



4 Reasons to Buy TD Bank (TSX:TD)

Description

Canada's big banks are some of the best long-term investments on the market. There are plenty of reasons for that view, but there's one bank that sets itself out from the rest of the pack when it comes to long-term potential. **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) is an intriguing option for investors to consider.

Here are several reasons why TD could be the [bank stock](#) that your portfolio needs.

TD is unique among its big bank peers

One of the first things that [all investors](#) who are shopping for bank stock will notice is how similar the big banks are. They all have solid results, long histories of paying dividends, and an overlapping branch network in Canada.

What that initial review doesn't show is TD's emphasis on the customer, which continues to attract customers. When compared to its peers, TD offers longer, more flexible business hours that place an emphasis on satisfying customers.

This is the near-opposite approach of some of TD's peers, who are pushing for fewer branch hours and placing an emphasis on automated banking.

That key differentiator has helped TD rapidly expand into the U.S. market, which leads me to my second point.

TD is rapidly growing

In the fallout of the Great Recession, when banks were failing, TD went shopping. The bank scooped up several banks along the U.S. east coast and stitched them together into a single, rebranded network.

Today, that U.S. branch network stretches from Maine to Florida, with more branches in the U.S. than

in Canada.

In fact, TD is one of the largest banks in the U.S. and continues to expand its operations there. Earlier this year, the bank announced a US\$13.4 deal to acquire Memphis-based First Horizon. First Horizon has locations throughout the U.S. southeast, and the deal will greatly expand TD's presence there.

Earlier this month, TD also announced another deal. The bank is set to pay US\$1.3 billion for New York-based investment bank, Cowen. That deal is set to close in the first quarter of 2023.

That factor alone is a great reason to buy TD Bank, but there's still more.

All that growth comes with a sprinkle of restraint

When TD (and some of its peers) moved into the U.S. market following the Great Recession, it was, without a doubt, a masterstroke decision. Canada's well-capitalized, conservative banks, which are well-regulated boast massive potential for long-term growth in the U.S. market.

More specifically, while U.S. banks often weather a crisis about once a decade, Canadian financial institutions have avoided such events. By entering the U.S. market with a mind to that regulatory, if not conservative viewpoint, TD can have the best of both worlds.

TD offers solid income, too

All that growth translates into superb results during earnings season. It also means that TD can afford to provide investors with a very tasty dividend.

That dividend currently works out to a yield of 4.15%, placing it on the higher end of the market and across its peers.

Prospective investors will also take solace in knowing that TD has been paying out a dividend for well over 150 years without fail. TD also has an established precedent of providing annual upticks to that dividend.

The one exception to the above was during the pandemic, when financial institutions were barred from raising dividends. Fortunately, once that restriction was lifted last year, TD raised the dividend a whopping 12.7%.

Given the current yield, a \$40,000 investment in TD will earn an income of \$1,660 in the first year. Investors should note that placing that investment in a TFSA and reinvesting income until needed will see that number rise quickly.

Final thoughts

No investment is without risk. Fortunately, in the case of TD, that risk is spread across multiple segments in different countries. The stability of the Canadian market coupled with the growth potential of the U.S. make TD a great buy for any portfolio.

In short, buy TD Bank now, and hold it for the long term.

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