Investors: Bank of Montreal Will Bring Growth and Dividends to Your Portfolio

Description

Both markets and news outlets have been talking all week about the Brexit vote: what it means to the economy, what it means to the U.K., and what it means to the E.U. itself. The Brexit vote also had some major ramifications on markets, currencies, and precious metals, sending some stocks soaring and others crashing down.

Bank stocks in particular have seen a drop on the Brexit news, albeit temporarily. **Bank of Montreal** (TSX:BMO)(NYSE:BMO) dropped initially but has since recovered most of the losses from the week.

Here's a quick look at the bank and why BMO should be a part of your portfolio.

BMO continues to post solid results, even in difficult times

The most recent earnings period carried a bit of a warning from the financial sector with nearly all banks shoring up funds to handle credit losses stemming from the weakened economy. BMO was no exception to this; the bank now has $201 million stashed away for that purpose.

For the most recent quarter, the company posted a net profit of $973 million, or $1.45 per share. As impressive as this may sound, this figure is a drop of $26 million, or $0.04 per share, over the same quarter last year. Earnings also came in lower with a 3% drop over the same quarter last year to $1.45 per share.

Despite coming in lower on profits and earnings, adjusted EPS and net income were up by an impressive 8% and 7% for the quarter, respectively, coming in at $1.152 billion, or $1.73 per share.

BMO has growth and dividend prospects

You can't think of BMO as an investment opportunity without mentioning the stellar dividend that the company pays. The bank has been paying out dividends for a run of over 150 years, steadily increasing the payout to the current $0.86 per share, which gives the stock a very handsome 4.22% yield. In some ways, BMO is the stock you can buy and forget about.

The company has also been the source of steady and impressive growth. Year-to-date, the stock is up by over 4% (and that includes the Brexit blip). Looking out over the long term, the stock is up by 7.48% over the past 12 month period. Long-term investors will take solace knowing that five years of growth of the BMO stock amounts to 36.47%, which averages out to more than 7% year, not including that great dividend.

While the company did recently announce a string of job and cost cuts, this is to be expected when the economy is in a weakened state.

BMO is well diversified

As far as expanding into other markets, BMO is not initially viewed as much as an international bank as much as its peers, but this could not be further from the truth. Since the financial crisis of 2008, the company has worked on no less than eight acquisitions to bolster its footprint in the U.S as well as in European and Asian markets. This diversification ensures that a slowdown in one area can be offset by gains in another.

Last year BMO also made inroads by taking control of GE’s Transportation Finance business, which was the largest financer to the commercial truck and trailer segment in North America. The revenues from this segment could potentially be significant throughout the next few years and, better yet, those revenues are not directly tied to the traditional banking sector.

In my opinion, BMO remains a great investment option for those investors seeking both long-term growth and dividend income.

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