



## Dividend-Growth Investors: Is Suncor Energy Inc. or Bank of Montreal a Better Bet Today?

### Description

Dividend investors are searching for top names to add to their holdings.

Let's take a look at **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) to see if one should be in your portfolio.

#### Suncor

Suncor is Canada's largest integrated energy company with oil sands, refining, and marketing assets.

The balanced nature of the revenue stream has helped the company navigate through the oil rout in pretty good shape, and management has taken advantage of the downturn to invest for the future.

Suncor purchased Canadian Oil Sands after a hard-fought battle that gave the company a majority position in Syncrude.

Suncor also raised its stake in the Fort Hills oil sands development and now owns 51% of the project, which is scheduled to begin production later this year.

Cash operating costs fell from \$28 per barrel in Q4 2015 to \$24.95 per barrel in Q4 last year, so management is making good progress on efforts to improve production efficiency.

The company's oil sands assets get most of the attention, but Suncor also owns four refineries and more than 1,500 retail outlets that provide a nice hedge against difficult times in the upstream segment.

The balance sheet remains in good shape, and the company recently raised the dividend by 10%. Volatility might continue in the energy sector, but the distribution should be safe.

Suncor currently provides a yield of 3.1%.

## Bank of Montreal

Investors often overlook Bank of Montreal when searching for a bank stock, but that could be a mistake.

The company has a balanced revenue stream, supported by strong personal and commercial operations, wealth management services, and capital markets activities.

Bank of Montreal also has an impressive U.S. presence with nearly 500 branches primarily located in the Mid-West.

The American operations are doing well and provide some protection against any weakness that could be on the horizon in the Canadian market.

Bank of Montreal has paid a dividend every year since 1829, and raises the distribution on a regular basis. The payout offers a yield of 3.6% today.

### Is one a better bet?

Both stocks have proven track records of dividend growth and are solid picks in their respective industries, so the decision really comes down to your view on oil.

If you believe oil prices are in recovery mode, Suncor probably offers higher dividend-growth prospects over the medium term.

If you don't like oil's prospects, Bank of Montreal might be a better bet.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

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2. NYSE:SU (Suncor Energy Inc.)
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