2 Reliable Dividend Stocks That Look Oversold

Description

Once in a while, dividend investors get a chance to buy top-quality stocks on an oversized dip.

Let's take a look at **Bank of Montreal** (TSX:BMO)(NYSE:BMO) and **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) to see why they might be interesting picks right now.

Bank of Montreal

Investors often overlook Bank of Montreal when choosing a financial institution for their portfolios, but the company probably deserves more respect.

Why?

Bank of Montreal has a balanced revenue stream with revenue coming from personal and commercial banking, capital markets, and wealth management operations.

The bank also has a large U.S. division with more than 500 branches primarily located in the U.S. Midwest. The U.S. operation provides a nice long-term hedge against tough times that occur in the Canadian market.

The stock is down about 9% in the past six months after reporting a rough quarter in the U.S. segment, but the dip might be overdone. Concerns over Canadian house prices are also weighing on the stock, but Bank of Montreal's mortgage portfolio is more than capable of riding out a downtrend.

Bank of Montreal has paid a dividend every year since 1829, and investors should see the strong trend continue. At the time of writing, the stock provides a yield of 3.9%.

Enbridge

Enbridge closed its $37 billion acquisition of Spectra Energy earlier this year. The deal added strategic gas assets to complement Enbridge's heavy focus on liquids pipelines.

Spectra also provided a nice boost to the capital plan.

Enbridge currently has about $31 billion in commercially secured projects underway that it says should support annual dividend increases of at least 10% per year through 2024.

The stock is down more than 10% in 2017 amid the broader sell-off in the energy sector.

Investors who step in now can pick up a 4.9% yield and look forward to the generous dividend hikes.

Is one more attractive?

Both companies should be solid buy-and-hold picks for a dividend portfolio. At this point, Enbridge provides a higher yield and likely offers better dividend-growth prospects over the medium term.

As such, I would make the pipeline operator the first choice today.

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2. Energy Stocks
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