

## 2 Slow-and-Steady Dividend Stocks for Income Investors

### Description

Retirees and other income investors are searching for quality dividend-growth stocks to help supplement their monthly pensions or maybe cover those extra little costs in life, such as the annual holiday.

Let's take a look at **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) to see why they might be interesting picks.

#### Fortis

Fortis owns natural gas distribution, power generation, and electric transmission assets in Canada, the United States, and the Caribbean.

Most of the investments in recent years have focused on the U.S. market, including the 2014 purchase of Arizona-based UNS Energy for US\$4.5 billion, and the 2016 acquisition of Michigan-based ITC Holdings for US\$11.3 billion.

The integration of the new assets has gone well, and [Fortis](#) is budgeting \$14.5 billion over the next five years for its capital plan. The company says the result should be a boost of its rate base from \$25 billion to about \$32 billion in 2022.

As a result of the new revenue streams and the increased rate base, cash flow should improve over the coming years, and Fortis plans to raise its dividend by at least 6% per year through 2022.

The company has increased the payout every year for more than four decades, so investors should feel comfortable with the guidance.

Conservative investors like this stock because it tends to hold up well when the broader market hits a rough patch. A big reason lies in the fact that Fortis gets more than 90% of its revenue from regulated assets.

The company might not be the most exciting one out there, but [income investors](#) are looking for reliability, not entertainment.

The current quarterly dividend of \$0.425 per share provides an annualized yield of 3.6%.

#### Bank of Montreal

Investors often bypass Bank of Montreal in favour of its larger peers, but the company probably deserves more respect.

Why?

Bank of Montreal's revenue stream comes from a balanced mix of personal and commercial banking, wealth management, and capital markets activities. In addition, the bank has a strong U.S. presence through its network of approximately 500 branches located primarily in the Midwest states.

The American operations provide a nice hedge against possible weakness in Canada and can boost earnings when the U.S. dollar rises against the loonie.

Bank of Montreal has paid a dividend every year since 1829, so the track record is pretty good. The company raises the payout at a steady rate and currently offers a solid 3.6% yield.

### **Is one more attractive?**

Both stocks should continue to be reliable picks for a buy-and-hold income portfolio. At this point, I would probably split a new investment between the two companies.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:FTS (Fortis Inc.)

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