



A Top Dividend Stock to Buy and Hold for the Next 50 Years

Description

For long-term investors, it's very important to identify top dividend stocks that they can buy and earn regular income over the long period of time. This strategy helps build your wealth slowly without adding too much risk to your portfolio.

Once you have decided to invest for the long-term, the next big challenge is to find such companies that are consistent in rewarding investors and with a low risk to the downside.

If you're one such investor, then I strongly recommend adding some of Canada's largest lenders in your portfolio. Canadian banks have been very [consistent in rewarding investors](#) through steadily growing dividends.

Their main strength comes from their strong local presence, their ability to grow south of the border, and operating in a regulatory environment that's among the best in the developed world.

If you're sitting south of the border, you might often see some doomsday predictions coming from a small group of short-sellers who have been betting for quite some time that some of these lenders will collapse due to their high exposure to the nation's cooling housing market.

Bloomberg News highlighted this predicament faced by short-sellers in a recent analysis after identifying some dangers to the nation's banking outlook.

"Even with danger signs piling up, the shares of the six biggest Canadian banks have stubbornly refused to drop, instead surging 9.4% this year — and frustrating short sellers hoping to make money on stock-price declines," the Bloomberg report said.

From the top six Canadian banks, [Toronto-Dominion Bank \(TSX:TD\)\(NYSE:TD\)](#) is one of my top dividend stocks to buy in this space. The lender has an excellent payout policy, distributing between 40-50% of income in dividends each year. In addition, TD has a great diversification business with its wide presence in the U.S.

It generates about 30% of its net income from the U.S. retail operations. The bank also has a 42% ownership stake in TD Ameritrade with a fast-expanding credit card portfolio. Following its aggressive growth in the U.S. during the past decade, TD now runs more branches south of the border than it

does in Canada.

After a 10.4% increase in its payout in February, income investors in TD stock now earn a \$0.74-a-share quarterly dividend, which translates into a 3.99% yield on yearly basis.

The bank is forecast to grow its dividend payout between 7% and 10% each year going forward — an impressive growth rate at a time when the 10-year government note is yielding less than 2% .

Bottom line

TD is a great stock to hold for the next 10, 20, or even 50 years. It will slowly add to your wealth and you will have a chance to grow your savings by unlocking the process of compounding.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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Date

2025/09/20

Date Created

2019/04/16

Author

hanwar

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