Buying This Bank Today Can Make You Rich Tomorrow

**Description**

Are you invested in Canada's Big Banks? The Big Five banks remain some of the best long-term investment options on the market to investors. There's a strong rationale to back up that statement: Canada's highly-regulated financial system has created a very stable banking sector with a high cost of entry. As a result, the Big Five can offer investors strong growth prospects, a growing dividend and plenty of opportunity.



Today let's take a look at **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD)

## Meet Canada (and now America's) most convenient bank

TD may be named for Canada's largest city, but over the past decade, Canada's second-largest lender has made significant inroads into the lucrative U.S. market.

In the years following the Great Recession, TD acquired a number of banks along the U.S. coast and rebranded them under a single name, effectively stitching together an impressive network of branches that now stretches from Maine to Florida.

Incredibly, that U.S. network (with its strong loan and deposit growth) now outnumbers the number of branches that TD has in Canada. This is a key point of consideration during earnings season, where the U.S. segment has gradually increased its impact on the bank's results.

A key strategy in attaining those impressive results (more on those numbers in a moment) can be attributed to the bank's tagline, *America's most convenient bank*, which is more than just a gimmick.

Most branches are open seven days a week during hours when most, if not all other banks are closed. This simple change in hours, along with continually expanding its network to new locales has helped TD garner a reputation as being approachable and friendly. This is in stark contrast to other banks, where dwindling teller hours and branch closures appear to be the norm.

## Looking beyond 2020

In the most recent quarter, the bank earned $2,946 million, or $1.59 per adjusted diluted share, representing a drop over the $3,048 million, or $1.63 per adjusted diluted share reported in the same period last year.

The U.S. retail segment realized an adjusted net income of $1,191 million in the quarter, representing a solid 7% gain over the same quarter last year. The Canadian retail segment, which earned $1,773 million on an adjusted basis, saw gains of $4 million over the prior period.

Turning to 2020 and beyond, TD is one of two banks that recently announced that 2020 will be a tougher year and that some restructuring will be needed to adjust for changes across the industry that are seeing technology play a greater role and some jobs evolving in scope. The most recent quarterly update included a $154 million restructuring charge.

## Final thoughts

TD maintains a strong network of branches both at home in Canada as well as in the U.S. market. That seems unlikely to change anytime soon, so investors can expect the well-diversified business and handsome earnings to continue.



Turning to dividends, TD's current quarterly payout comes with a handsome 3.99% yield and a history that spans back over 150 years. More important, that dividend remains well covered and the compound annual growth rate over the past two decades is well into the double-digit territory.

In short, TD Bank should be on the radar of nearly any long-term investor looking for income and growth prospects. Buy it, hold it and let it grow for a decade or more.

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