



## If You Don't Buy TD Bank (TSX:TD) Shares Today, You'll Be Kicking Yourself Later

### Description

Many investors follow a simple strategy. They buy large positions in a few [fantastic stocks](#), add to the portfolio when prices are attractive, and hold over a few decades.

The simplicity of such a portfolio is certainly attractive, and if the investment criteria is strong enough, it can very easily lead to stellar long-term returns.

One important tip I'd give to investors with that kind of approach is this: the most important thing to focus on is quality. Cheap stocks without a clear competitive advantage will provide a short-term pop at best or languish as dead money.

But a great company that's currently expensive can easily become pricier — a phenomenon that can also be accelerated by underlying earnings growth.

One stock that would be perfect for Canadian investors embracing such a portfolio approach would be **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). Let's take a closer look at the compelling investment opportunity offered by Canada's second-largest bank today.

### Solid as a rock

I'm really impressed with what TD is doing with its Canadian operations.

Through a combination of smart management, strategic investment, and a focus on customer service, TD has done a terrific job growing all of its consumer business here in Canada. The company's mortgage portfolio continues to post solid growth without resorting to hardcore discounting.

Auto loans and credit card balances keep marching higher. Even the company's insurance division is reporting good growth. Most of these parts of the company either have a number 1 or number 2 market share.

TD also has an impressive wealth management division, with its advisors doing a good job of capturing the elusive high net worth market. The bank is Canada's top money manager.

The company was one of the first Canadian banks to expand into the U.S., and these operations have posted some terrific results.

Net income from the U.S. operations increased some 10% on a year-over-year basis, and good growth should continue from these assets as long as the U.S. economy keeps humming along. In fact, these U.S. assets have grown to about 30% of TD's total income.

Finally we have the company's capital markets division, which has quietly become one of North America's largest. This should also prove to be a good long-term business, but it may be volatile depending on the overall performance of the stock market.

## Long-term results

I firmly believe a stock with terrific long-term results is more likely to continue its dominance going forward, and TD Bank certainly has delivered the goods over the last two decades.

From November 1999 to today, TD shares have compounded at a rate of 11.32% per year if you reinvested dividends. That's enough to turn a \$10,000 investment into something worth more than \$85,000 today.

I don't know about you, but that result would have looked pretty good in [my portfolio](#).

## A fantastic dividend

TD offers investors both a solid yield today and fantastic dividend growth.

The current payout is \$0.74 per share on a quarterly basis, which is good enough for a 3.9% yield. That alone is about twice as much as you'd get on one of TD's GICs.

Unlike the fixed payment of a GIC, however, TD's dividend should continue to grow over time. It certainly has over the last decade; back in 2009, TD paid investors a mere \$0.305 per share each quarter, which translates into a compound annual growth rate of more than 9% annually.

## The bottom line

TD's management has done a terrific job. The company has vaulted itself a leadership position in Canadian banking. It has grown the U.S. business into a major contributor to the bottom line.

The company is also protecting itself against upstart competition by investing billions into new technology that'll make 21st century banking much easier.

Combine all this with stellar long-term returns and the conclusion is simple. You will kick yourself in the future if you're not adding TD Bank shares to your portfolio today.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

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

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