



## Is it a Good Time to Buy Toronto-Dominion Bank (TSX:TD) Stock Right Now?

### Description

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is Canada's second-largest bank with a market cap of \$150 billion. TD stock is considered one of the best picks for long-term investors, as it had proved its worth during the market crash and was even recently recognized as "Canada's Best Investment Bank" by *Euromoney*. The stock is worthy of being a part of any portfolio and has gained a steady 109% in the last decade.

### TD: A dependable stock

The pandemic has been brutal on most people both in terms of health and finances. In addition, many investors across the world have lost a massive chunk of their wealth to the pandemic.

Therefore, most investors are scared of taking high risks and are looking for dependable stocks instead. If you are such an investor, then TD Bank stock might be the right pick for you, as the company has made it through the worst of the pandemic and is currently in much better shape than peers.

Also, over a third of the bank's net income is driven by U.S. operations, so TD bank adds to its investors' diversification in their portfolios. Further, the TD Ameritrade platform has taken off recently, leading to an increase in trading volumes. However, despite this, TD has a price-to-earnings ratio of just 10.9, making it pretty affordable.

### Toronto-Dominion stock is a consistent performer

These days, TD mainly focuses on incorporating innovative technologies and processes to enhance its efficiency and lower costs. TD Bank's diversified revenue streams and operating leverage continue to help the company improve its profit margins. Also, an increase in advances and deposit volumes, strong credit quality, and lower provisions can enhance its position further by shaping up its top and bottom lines.

Investors looking for a reliable income stock may consider adding Toronto-Dominion Bank to their portfolios. TD Bank's dividend payments have been increasing at a compound annual growth rate of

11% since 1996. In the past five years, its dividend payouts have grown by 9.2%, higher than any of its peers.

Further, the dividend payments look pretty sustainable, as they are backed by consistent growth in TD's earnings. TD Bank currently offers an attractive annual dividend payment of \$3.16 per share, indicating a healthy yield of 3.8%. Moreover, as TD Bank is constantly trying to diversify its operations, and the government is in the process of lifting most economic restrictions, it is safe to say that this payout is poised to grow again in the upcoming quarters.

## The Foolish takeaway

The factors mentioned above show Toronto-Dominion Bank is one of the best and safest investment options available in the market. Its [valuation is also comparatively cheap](#) given the company is forecast to [increase earnings](#) at an annual rate of 15.6% in the next five years. Even if the federal bank increases interest rates going forward, TD Bank will benefit from higher profit margins, which will offset any decline in the overall demand for credit.

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1. Editor's Choice

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