



## This Top Dividend Stock Is on Sale

### Description

Canadian banks have been through a roller-coaster ride this year.

They started 2017 with a bang as all the major banks rallied on the strength of North American economy and optimism that President Trump's victory would bring in a new era of domestic growth.

But then came the near collapse of **Home Capital Group Inc.**, Canada's largest alternative mortgage lender, a development this spring that depressed the whole financial services sector on fears of contagion.

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)), one of Canada's oldest lenders, was among the hardest hit. Its stock had declined ~13% from the 52-week high of \$104.15 until June 7 of this year.

But now that banking stocks have started to recover from this bearish spell, many investors are wondering if this is the right time to buy BMO stock, which is lagging behind in this small but impressive rebound in banking stocks.

Here are the top three reasons which, I think, make this safe dividend stock an attractive buy at today's price of \$93.97 a share.

### The longest dividend streak

BMO is one of the oldest banks in Canada. It's not only a historic lender, but it has also maintained the longest dividend streak of any company in Canada. It has been paying dividends since 1829.

With its current dividend yield of 3.8%, BMO stock has become attractive for long-term investors. BMO is also a dividend-growth stock. Since last year, its has hiked its dividend twice to \$0.90 a share. With a payout ratio of 43%, I see a lot of room for further dividend hikes.

### Attractive valuations

After its recent pullback, BMO stock's current and future valuations have become quite attractive.

BMO is trading at a 11.5 forward P/E multiple, showing a significant discount when compared to the industry average. Besides valuations, BMO is going to benefit from a robust economic growth in Canada and the U.S., as it'll be able to make better margins on its saving products and lend more to businesses.

### **Long-term growth play**

For long-term investors, BMO is a trusted name. Over the past 10 years, US\$10,000 invested in BMO stocks would have more than doubled by now.

The bank also rewards its investors with regular increases in the dividend. Over the past decade, BMO's dividend has nearly doubled.

If you're in it for a long haul, you should consider adding BMO stock to your portfolio. BMO's to dividend status is unlikely to be challenged, despite some short-term setbacks and market gyrations.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

### **TICKERS GLOBAL**

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

### **PARTNER-FEEDS**

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