



## Where to Invest \$1,000 for the Next 5 Years

### Description

Finding the right mix of investments today that can provide growth and income for the long term takes plenty of patience. Specifically, knowing where to invest \$1,000 for the next five years can make a huge difference come retirement.

Here's a stellar option to help kickstart your portfolio.

### Invest \$1,000 for the next five years in this great buy

Canada's [big banks](#) are some of the best long-term investments on the market. They boast solid earnings, an aggressive (yet conservative) approach to growth, and have some of the best yields on the market. But which big bank is right for your portfolio today?

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) just screams long-term opportunity. Canada's second-largest lender has developed a knack for executing masterstroke executions in the U.S. market. Those acquisitions have helped diversify the bank's operations in Canada while fueling massive growth.

As a reminder, in the years following the Great Recession, TD acquired several banks along the U.S. east coast and stitched them together under a single banner. Today, TD's U.S. branch network is larger than its corresponding Canadian segment and stretches from Maine to Florida.

That segment continues to see strong growth. By way of example, in the most recent quarter, the U.S. retail segment realized an 11% gain over the prior period, earning \$1,442 million. By way of comparison, the Canadian segment earned \$2,253 million, registering a 6% improvement.

So then, why should you invest \$1,000 for the next five years in TD? There are several reasons for investors to consider.

### Growth and income await investors

First, let's talk about that U.S. segment. TD is in the process of completing another acquisition to expand its position in the lucrative U.S. market once again. A US\$13.4 billion deal for Memphis-based First Horizon bank was announced earlier this year. Upon completion, the deal will open several new state markets to the bank and propel TD into the position as one of the six largest banks in the U.S.

That deal will no doubt bolster TD's already impressive quarterly [dividend](#). TD has been paying out dividends for nearly two centuries without fail. The current dividend carries a yield of 4.21%. This means that a \$40,000 investment in TD today will generate an income of just over \$1,680 in the first year.

Even better, investors that don't need to draw on that income yet can opt to reinvest it. Reinvesting that income today until needed, while factoring in future growth will see that income quickly accelerate to new highs.

To put it another way, TD is a superb long-term investment for both income and growth-seeking investors. That also brings me to the last point for prospective investors to consider: timing.

## The time is now to start with just \$1,000

If there was a single word to define the market in 2022, it would be *volatile*. The uncertainty we've seen on the market is fueled by everything from the pandemic, and rising prices to the conflict in Ukraine that continues to this day.

That volatility has resulted in some stellar long-term investments, like TD trading at a discount.

By way of example, as of the time of writing, TD is trading down over 11% year to date and down over 13% in the trailing six-month period. In other words, the current price-to-earnings ratio of just 10.62 is a discount that is hard to ignore.

A \$1,000 investment in TD today can purchase just over 11 shares, making it a great start to any long-term portfolio. Repeating that investment on a quarterly basis will further fuel that long-term potential.

In short, buy it, hold it, and let it grow as part of your well-diversified portfolio.

### CATEGORY

1. Bank Stocks
2. Investing

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

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