



## TD Bank (TSX:TD) Stock: Grab the 4.26% Yield While You Still Can

### Description

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) recently had one of the best quarters of any Canadian bank since COVID-19 began. In Q4, earnings were up 80%, or 1% as adjusted. The earnings spike was because TD closed its sale of TD Ameritrade to **Charles Schwab**, generating a \$2.5 billion payday. As a result of that deal, TD is now among the best positioned of Canadian banks in the COVID-19 era.

This brings us to TD's dividend. At today's prices, TD stock yields 4.26%. That's among the higher yields you'll find on the TSX today. And it could go higher. TD was among the first Canadian banks to post positive year-over-year growth following the COVID-19 recession, which positions it perfectly to pay rising dividends going forward. However, the high yield available today won't last long. As the economy recovers, TD's stock will likely rise, pushing the yield lower.

Today, you have the opportunity to get in at a 4.26% yield. But the opportunity is fading fast. In this article, I'll explore why that's the case — and why you should act now.

## TD Bank is already recovering from the damage it took because of COVID-19

In its most recent quarter, TD posted solid earnings results, including

- 80% [GAAP earnings growth](#);
- 1% adjusted earnings growth;
- 3% growth in Canadian retail;
- 48% higher revenue in wholesale banking; and
- A 13.1 CET1 capital ratio.

These are all very strong results. All of them were improved from both the prior quarter and the same quarter a year before. The positive growth seen in the quarter mainly reflects the fact that COVID-19-related risk factors were waning in TD's fiscal fourth quarter. Most likely, the *next* quarter won't be as

strong, since COVID-19 lockdowns are once again becoming widespread. But as TD's fourth quarter showed, the bank has the ability to recover quickly when the pandemic finally begins to wane.

## A partner in the world's largest brokerage

A really interesting thing TD has going for it now is its partnership with Charles Schwab.

By [selling TD Ameritrade](#) to Charles Schwab, TD acquired a 13.5% stake in Charles Schwab itself. That makes TD a partner in the world's largest brokerage. SCHW has a massive presence in U.S. discount brokerage services, while still having room to grow. This puts TD in a better position than it would have been in had it stuck with TD Ameritrade. Unlike Charles Schwab, Ameritrade was not prepared for the tidal wave of no-fee trading. Now, as part of Charles Schwab, it is. So, TD has an investment in a thriving brokerage firm that knows how to make money without trading fees. That's a winning formula.

## Foolish takeaway

Over the years, TD Bank has been one of the best Canadian bank stocks in terms of both capital gains and dividends. In 2021, that looks set to continue. With strong earnings and a 4.26% yield, it's a great stock to consider for your dividend portfolio.

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