I Keep Buying Shares of This Dividend Stock Hand Over Fist

Description

Every now and then, you find a stock that you can't get enough of — a stock that, even though you've already bought a lot of it, makes you want to continue buying more. These stocks aren't seen often, but when you find them, you have a rare opportunity in front of you.

In this article, I will share one TSX stock that I keep buying hand over fist.

TD Bank

Toronto-Dominion Bank (TSX:TD) is a Canadian bank. It's the second-biggest bank in Canada by market cap and the biggest by total assets. TD has grown faster than other Canadian banks over the last decade because of its strong competitive position. It has a strong brand, being consistently voted one of Canadians' favourite banks. It also scores well in on customer satisfaction in the United States. In its most recent quarter, TD Bank achieved positive earnings growth — something that not all banks were able to achieve in the same period. It was a strong showing for TD, which could keep delivering solid results in the future.

A moderate valuation

One big thing TD has going for it right now, apart from the earnings beats, is a moderate valuation. It is not cheap by banking standards, but it is cheaper than the markets as a whole, boasting ratios like

- 10.75 times earnings;
- 3.6 times sales;
- 1.63 times book value; and
- 4.41 times operating cash flow.

Apart from the price-to-sales ratio, these are all pretty low. Basically, when you buy TD Bank stock, you're only paying for about 11 years' worth of earnings. This is a better deal than you'll get with most stocks in the market today. The fact that TD is growing (earnings increased about 5% last quarter) only adds to the thesis that it is relatively cheap.

Two big deals coming up

Another exciting thing about TD Bank right now is the fact that it has two big deals in the works.

The first is the well-publicized deal to buy **First Horizon** (NYSE:FHN). FHN is a U.S. retail bank in the southeast that does about a billion a year in revenue. It is situated in one of the fastest-growing U.S. markets. The south in general is seeing more population growth than the north right now, and that's where TD wants to be. TD was criticized for offering a high price for FHN, but with FHN's earnings growing, the price doesn't look as high as it initially did. Also, TD thinks it can help FHN save about $600 million a year in costs after it closes the deal.

The second deal TD is working on is **Cowen** (NASDAQ:COWN). Cowen is a U.S. investment bank that does about US$128 million a year in revenue. Investment banking isn't really in a great place right now. Banks make money taking companies public via initial public offerings, and not that many companies are choosing to go public in this turbulent stock market. It is what it is. On the bright side, TD is acquiring COWN at a much lower price-to-earnings ratio than FHN. Also, the deal doesn't need as many regulatory approvals to close compared to the FHN deal.

Overall, things are looking bright for TD Bank. It's profitable, it's growing, and it's not even that expensive. I'll continue to buy this dividend stock for years.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:COWN (Cowen Inc.)
2. NYSE:FHN (First Horizon National Corporation)
3. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. andrewbutton

2. kduncombe

Category

1. Bank Stocks
2. Investing

Date
2025/08/25
Date Created
2023/02/16
Author
andrewbutton