TFSA Investors: Buy and Hold This Much-Hated Dividend King Through 2030

Description

If you're a Tax-Free Savings Account (TFSA) investor who has yet to invest your $6,000 contribution, you're not alone. The pandemic has created one of the most uncertain market environments in recent memory, which has kept many nervous Canadians stuck on the sidelines. Great investors, even those with muted forward-looking return expectations, invest despite uncertainties. They don't time the market, as being a "wall flower" can come with a high opportunity cost, especially in an era of near-zero interest rates and the prospect of higher inflation that dovish central banks may not care to fight off.

Now, I'm not saying you should go all-in on stocks right here, as another panic-driven market crash could happen at any time amid rising coronavirus cases. What you should do is scoop up any bargains that you spot as they come along, regardless of where the talking head on TV thinks the stock market is headed next over the near-term.

To build wealth over time, TFSA investors should focus on the grander scheme of things and invest for the next 10 years, rather than the next 10 months. This piece will highlight two **TSX** stocks that Mr. Market has unfairly tossed into the bargain bin. While the names may be untimely amid the pandemic, they can provide long-term investors with greater returns potential through 2030.

TD Bank: One of the bluer blue-chips has finally gone on sale

Consider **TD Bank** (TSX:TD)(NYSE:TD), one of the bluest blue-chips on the **TSX Index** that investors and analysts have turned against in recent months.

The premier bank has tended to trade at a premium relative to its Big Five peers in a normal environment and for good reason. The bank's managers are terrific risk mitigators that have allowed TD Bank to be among the first banks to come roaring back after crisis-induced crashes. In a normal environment, TD Bank can produce solid, less-volatile earnings that more than justified the stock's premium price tag.

In the pandemic-plagued *new* normal, TD Bank's retail-focus is viewed by many as a major negative, as net interest margins (NIMs) continue thinning alongside the bank's growth prospects.

Premium U.S. banking exposure at a discount?

In a prior piece, I noted that TD Bank's U.S. exposure, which had been a bright spot for the bank in the past, had turned into a sore spot in the era of coronavirus.

"Amid this horrific pandemic, the tides have turned, and banks with greater U.S. exposure have been put in the penalty box." I wrote. "The U.S. has been hit hard by the coronavirus crisis. With former U.S. vice president Joe Biden, who could roll back Trump's corporate tax cuts in a Democratic victory, there's no question that the U.S. banks and Canadian banks with U.S. exposure could stand to take yet another hit to the chin."

Election jitters, profound macro headwinds, and a slew of recent analyst downgrades are plaguing TD Bank today. TD's depressed valuation, I believe, now fully reflects such short- and medium-term headwinds, making the stock a must-buy for those looking for a solid risk/reward between now and 2030.

Foolish takeaway for long-term TFSA investors

With one of the best managers in the banking business, I do not doubt that TD Bank will rise once again in due time. The next thing you know, U.S. exposure will be sought-after by Canadian investors again, and TD Bank will re-gain its hefty premium multiple relative to its more Canada-centric brothers in the Big Five.

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