2 Dividend Aristocrats to Buy And Hold Forever

Description

Market analysts are projecting Canadian bank stocks to perform better in the second quarter this year. With this positive outlook, investors are advised to wrap their heads around before making the ultimate decision.

Among the banks, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) and **Bank of Montreal** (TSX:BMO)(NYSE:BMO) are fancied to make great strides. The price of BMO is seen to rise by 13.08% in the coming months. Meanwhile, BNS' price appreciation would be higher at 19.83%. So which one should you choose?

Stable and solid institutions

Canadian banks are known for their stability and can weather or survive the harshest financial crisis. Both these banks are age-old institutions with rich histories. The banking products and services they offer are practically the same. BMO operates primarily in Canada and the U.S. with a combined total of 1,500 branches.

BNS has a wider reach, covering North America and extending to Central America, Latin America, the Caribbean, and Asia-Pacific. The network in Canada is 955 branches with 1,800 branches located in foreign shores. Both banks are industry pillars and stand on solid ground.

Earnings and revenue growth

Last year, Bank of Nova Scotia turned in an earnings growth and revenue growth of +6.96% and +12.13% respectively. On the flip side, the Bank of Montreal reported an earnings growth of +4.71% with revenue growth of +17.3%.

As of this writing, the market capitalization of Bank of Nova Scotia stands at $89.0 billion, while Bank of Montreal's stands at $67.3 billion. The Q1 2019 wasn't great for Canadian banks yet they're still expected to post positive earnings in the coming quarters.

Bank of Nova Scotia has been observed to have some quirks. It can be the worst bank in one year and the top performer in the next. But many investors find the 50% Canada and 50% international business mix palatable. Risks are mitigated given the rising consumer debt in Canada as well as concerns on real estate mortgage delinquencies.

BNS is hoping their international banking assets won't encounter rough sailing this year. The hefty acquisitions on the wealth management side eroded earnings in 2018, but once the integration is completed, the bank will be better positioned.

Bank of Montreal was flying high in 2018 until the bank was hit hard during the fourth quarter. Nevertheless, the successful penetration in the U.S. markets transformed investors' misgivings into confidence. Today, BMO's U.S. franchise is growing that the desired 40-60 revenue mix is attainable.

Steady growers

Investing in Canadian banks is never a losing proposition. Both banks are steady growers with outstanding dividend growth track records. BNS pays nearly 5% dividends, while BMO's is almost 4.0%.

If your consideration is the business mix, the two banks are evenly matched. BNS has an excellent international play in Latin America and Southeast Asia. BMO has become U.S.-oriented that 60% of revenue will come from the American markets. Whichever you pick, it's for storage in the vault and your long-term financial goal.

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