



These 3 Dividend Kings Haven't Missed a Payout in 50 Years

Description

Some dividend investors put a lot of stock in one simple mantra. If a company has paid a dividend for a long time, these folks argue, it's a whole lot more likely to continue that payout into the future.

It's hard to argue with that logic. In fact, I'd like to take it a step further. If a company can remain consistently profitable for decades, that's a pretty good sign it has a sustainable competitive advantage, which is exactly what investors should want to see.

Yes, sometimes technology can disrupt a previously great business — newspapers are a prominent example — but that risk can be minimized with a diverse portfolio.

Let's take a closer look at three of Canada's top companies, firms that have paid dividends for at least the last 50 years. I wouldn't be surprised if they continued paying [uninterrupted dividends](#) for the next 50, too.

Bank of Montreal

Let's start with Canada's dividend longevity champion. **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) hasn't missed a dividend since first paying one in 1829. That's nearly two centuries of consecutive dividends, putting BMO stock in elite dividend champion territory.

There's no guarantee the company can continue this streak, of course, but things are looking pretty good. The bank's Canadian operations continue to chug right along, delivering excellent profits driven by mortgage growth, a rise in other forms of debt, increased reliance on credit cards, and I like BMO's expansion into the robo-advisor space.

It was the first major Canadian bank to expand into the United States, and those operations are doing well. More than one-third of BMO's total income now comes from its U.S. operations, with both average loans and deposits growing at double-digit pace.

The stock's current dividend yield is 4.1%, and the company has raised the payout each and every

year since The Great Recession. With a target payout ratio between 40% and 50% of earnings, investors can trust the dividend will at least be maintained during the next recession.

Enbridge

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) has paid dividends for 64 consecutive years and has hiked its payout each year for the last quarter century. That alone is a very impressive record.

You might argue that energy services isn't the best place to invest over the next 50 years, but I think those pipelines will still be around, generating plenty of predictable profits. It's going to take a long time to switch the world's economy away from oil. Besides, Enbridge is also diversified with plenty of natural gas pipelines, a natural gas utility, and clean energy power generation assets.

In the meantime, the company continues to grow. Recent growth projects include reworking its all-important Line 3 to increase its capacity, and natural gas pipelines to new export facilities in British Columbia.

These growth projects, combined with gradual price increases from existing assets, should be enough to grow the bottom line by 5-7% going forward. The 5% annual dividend growth is an excellent result, especially given that Enbridge's dividend yield is currently 6.1%.

BCE

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#)) was incorporated in 1880, just a few years after Alexander Graham Bell invented the telephone. It paid its first dividend a year later, and has been a blue-chip mainstay for many Canadian investors ever since.

Telecom has proven to be a fantastic business. It offers dependable revenue and it isn't easy for customers to switch, which means the provider can regularly increase prices, a powerful form of growth.

Telecom also offers high margins and strong barriers to entry. Canadians pay some of the highest internet and wireless rates in the world, which is terrible news for consumers but translates into great profits for BCE shareholders.

Despite constant challenges suffered by some of its competitors, BCE has been able to slowly grow its cable TV business over the last few years. And even if more Canadians do decide to cut the cord, the company should be able to successfully raise prices to existing customers.

BCE shares currently yield a robust 5.1%, and the company has raised its dividend each year for the past 11 years.

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2. NYSE:BMO (Bank of Montreal)
3. NYSE:ENB (Enbridge Inc.)
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