3 Reasons Why TD (TSX:TD) Is a Buy-and-Hold Forever Stock

Description

U.S. banks and financial institutions are viewed as among the safest investments around. Interestingly, **Toronto Dominion Bank** (TSX:TD)(NYSE:TD) is viewed the same way in both Canada and U.S. stock exchanges.

Why?

Well, this Canadian bank is actually a pseudo-American bank.

Toronto Dominion's operations are fifty-fifty. The bank's exposure spans the two countries where the combined assets deliver profits. Even ambivalent investors can buy this stock and hold for dear life minus the worries. Dividends grow annually and payment is clockwork.

Strong U.S. franchise

Toronto Dominion moved to diversify across the border after the financial crisis. A change in strategy was needed. In order to be resilient, the bank needs to establish and grow a U.S. franchise. The plan was masterfully executed. Today, the bank is diversified and more stable.

The customer base has grown to more than 25 million worldwide. A full range of financial products and services are available to them. Three major business lines – Canadian Retail, U.S. Retail, and Wholesale Banking – comprise the TD Bank Group. All segments are key income contributors.

For the first quarter ending January 31, 2019, the bank reported a net income of $1.24 billion from the U.S. retail segment, which is a remarkable 30% increase (21% on an adjusted basis) versus the same quarter last year. TD's U.S. operations are the tailwinds.

Excellent dividend track record

Despite the challenging market conditions, Toronto Dominion stands out among Canadian bank stocks. From February 1, 1999, to January 31, 2019, the share price has risen +355.56% from $16.24 to $74.00. Currently, TD is trading at $75.45 and is up +11.18% year to date.

The dividend history is outstanding, with more than 20 years of dividend growth. On an annualized basis, the growth is 11.1%. For 2019, the dividend yield is expected to be steady at 3.8%. The strong retail business will stabilize the payouts and lift earnings higher.

Should the market experience volatility, analysts see the stock doing better, if not outperform this year. The price appreciation could be +10.19% ($83.14) on the average or perhaps +19.28% ($90.00) on the high side.

Last year's earnings growth was around 11.03%, and double-digit growth is almost certain again in 2019. If you combine the dividend yield with the projected price appreciation, then you're looking at a rock-solid return.

Primed for the digital age

Toronto Dominion Bank is acclimatized to the digital landscape. The bank has successfully integrated the new digital technologies such as A.I., intelligence, RPA (robotics processing automation), and cybersecurity in the organization.

The bank embraced these emerging technologies to create value for the customers and meet their changing needs. Of the 25 million clients worldwide, 51.6% or 12.9 million are digital customers. The technologies are also in place to improve the bank's internal processes and ensure full compliance with regulatory requirements.

Clearly, you can't go wrong with a premiere Canadian retail bank that is also a peer-leading U.S. retail bank. You can enrich yourself for years.

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