Could This 6.7% Yield Be a Better Buy Than TD Bank Stock (TSX:TD)?

Description

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is a good stock that investors can just buy and forget about. Long term, there's little doubt that the share price is going anywhere but up.

However, with home sales slowing down and the U.S. economy also showing signs that things may not be going so well, there could be some more challenging times ahead for TD and other bank stocks.

While the stock has risen around 10% this year, that's largely due to a recovery early in the year after the markets tumbled their way into 2019.

During the past 12 months, TD's stock has lost around 2% of its value. Its dividend of around 4% also leaves a little to be desired, as it's not as competitive as some other stocks out there.

TD is certainly the safest option, but for investors that are willing to take on a bit more risk, there might be better stocks to invest in today.

One such example is **Rogers Sugar Inc** (TSX:RSI). The company is a good, stable stock that pays a high dividend while also providing investors with a lot of consistency.

Despite a growing trend for consumers to try and move away from sugar, the company continues to post strong sales, suggesting that it may be a long time before we see the products falling out of favour with consumers.

Although the company may face some challenges, over the year it has continued to see growth in both its top and bottom line. In its most recent fiscal year, sales of $805 million were up 18% from the prior year, while profits had recovered from a sluggish 2017, more than doubling in 2018.

Rogers Sugar has consistently generated profits over the years, and like TD, focuses on a consumer necessity. While its stock has struggled in the past year as well, seeing only a nominal improvement in price, in five years, Rogers Sugar has risen by more than 10%.

However, what really stands out for investors isn't its share price; rather, it's that the company pays a very high yield of about 6.7%. Rogers Sugar isn't a dividend growth stock, but at this high of a payout, it doesn't need to be.

It would take a very long time for TD's dividend to get to the same level, probably taking decades to do so.

That's why Rogers Sugar may be a more attractive option for dividend investors. Neither TD nor Rogers Sugar is likely to rise significantly in value over the years.

Their dividend payments, however, are much more predictable and Rogers Sugar certainly has a big edge there. While the stock is more of a risk than TD, the truth is that most stocks would be riskier buys than TD anyway.

Bottom line

If you're willing to give up some stability and take on a little risk, then a stock like Rogers Sugar could be a great investment if for no other reason than the dividend income that you could earn. That said, the company has proven to be very stable over the years, so it may not involve that much risk.

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Date
2025/08/26
Date Created
2019/08/09
Author
djagielski