



Bank of Montreal (TSX:BMO) and Westjet Airlines Ltd. (TSX:WJA): 2 Fantastic Stocks I'm Never Selling

Description

I'm a big believer in choosing great stocks and holding them for a very long time.

Surprisingly, figuring out which stocks to buy in the first place isn't the tough part. For the trained eye, a great business is relatively easy to identify. We look for things like a sustainable competitive advantage, a dominant player in a necessary industry, solid profit margins, and much more. As a nice bonus, most of these companies regularly share profits with shareholders in the form of dividends, thus ensuring at least some protection from wild market swings.

The hard part is holding a great company over the long term. All sorts of issues will pop up over the years, with seemingly all of them threatening a company's prospects. Most of the time these issues will go away or a company will adapt, all without much fanfare. It just doesn't seem like it at the time.

Here are two great stocks I own and plan to never sell, even as they struggle with their own short-term issues.

WestJet Airlines

WestJet Airlines Ltd. (TSX:WJA) is struggling with a multitude of issues today. Increased competition will likely come online in 2019. It now has to deal with both a flight attendant and pilot union after decades of successfully keeping its workforce union-free. Western Canada's economic picture doesn't exactly look rosy right now, either.

The good news is these issues have driven the share price down to its lowest point in years. The last time shares traded this low was in early 2016. A year later they had rallied 30%.

WestJet has an ambitious long-term growth plan. It plans to add capacity everywhere from short regional flights inside Canada to expanding further in Europe. It also plans to introduce routes to Asia. In addition, the company has proven to be quite good at milking ancillary revenue from customers — selling things like snacks, on-board wifi, and checked baggage fees — which makes it less dependable on straight ticket sales.

WestJet has a solid balance sheet with only minimal net debt once we subtract its large cash hoard. It trades at a discount to book value and at just 12 times forward earnings. The company is also consistently profitable enough to pay a dividend. Shares currently yield 3.4%.

Finally, WestJet has consistently given back to shareholders via share buybacks as well. At the end of 2010, the company had 145 million shares outstanding. These days that amount is closer to 115 million.

Bank of Montreal

Although I'd probably rank **Scotiabank** as my [favourite of the big banks right now](#), there's also a strong case for buying **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) today as a long-term hold.

Canada's biggest banks are wonderful businesses. They have a dominant position here at home, together commanding a market share of approximately 80%. Most Canadians deal with at least one of our major banks; you simply can't get around it.

Profits generated from the Canadian operations are then reinvested into growth in various other parts of the world. In BMO's case, the company chooses to focus on expanding operations in the U.S. Midwest through its BMO Harris Bank subsidiary. Approximately a third of the stock's earnings come from its U.S. operations.

Bank of Montreal has paid an uninterrupted dividend since 1829, which is the longest such streak in Canada. The payout is currently \$1 per share each quarter, which works out to a 4.6% yield. The dividend has grown by an average of just over 5% annually over the last five years, making the stock a perfect choice for those investors looking for an income stream that keeps up with inflation.

The bottom line

Investing doesn't have to be complex. All you need to do is load up on stellar companies like Bank of Montreal and WestJet Airlines — then you just sit back and wait for them to help make you wealthy.

The hard part will be holding these stocks through thick and thin. My investment in both of these companies is down versus where I purchased shares, but I'm not worried. I'm convinced they will both work out over the next few decades.

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