



## Invest in Bank of Montreal for Long-Term Growth

### Description

It's hard not to invest in any of the big banks. The Big Six banks in Canada represent some of the best stocks you can add to your portfolio and are largely considered better investment options over their peers south of border.

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is one of the Big Six that continues to draw my attention. While the bank lacks the coverage that other big banks draw, Canada's fourth-largest bank continues to represent a fairly intriguing investment option that is, in some ways, better than some of the larger, more well-known banks.

### A bank with huge potential

One thing that really impresses me about Bank of Montreal is how the bank expands into other areas and markets that have immense revenue potential.

Commercial lending has always been a huge part of Bank of Montreal's growth strategy. The acquisition of **General Electric Co.**'s transportation financing business last year comes to mind as a recent example of this. That transportation financing business is the largest financier to the commercial truck and trailer industry in both the U.S. and Canada.

This past summer, Bank of Montreal also acquired Minneapolis-based Greene Holcomb Fisher, an advisory firm that will add 30 investment bankers into BMO Capital Markets. The group has been responsible for over 100 deals in the past five years and should act as a catalyst for further mergers and acquisitions in the U.S. market over the next few years.

Bank of Montreal's major inroad to the U.S. market came in the 2011 acquisition of Mashall & Ilsley, which effectively doubled the number of both deposits and branches in the U.S. market. In fact, post-acquisition, Bank of Montreal's U.S. footprint was nearly as large as its Canadian footprint.

Most investors may not realize that Bank of Montreal has a significant presence outside North America. Bank of Montreal is the only one of the of the Big Six to have branches in China, and maintains a strong presence throughout the country, with branches in Beijing, Guangzhou, Shanghai, and Hong

Kong.

## **Bank of Montreal: a long-term investment option**

When it comes to paying dividends, Bank of Montreal is in a league of its own.

Bank of Montreal started paying a dividend back in 1829 and hasn't stopped since then. The bank currently pays a quarterly dividend of \$0.86 per share, which results in an impressive yield of 4.03% at the current stock price. The bank has steadily increased the payout over the years with the most recent uptick of \$0.02 coming this past summer.

In terms of results, the most recent quarterly update was particularly telling for the bank. Bank of Montreal reported adjusted earnings per share of \$1.94, which was 4% over what was originally forecasted. Adjusted net income for quarter also came in better than expected at \$1.3 billion.

The better than expected earnings can be largely attributed to faster than expected growth in the U.S., and an increase in both loans and deposits in Canada. The bank's capital markets division also reported massive 18% growth for the quarter.

Assuming that Bank of Montreal can continue to deliver results such as those in the most recent quarter, there's no reason why the already great dividend could not improve further.

In my opinion, Bank of Montreal represents an excellent long-term option for investors. In terms of a buy-and-forget stock, Bank of Montreal is definitely on the list of candidates.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)

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