



Income Investors: Buy Toronto-Dominion Bank (TSX:TD) Now or You'll Kick Yourself Later

Description

Bank stocks rallied on Monday thanks to climbing treasury yields. After treading waters for many months, Canadian bank stocks look ripe for picking again and at this juncture, it's hard to find a better value bet than **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), Canada's most American bank with its 4.1% dividend yield.

While many analysts have "hold" ratings on various Canadian banks over a lack of catalysts and the potential for further damage as the credit cycle looks to normalize, I think now is a better time to place a contrarian bet, rather than after analysts begin their upgrades.

Such analyst upgrades tend to be the harbinger of sustained rallies higher, and should another quarter of better-than-feared results be clocked in, the bargain-basement prices on Canada's top banks could be gone for good.

So, why go with TD Bank over its "cheaper" peers?

As Warren Buffett once said, "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

At this juncture, TD Bank arguably the most premium Canadian bank thanks to its rock-solid lower-volatility retail earnings stream (not to mention its stellar risk management) and right now, it doesn't trade at a premium price.

In prior pieces, I speculated that TD Bank was [the only one of the banks](#) that short-seller Steve Eisman didn't have conviction in as they transitioned into the next phase of the credit cycle. While TD Bank faced a bit of a bump in the road, the stock got hit a lot more than it should have. When the time comes for a bounce back, TD Bank will likely lead the upward charge, as it has many times in the past.

Further, fellow Fool contributor [Kay Ng](#) sees TD Bank as the best bank to buy heading into 2020. With recession fears rising, Kay is a fan of TD Bank's earnings mix and its exposure to the U.S. market. It's hard to argue with that and given today's valuations; I'd say investors are getting a steal, even with the

high risk of recession over the next few years.

The stock trades at 10.2 times next year's expected earnings, close to the lowest it's been in a long time.

Nobody said going against the grain would be easy, but if you're willing to look like a fool for buying as others sell, you may have an opportunity to come out a dominant winner when the big banks finally make up for lost time.

Stay hungry. Stay Foolish.

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