

# BMO (TSX:BMO) Is the Defensive Stock Your Dividend Portfolio Needs Right Now

## Description

With just over a month until the following stock hits its buy limit, investors seeking one of the most defensive dividend stocks on the TSX index have an opportunity to lock in a sizeable yield at a currently discounted price. There are some key indicators of quality to pore over as well, if you need more than simply good value when selecting your stocks.

One of the most attractively valued of the Big Six, can new investors look past cost-cutting amid rising profits and a blasé attitude towards nosediving oil prices and add this stock to their portfolios? Let's take a look behind the headlines and see what the market fundamentals look like for one of the hottest tips for newcomers looking to invest in the TSX Index today.

### Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#))

Putting aside the doom and gloom investment headlines that have beset the holiday period, let's take a look at some of the positive aspects of [BMO](#), one of the hardiest tickers on the TSX index. We'll start with a one-year past earnings growth of 2% and five-year average past earnings growth of 5.3%, which, while low by market standards, are par for the course for the financials industry and illustrate steadfastness in the face of widespread economic uncertainties.

A PEG of 1.3 times growth denotes decent valuation, while an acceptable non-loan asset basket should soothe risk-averse buyers. With more inside buying than selling in the last six months, anyone eyeing this stock should be cheered that confidence is high among those in the know.

### But what about value and quality?

A P/E of 10.6 times earnings and P/B of 1.3 times book are nice and low, and more or less in line with other Bay Street bankers. The big draw, however, is a handsome dividend yield of 4.59%, and with 39 days until it trades ex-dividend, would-be investors have some time to get the financials section of their personal investment portfolios in order.

In terms of quality, a past year ROE of 12% isn't bad, and an 8.3% expected annual growth in earnings is in line with the outlook of the Big Six. There are bigger growth curves for other stocks on the TSX index, but any kind of positivity in an industry that's already saturated is impressive.

BMO is far from being a momentum stock; however, it shed 3.03% in the last five days, giving seekers of price differentials something to work with. Dividend investors should be cheered by a rocksteady beta of 0.94, while value hunters will be interested to know that [BMO's share price](#) is discounted by 18% compared to its future cash flow value.

### The bottom line

A moderately strong buy, BMO is one of the top TSX index financials at the moment. After a U.S.-led

downturn brought the projected woes of 2019 forward to overshadow the holiday period, sturdy tickers like BMO might offer some respite for investors looking to patch holes in their personal investment portfolios. Stack BMO shares alongside some sturdy miners and perhaps a few discount oil stocks for a consolatory Christmas investment package.

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## Date

2025/08/25

## Date Created

2018/12/24

## Author

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