Toronto-Dominion Bank (TSX:TD): Time to Buy This Top Canadian Dividend Stock?

Description

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is a stock that you should seriously consider adding to your investment portfolio if you are looking for high-quality dividends.

I believe now is a good time to buy this top Canadian dividend stock. Let's look at what makes TD Bank stock a buy.

TD pays a high-quality dividend

TD Bank is the sixth-largest bank in North America by branches and serves more than 25 million customers. It had $1.3 trillion in assets on January 31, 2019. TD has a long history of dividend payments, as the bank started paying dividends in 1857.

TD has been paying a dividend every quarter since 1857 and has been raising it every year since at least 1969. That makes TD a dividend aristocrat.

The bank has a solid history of payout growth. For the last five years, the dividend shows a compound annual growth rate (CAGR) of 9.5%, which is very good. The stock's five-year CAGR is 11%, so TD's shareholders benefited both from strong increases in dividends and a strong increase in share price over the last five years.

TD increased its dividend in the last quarter, as it reported a 2.4% uptick in first-quarter profits to $2.41 billion. The quarterly payment to common shareholders was increased by $0.07 to $0.74 per share. TD's dividend has a generous yield of 3.7%. With annual earnings of $6.04 per share, the annual dividend of $2.96 is well covered, so there is room for more increases.

2018 was tough for the stock, but 2019 looks brighter

TD stock had a hard time last year, as the stock declined by 4.3%. However, other banks plunged too and the TSX plunged more than 10%. After reaching an all-time high of $80.05 on September 21, 2018, the stock plunged sharply to reach a price of $65.56 on December 24, 2018.

The stock started to rise again after, and has gained more than 13% year-to-date. The share price is now over $75. It looks like the stock is on its way to rise above its 52-week high of $80.05 in a near future.

Its forward P/E is only 11.1, while the TSX forward P/E is 14.9, making it a cheap stock.

While net income was flat in the first quarter at $2.9 billion, strong growth is expected in the future. Revenues are expected to grow by 4.7% and earnings by 9%, which is higher than the expected growth rate for **Royal Bank of Canada**. While TD is facing headwinds, it will be helped by its significant presence in the United States.

A strategic partnership that will help fuel growth

TD has built an impressive track record of innovation over the past five years, as the bank is investing in technology and AI to adapt to an environment that is more and more digitalized.

On April 23, TD and Microsoft announced a strategic partnership in which TD will use Microsoft Azure as its platform.

“Our strategic relationship with Microsoft will help accelerate and fuel new and innovative banking experiences for our customers, clients and colleagues,” said in a statement Bharat Masrani, TD’s President and CEO.

A good buy-and-hold stock

In conclusion, TD is a top Canadian dividend stock because it pays a good, safe dividend that is increased regularly. This is a good stock to buy and hold for the long-term for its solid growth perspectives and good returns. Now is the time to buy the stock while it’s still cheap.

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Date
2025/08/26
Date Created
2019/04/30
Author
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