



A Forever Dividend Stock That's Ideal for TFSA Investors

Description

One of the many hallmarks of a solid portfolio is selecting stocks that offer [long-term growth](#). One way to accomplish that is by ensuring your portfolio has one or more forever stocks. Forever stocks are best defined as investments that continue to pay out irrespective of how the overall economy fares, while continuing to provide us with an essential product or service.

Canada's Big Banks are great examples of this, and **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) in particular is *the* bank for TFSA investors.

TD is a solid income generator

While few investors may realize this, TD has been paying dividends for a very long time. The bank first paid out a dividend in 1857 and since then has never missed a payment. That's an incredibly long period of time, spanning multiple wars and recessions that portray TD a stable long-term pick.

Today that quarterly dividend amounts to a handsome 4.01% yield, which has consistently come in at a sustainable payout level of 40-50% of income. TD has also kept that dividend competitive over the years, with a series of annual or better hikes stemming back a decade. The most recent uptick to the dividend came this past February in the form of a 10% uptick.

Turning to the future, TD plans to keep that dividend growing at an annual rate of 7-10% over the next few years.

An incredible growth story

Over the past decade, TD expanded into the U.S. market through a series of well-executed acquisitions along the east coast. Those locations were subsequently rebranded and stitched together to form the backbone of what is now a network of over 1,300 branches in the U.S. that stretches from Maine to Florida.

Coincidentally, TD now has more branches in the U.S. than in Canada, but it's not the overall branch network size that makes this an intriguing growth story.

That would be TD's commitment to customer service.

In an age where banks are shuttering locations and removing tellers, TD is adding branches and extending hours. Incredibly, many branches are open even on Sunday. It's all part of TD's initiative to be "America's most convenient bank," and based on the bank's growth in the U.S. market, it appears to be working.

TD's U.S. venture now accounts for nearly 30% of the company's earnings. In the most recent quarter, the U.S. retail segment reported net income of \$1,263 million, thereby reflecting a whopping 29% over the same period last year.

By comparison, the Canadian retail segment saw net income come in just 1% higher than the prior period, coming in at \$1,877 million.

Final thoughts

For investors looking for a perfect TFSA investment, TD checks many of the boxes. The company offers a solid income that's sustainable and backed up by a diversified (and growing) network of locations. Additionally, TD's efforts to remain "America's most convenient bank" continues to attract new customers, leading to strong results with each passing quarter,

Year-to-date, the stock has surged nearly 12%, and over the trailing 12-month period the stock is near flat. The two-year and five-year growth of the stock comes in at 16% and 38%, respectively. TD currently trades at just under \$76 with a P/E of 12.24.

In other words, if you haven't bought [this top stock](#) yet, now might be a good time.

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Author

dafxentiou

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