



TD Bank: 1 of the Best Dividend Stocks to Watch in December 2021

Description

There are many great dividend stocks to buy or watch, as [turbulence](#) picks up this December 2021. Undoubtedly, the Omicron variant of concern has paved the way for a rocky start to the year. With Santa Claus rally hopes still up in the air, investors should do what they ought to anytime volatility surges and fear picks up: [stay the course](#).

Indeed, staying the course with your long-term investment plan may be that much harder, when some of your holdings are off way more than the market averages. Indeed, the 6% dip in the TSX Index does not tell the whole story of the damage that's been going on behind the scenes.

High-multiple growth stocks have taken a beating, even as rates in the 10-Year U.S. Treasury note pulled back below the 1.5% mark. With Charlie Munger recently ringing alarm bells about valuations to be had in the current market environment, it makes sense to adopt a prudent approach and insist on the widest margin of safety possible. That way, one will not be positioned to lose their shirt should high-multiple stocks continue taking a brunt of the damage in this "rotation" of sorts.

Fighting volatility and inflation with great dividend stocks

Moving into 2022, problematic levels of inflation, potentially waning economic growth, and a COVID resurgence remain major risk factors. Undoubtedly, there are few places to hide in such an environment. In a way, investors are between a rock and a hard place, with inflation eating away at the value of cash and COVID-induced economic damage threatening to wipe out considerable amounts of value in the most at-risk or priciest of stocks.

Indeed, there are upside risks of holding excess cash and downside risks of being too overweight high-multiple equities or dangerously volatile assets like Bitcoin. One must weigh such risks and find the right balance. Indeed, a barbell approach with a good amount of cash on the sidelines to buy on dips may be the wisest strategy for most investors who don't plan on retiring anytime over this decade.

Dividend stocks may offer the best of both worlds: a payout to mitigate the effects of inflation and enough growth to keep one moving forward with their wealth creation. Dividend stocks priced below

their intrinsic value have a wider margin of safety and can help investors gain an edge, even in a less-favourable environment that promises less in the way of prospective returns.

TD Bank: The best bank for your buck in December 2021? I'd bet on it

Consider the Canadian banks, like **TD Bank** ([TSX:TD](#))([NYSE:TD](#)), one of the best-positioned banks to grow, as rates begin to rise after years of staying around the floor. The Bank of Canada is poised to hike rates. And the Fed is likely to follow. Given TD is a good mix of U.S. and Canadian retail banking exposure, it has the means to improve its profitability as its net interest margins (NIMs) have the means to move higher.

It's not just an improving macro environment, though. TD Bank has a conservative management team that's not known to extend themselves too far when times are good. As a result, TD tends to be quick to bounce back after economic shocks or prolonged recessions. Indeed, TD is a perfect all-weather type of investment, especially going into the new year. Shares are pretty cheap here at 11.2 times earnings, and the 3.3% dividend should help investors take less damage from inflation, which could remain above the 4% mark for some time.

With a plan to buy back more shares, I think TD has the means to support a rally above the \$100 level. For that reason, dividend investors may wish to top up sooner rather than later, as TD stock may be less inclined to move alongside the choppy TSX.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Bank Stocks
2. Investing

Date

2025/08/16

Date Created

2021/12/06

Author

joefrenette

default watermark

default watermark