarter of fiscal 2019 that put some of that long-standing view into doubt for some investors.

Let's try to address those concerns and see if TD really is a good long-term investment.

TD can make the best of a bad situation

From just about every way that you label it, on average, the American financial market experiences a steep pullback at least once a decade. Whether through being more fiscally conservative or as a result of more stringent regulations, Canadian banks such as TD have fortunately not experienced anywhere near that level of crisis.

By extension, when the economy takes the foot off the gas, pundits often say that the absolute worst thing to do is run for cover. This couldn't be further from the truth.

Yes, TD had a less than stellar quarter by some accounts, but to be clear, it wasn't *as great* because it wasn't another record-setting quarter. Instead, the bank posted net income of *only* $2,410 million, *only just* $57 million more than the same period last year.

Digging deeper into those results reveals that the Canadian retail segment lagged 22% over the same period last year, posting just $1,379 million in net income for the quarter, while the U.S. retail business realized a gain of 30% to $1,240 million.

TD remains a solid long-term prospect, and this is what investors should focus on, rather than pointing to random short-term events such as how interest rate hikes are on hold, loan-loss provisions are on the rise, and housing prices are beginning to plateau, if not descend in some parts of the country.

To put it another way, TD has weathered plenty of storms in its extensive life, and this too shall pass.

Just keep focusing on the long-term, which is where the real growth and income prospects lie. Instead, let's talk about dividends and technology.

TD has a solid dividend and viable tech portfolio

While TD's dividend is not the most impressive yield on the market, but the quarterly dividend does currently provide a very appetizing 3.94% yield, which has seen a flurry of healthy annual upticks over the years, including the most recent hike announced in the most recent quarter.

Technology has traditionally been viewed by banks as a tool to automate the existing (slow) way of doing business. That stereotype is coming to an end as TD begins to roll out a slew of new technology-based solutions that are targeting a more personalized experience to customers.

A prime example of this is the bank's AI chatbot (known as Clari) that interacts with customers and provides assistance where needed. Adding to that are the ongoing improvements to both the WebBroker and TD Ameritrade platforms that all contribute to the long-term prosperity of the bank.

Final thoughts

TD has played the past decade exceptionally well to become one of the largest banks in the lucrative U.S. market, with a network of branches that stretches from Maine to Florida along the east coast. That network, which now exceeds the banks Canadian branch size, is only going to continue growing in the next few years, and benefit from higher loans and deposits from the region.

In short, TD remains an excellent long-term option for any investor looking to diversify their portfolio. Buy it, and forget it for a decade or two; you won't regret it!

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