2 Classic Canadian Dividend Stocks for Buy-and-Hold Investors

Description

As some pundits have pointed out, the "phase one" trade deal rally hasn't been as resounding as some investors could have hoped, while the U.K. Tory win has also seen a fairly flat response with the pound dropping 1% on renewed hard Brexit fears. Uncertainty still weighs on the markets, despite positive signs that a widespread correction may be avoided.

Two classic defensive plays

Bank of Montreal (TSX:BMO)(NYSE:BMO) is a stock for anyone looking at businesses streamlining ahead of a potential market correction. While there may be some short-term pain, such as a multi-million-dollar severance payout, the long-term benefit is a stripped-down workforce and a tougher bottom line. For buyers eyeing the inherent risk of bad credit ahead of an economic crunch, a 5% staff cutback dumps risk and boosts efficiency.

Banking investors should be taking a long view at the moment, especially as an unusual amount of uncertainty still hovers over the markets. CEO Darryl White said that it was a "sizable move" but added, "We're on a new path as far as a continuous improvement of the operating efficiency of the bank, and this charge is designed to accelerate that path as we go forward."

It's a harsh move — the deepest staff cut a bank in this country has made in a decade and a half. The move came during BMO's fourth quarter, which saw growth in the Big Five banker. Investors have taken the cutbacks in their stride, and BMO stock has remained positive, climbing a couple of dollars since the start of the month.

BMO's 4.18% yield improves on the best of Bay Street's top two bankers, both of which pay either a 4%-yielding dividend or close to it. The richer yielding **Enbridge** (TSX:ENB)(NYSE:ENB) also looks like a safe bet on assured growth throughout 2020. And for the longer-term investor, the Mainline System represents one of the best sources of moatiness on the TSX, period.

Some investors don't like to see a yield below 5%. Stocks such as Enbridge should suffice in this instance for a long-range, low-maintenance play on quality. The pipelines giant is a strong buy for its wide economic moat

, afforded in large part by its Mainline System, a network of liquid fuel pipelines that spans the west of the country and links up with the U.S. Gulf Coast as well as Eastern Canada.

Enbridge pays a 5.84% dividend yield at present, though strict value investors can wait for a dip and lock in a richer vein of passive income. This may come as warmer temperatures return in the new year and consumers ease off a little on their energy usage. On the other end of the scale, Enbridge could really take off next year if pipeline developments finally break through the oil patch deadlock.

The bottom line

BMO and Enbridge make a great pairing and would fit rewardingly into any stock portfolio built for durability and reliable low-maintenance income. In short, a stockholder shouldn’t have to do too much after an initial outlay on both companies, except to double down now and then on weakness, locking in richer yields.

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