# TD Bank's (TSX:TD) Returns Will Make Your Jaw Drop

## Description

**Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) has long been Canada's best-performing big bank. Over the past five years, it has outperformed not only the **TSX**, but also the banks sub-index.



This impressive out-performance has been driven, in no small part, by TD's vast and growing U.S. retail business. Whereas most of the Big Six banks are overwhelmingly concentrated on domestic operations, TD has a huge presence in the States, where it's growing much faster than at home.

In its most recent quarter, TD's U.S. retail business grew at 13%, whereas its Canadian business grew at just 3% year over year. The latter number is pretty typical of Canadian banking growth, so TD's U.S. business gives it a big edge over its competitors.

However, it's easy to overlook just how big that edge has been. Over the past five years, TD has outperformed the TSX banking sub-index by 16%, and the out-performance is even greater over longer time frames.

As you're about to see, there have been many opportunities to double your money by investing in TD. We can start by looking at the last 10 years.

## Up 127% since October of 2009

On October 23, 2009, TD stock traded for just $32.49. As of this writing, it traded for $73.76. That's a stunning 127% gain in just 10 years. Such returns are unusual for Canadian banks, which have a reputation for being "slow and steady" dividend plays.

There's no denying that TD is a solid dividend stock in its own right, with a 4% yield and an average annual increase of about 10%. However, its stock has also been a clear market beater, pulling far ahead of the TSX over the long term.

## How that compares to the TSX

Over the 10-year time frame previously discussed, the **S&P/TSX Composite Index** rose just 43%. This means that TD, with its 127% rise, nearly tripled the TSX's return.

Of course, the past decade has been an unusually weak one for the TSX, which has been bogged down by an under-performing energy sector. However, if we compare TD to the **S&P 500** over the last 20 years, we see that TD massively outperforms compared to that benchmark as well.

## Will it continue?

It's one thing to note that a stock has outperformed historically, but quite another to accurately predict that it will continue to do so. However, as long as the U.S. doesn't face a major banking crisis, it seems likely that TD will outperform other Canadian banks for the foreseeable future.

It enjoys much faster growth than any of its competitors in most quarters, yet it's not really that much more expensive. This would appear to be a recipe for continued superior returns.



On the other hand, the possibility of a U.S. banking crisis is a real risk for TD. Up to 30% of TD's earnings now come from the U.S., and that market is much less regulated than Canada's. Because of Canada's stricter banking rules, our country's banks made it through the 2008/2009 recession without a crisis.

The same was not true of American banks, however, which could spell trouble for the increasingly American TD if another financial crisis occurs.

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