



Investors: 3 Reasons to Buy TD Bank (TSX:TD) Stock in 2019

Description

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is arguably Canada's finest bank. As the fastest growing of the Big Six, it has more potential upside than any of its competitors. For years, the key to TD's success has been its [impressive U.S. retail business](#), which powers growth and limits exposure to weakness in the domestic economy. Now, however, the company's **TD Ameritrade** investment is powering even more growth, taking TD to a level that other Canadian banks can only dream about.

Even if you don't usually invest in bank stocks, there are many reasons to consider taking a position in TD. Whether it's U.S. exposure, medium-to-high growth, or solid dividends you're after, this stock has it all. We can start by looking at the bank's most impressive quality relative to its peers: growth.

It's the fastest-growing Canadian bank

TD Bank is growing earnings much faster than any of its Canadian peers, with diluted EPS up 9% in the most recent quarter. Although the company's Canadian operations are posting the same tepid growth that the rest of the Big Six are, it has two aces up its sleeve: U.S. Retail and TD Ameritrade. In its most recent quarter, TD's U.S. Retail business grew at 29% year over year, while TD Ameritrade grew its earnings at 93%. TD Ameritrade pays a cash dividend, so TD earns income off its investment in the U.S. brokerage.

It has a high and growing dividend

Speaking of dividends, TD boasts one of the highest yields among TSX large caps at 3.86%. Although some of the other TSX bank stocks have higher yields, TD has one of the highest dividend-growth rates, increasing its payout [by about 10% a year](#). This means that if you buy TD today, you'll not only get a cash payout of slightly less than 4% per year, but you'll also likely see it grow (barring a recession or a fluke earnings miss).

It gives you U.S. exposure

A final reason to buy TD Bank stock is that it gives you U.S. exposure.

In the most recent Canadian GDP report, the economy grew at a sluggish 0.4% year over year — despite inflation running hot at 2.7%. Although many Canadian stocks are doing well, ones whose operations are focused entirely on the domestic market don't have great prospects. This is bad news for most of the Big Six banks, as most of them are very invested in their Canadian operations.

In this environment, TD stands out. The company is by far the most American of Canadian banks, with 30-35% of its revenue coming from the states. Although **Scotiabank** technically has slightly more geographic diversification than TD does, Scotiabank's overseas markets aren't as lucrative as the U.S. When you buy TD, you get a piece of two lucrative U.S. financial enterprises: TD's U.S. Retail business, and TD Ameritrade, which it owns a large stake in. This means your TD investment will have better growth prospects than a stake in any other Canadian bank.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Tags

1. Editor's Choice

Date

2025/09/18

Date Created

2019/07/23

Author

andrewbutton

default watermark

default watermark