



1 Top TSX Stock to Buy Right Now

Description

Lately, bank stocks have been in great demand as investors have been on the hunt for reliable reopening plays. Indeed, increasing bond yields have been extremely helpful for these banks. Furthermore, investors are optimistic on economically-sensitive plays, now that the economy is transitioning to normalcy from the pandemic-induced crisis.

Hence, it appears to be the perfect time to play the big banks right now.

For investors who are looking to add defensiveness and income to their portfolio, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is one of the best options out there. It has been one of my top picks in the banking sector for quite some time.

Let's dive into more on why this company is a solid holding today.

Great business model

TD is a bank with an extremely strong and durable long-term business model. Indeed, the company's been a proven winner for long-term buy and hold investors in recent decades.

Investors are no stranger to its presence in the personal and commercial banking segment in both Canada and the U.S. There are valid reasons why shares of Toronto-Dominion Bank have skyrocketed 45% since last year. It has overcome the challenges of the pandemic with a well-considered long-term strategy.

The bank has reduced its costs and increased its margins significantly by [slimming down](#) its retail operations in the U.S. Indeed, this is music to the ears for investors with a long-term investment horizon. The company's shifting its physical presence online, promoting long-term margin expansion opportunities for shareholders. That's a great thing.

Indeed, I believe that this bank stock is truly one of the best Canadian banks right now. Its dividend yield of 3.8% may not be as generous as income investors would like. However, this lower relative

yield signals the quality of this bank and the lengths long-term investors are willing to go to in order to own TD stock today.

Intriguing acquisition on the way

Previously, I commented on TD's technology-first focus. Indeed, the company's work on acquiring technological expertise in this space is something I've been bullish on for some time.

The company's recent announcement that it will be acquiring **Headlands Tech Global** is further proof of this shift. Headlands is an electronic bond-trading organization based in the U.S. By completing this takeover, Toronto-Dominion Bank expects to strengthen its foothold in the corporate as well as municipal bonds division.

Furthermore, this purchase will also allow the bank to make improvements in its own platform dedicated to bond-trading and increase the overall efficiency. TD has noted it will not be disclosing the cost of purchase as it believes that this acquisition will not significantly impact its capital. However, I expect such small acquisitions to pay massive dividends over the long-haul for investors (figuratively and literally).

Bottom line

Toronto-Dominion stock has consistently been one of my most favoured options in the banking space.

The company's prudent long-term business model and reasonable dividend yield certainly make it a strong buy, especially for conservative investors who are looking for both income and security.

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