



## TD Bank Stock Looks Too Good to Pass Up!

### Description

It's hard to put new money into the market, as investors find themselves between a rock (inflation and a [bear market](#)) and a hard place (a looming recession). Indeed, some years are more challenging than others to invest through.

Many beginner investors may ask themselves what the point of investing through the tough times is. Indeed, avoiding the bad times and investing through the good days seems like a far better bet. Unfortunately, those who seek to avoid the big down days tend to also steer clear of the best up days.

Volatility is a two-way street. It goes in both directions, and if you sell after a particularly bad day, odds are you'll miss on a sizeable up day. By suffering through the bad days while missing out on the swift recovery days, your job of beating the market will be made that much harder.

### Beginner investors: Staying the course with solid blue-chip stocks

Many market newcomers will find that by reacting after bad days (by selling stocks), they'll miss out on unexpected, good days that follow. Even when it seems like nothing can send markets higher, markets can surprise to the upside and for no real good reason (perhaps oversold conditions). That's why selling in late-stage bear markets can be a pretty risky move for young investors that have many years to stay invested.

Now, you don't need to brave the market turmoil by going for growth stocks. However, you should think about nibbling away at the quality, blue-chip stocks you would have bought in times when markets were in a steady upward trend. Bears and bulls don't live forever. But it sure seems that way after around a year of either a bull or bear market!

### TD Bank stock: Bargain hunting in the U.S. market

In this piece, we'll draw attention to shares of **TD Bank** ([TSX:TD](#)). The Big Six heavyweight has been one of the most active of the batch over the past two years, picking up Memphis-based bank First Horizons and small indie investment bank Cowen. Indeed, the latter name is well known for its analysis and recommendations on individual stocks.

TD is in full-on growth mode, even as headwinds move in. I'm a big fan of management's long-term focus and think that of all the Big Six Canadian banks, TD has improved itself the most over this pandemic period.

Indeed, every acquisition comes with its share of risks. Overpay for a deal and an acquirer's shares will be met with punishment. Given the timing of its First Horizons and Cowen deals, I think TD got a reasonable deal. If TD integrates the assets effectively, I think TD could extract considerable value from both deals. Both names give TD that much more power in the U.S. market, which has served as a terrific growth outlet for the Canadian bank.

## TD stock: Too good a deal for dividend investors

At this juncture, investors are too [focused](#) on the recession to come. TD will take a hit to loan growth, just like other banks. As the tough times pass, though, expect TD to return to its old form. Investors can expect generous dividend growth and capital gains over the long haul.

At writing, TD stock trades at 9.24 times trailing price-to-earnings alongside a slightly swollen 4.4% yield. Historically, TD is a bargain. But do be warned: 2023 will be a rocky year. And the currently depressed valuation implies a good chance of a recession.

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