2 TSX Stocks That Could Grow Your Portfolio Over the Next Decade

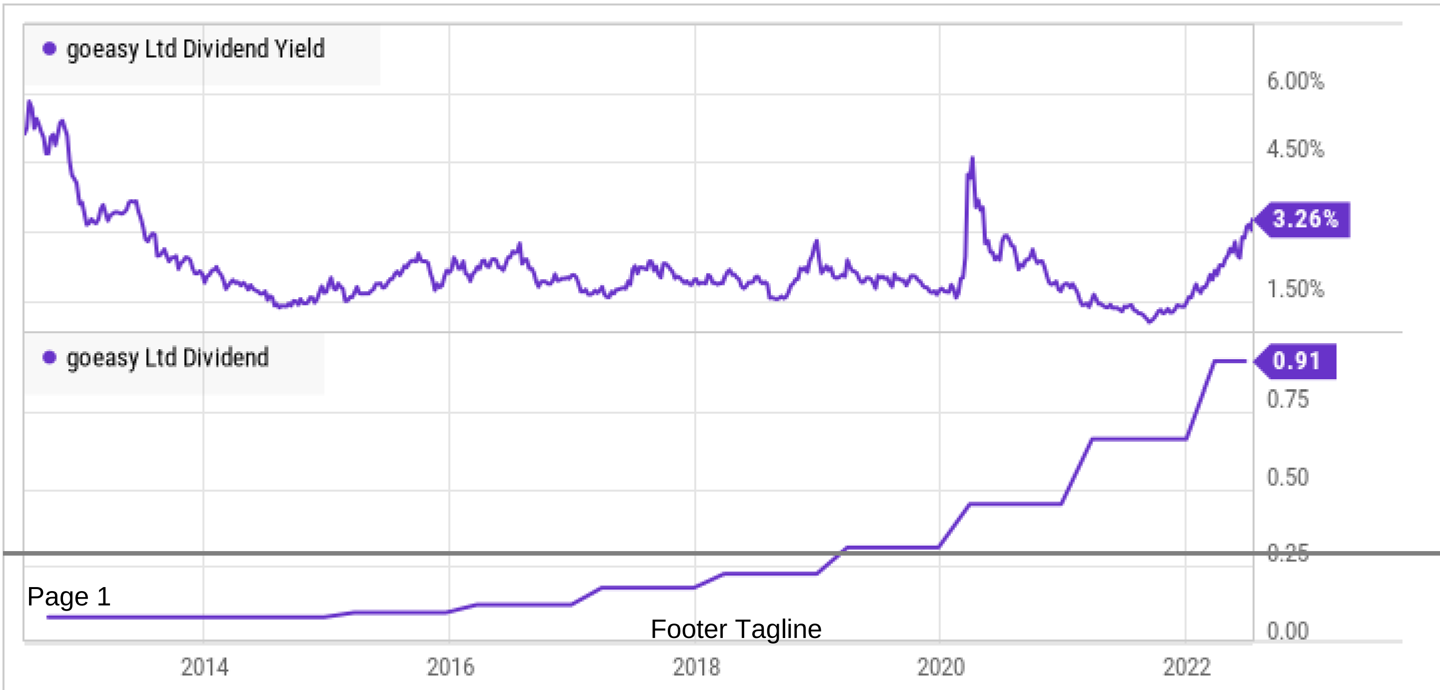
Description

Given the cheap valuation of these two **TSX** stocks, they could deliver a double-digit rate of return over the next three to five years. Importantly, they also pay good dividend income and are increasing dividends sustainably.

This TSX stock pays you well to wait

Don't you just love it when stocks pay you to wait for price appreciation? **goeasy** (TSX:GSY) pays you well for the wait. Over the last few months, the growth stock has become increasingly attractive for long-term investment. The TSX stock has fallen about 56% from its 2021 peak as of writing. The general analyst consensus is that the stock could double investors' money from $96.27 per share at writing.

At the current levels, the leading non-prime Canadian lender also provides a competitive dividend yield of 3.78%. This is a relatively high dividend yield, given goeasy's track record of double-digit growth. That is, oftentimes, high-growth stocks pay little to no yields. In fact, the company's exceptional growth has also resulted in incredible dividend growth. It increased its dividend at a compound annual growth rate of approximately 22.7% in the past 10 years.



GSY Dividend Yield data by YCharts

goeasy is a higher-risk investment than banks because of the clients it lends to. However, it provides needed products and services for those who cannot seek financing via traditional means. The stock trades at about 9.2 times normalized earnings, which is a meaningful discount of more than 23% from its long-term normal valuation. The company has been profitable through market cycles and has a deep reserve of retained earnings that could cover about nine years of its current dividend.

