Revealed: A Premier Dividend-Growth Stock That's Too Cheap to Ignore

Description

With the TSX Index plunging back into a correction, Canadian investors should be looking to initiate partial positions on the way down as the bear market ages. We've been in a bear market for nearly nine months now. Indeed, it's been tough, with the occasional bear market bounce, and although the bears will call for new lows, I think that event-driven bear markets, like the one we're currently in, could prove much shorter than structural ones that tend to go well over 14 months in duration.

Indeed, many new investors are disappointed that the Fed isn't discussing rate cuts. Though they may consider it down the road if inflation rolls over (I think it will fall far quicker than many expect, given disinflationary forces at work, including layoffs in the tech sector and the cooling of various commodity prices). It's hard to be optimistic when the markets dread the Fed and the rate hikes to come. Still, I'd still look to the many premier growth stocks for a shot at outsized gains over a three-year horizon.

Don't time the market! Stay the course and acknowledge that which cannot be known

At the end of the day, it's hard to time markets. In two or three years from now, I have a feeling that inflation jitters will be a thing of the past. The Fed is committed to bringing prices down. And I don't think it's too far-fetched to look for inflation to fall back to the 3% range in as little as two years.

Of course, inflation is a nasty beast. But at the end of the day, markets will move based on deviations from expectations. If the consumer price index (CPI) comes in much cooler than expected, a market rally could ensue, as rates dip accordingly. That's why it's wise to stay in markets and even be a buyer if you've got the extra cash on the sidelines. Looking ahead, earnings and CPI are the name of the game. If earnings stay robust while inflation looks to fall faster, there may be no stopping the market rally that could arrive.

BMO's very bullish market strategist Brian Belski thinks a face-melting market rally could be in the cards, as the worst inflation fears come to pass. I think he's right.

TD is buying the dip in the market selloff

At writing, I'm a fan of shares of **TD Bank** (TSX:TD)(NYSE:TD) after it outdid the pack in the latest round of earnings results. Specifically, I'm intrigued by TD's buying spree, with First Horizons and Cowen scooped up amid the latest carnage in markets. Both deals enhance the firm's presence south of the border in a big way. With Cowen aboard, TD Securities is looking like a business that could grow to become the envy of the Canadian banking scene.

Undoubtedly, Cowen is a deal that comes with its fair share of risks. TD will need to invest heavily to continue growing the independent investment bank. Retaining talent will not come cheap. Regardless, if management can make the most of the deal, I think TD may have quietly walked away with one of the best bargains in the financial scene.

There's no question that US$1.3 billion is a pretty penny. Still, after Cowen stock slipped more than 45%, I do view TD as an opportunistic company that's all about getting bang for its buck. I praised TD's managers for their patience in waiting for opportunities to come their way.

First Horizons and Cowen will be expensive endeavours at first. However, in due time they'll help TD take its dividend growth to the next level. If Chief Executive Officer Bharat Masrani and company can integrate its two deals, I would not be shocked if TD hiked its payout quicker than its Big Six peers. TD is putting its foot on the gas and could find its growth surging once the looming recession ends.

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