



## Why Bank of Montreal Is a Great Investment Right Now

### Description

Canada's big banks are some of the best investments on the market, and that statement has been backed up by a string of quarters with record-breaking results and steady increases to what are already very handsome dividend payouts.

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is neither the biggest or most well-known bank of the big banks, but it carries a number of significant advantages over its competitors, making it a great must-have stock in any portfolio.

Here's why Bank of Montreal makes a great investment.

### More dividends, please!

As Canada's oldest bank, Bank of Montreal has been conducting business since 1817. Today, "bank 01" (as it is known from its inaugural institution number) has a network of over 1,500 branches and is the fourth-largest bank in Canada and the eighth-largest on the continent.

Bank of Montreal has been paying dividends to shareholders since before Confederation. That's an incredible amount of time; since then, there' have been countless wars, crises, and market conditions. Bank of Montreal has become a real example and cornerstone for the rest of the market.

Bank of Montreal's quarterly dividend currently pays \$0.90 per share, resulting in a very appetizing 3.90% yield. Bank of Montreal has been raising that dividend throughout the years; the bank has hiked the payout nine times in the past five years and is likely on track to continue raising it for a 10th time provided that the quarterly results continue to be better than expected.

### Quarterly results

Bank of Montreal is set to announce third-quarter results at the end of the month, but if the second-quarter results are anything to go on, investors should expect another great quarter.

In the second quarter, Bank of Montreal reported net income of \$1.25 billion, an increase of 28% over

the same quarter last year. Adjusted net income came up 12% over the same quarter last year, coming in at \$1.29 billion.

Earnings came in at \$1.84 per share, representing an impressive 27% jump over the same quarter last year, and adjusted earnings per share also saw an increase of 11% over last year, coming in at \$1.92.

Much of that growth came from Bank of Montreal's Wealth Management sector, which reported net income of \$251 million in the quarter, up 86% or \$117 million from the same quarter last year.

Bank of Montreal's Canadian segment saw a 1% increase in net income to \$531 million, whereas the U.S. segment decreased by 7% in the quarter, reporting net income of \$248 million. Much of that decrease stems from higher provisions for credit losses.

### **What about growth?**

Bank of Montreal maintains a strong presence in the U.S. market, with wealth management, personal, and commercial lending segments all contributing to the bottom line.

The weaker results from the U.S. segment may have some investors turning elsewhere, and the stock price has retreated nearly 5% in the past month.

Where others may see fear, I see opportunity. As a certain well-known investor has said in the past, "...be fearful when others are greedy..."

Bank of Montreal has a strong balance sheet with a rising dividend that remains in a respectable payout range of near 45%. In my opinion, Bank of Montreal is an excellent buy-and-forget type of investment that will continue to pay dividends and grow for years to come.

### **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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