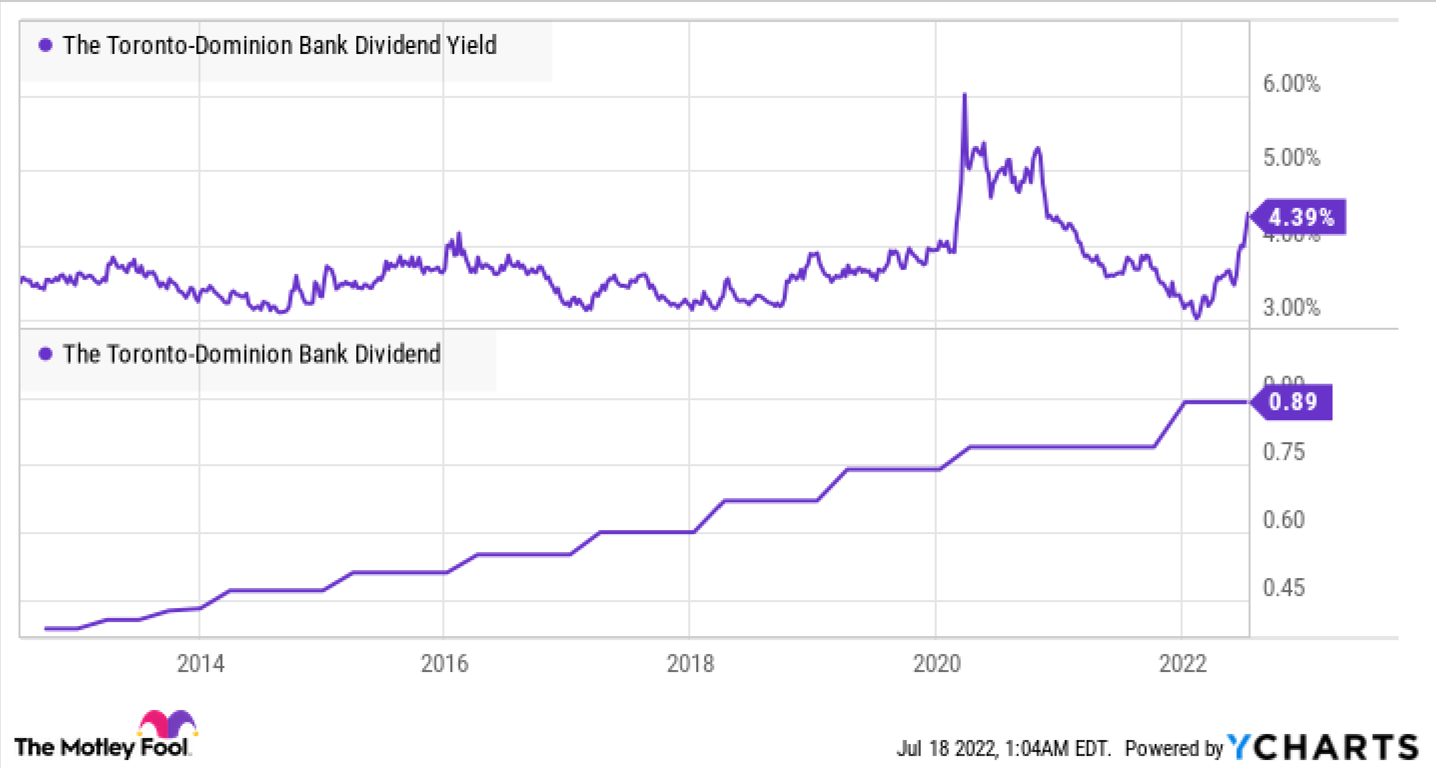
There will always be a percentage of the population that require goeasy's services. Higher inflation increases that need. Therefore, goeasy should grow your portfolio over the next decade and beyond.

TD Bank stock

If you trust goeasy, you should have greater confidence in a big Canadian bank stock like **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). Global Finance rates TD Bank as the safest bank in North America. The bank has positioned itself with growth in Canada and the United States. It has tons of acquisition opportunities in the U.S.

The bank is focused on retail banking in both geographies and aims for a medium-term earnings growth rate of 7-10%. It has achieved this target in the past 10 years with an EPS growth rate of approximately 8.8% per year. During this time, it also increased its dividend per share by 9.2% per year.

TD stock's payout ratio is estimated to be sustainable at 43% this year. TD Bank stock has corrected to a level that now makes it offer a juicy yield of 4.5%! When the big bank stock provides an above-average yield to its historical range, investors should take it. Lock in that favourably taxed passive income in a non-registered account or hold it in your Tax-Free Savings Account for tax-free income.



TD Dividend Yield data by YCharts

Valuation-wise, the dividend stock is discounted by about 18% from its long-term normal valuation. Although the stock can fall lower in this market correction, the solid core holding is still a steal today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:GSY (goeasy Ltd.)
3. TSX:TD (The Toronto-Dominion Bank)

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