Revealed: 2 Dirt-Cheap Dividend Kings That Haven't Missed a Payout in 100 Years

Description

Dividend Kings are in a class of their own, having not missed a payout in over 100 years. They've been through their fair share of crises, including the 2008 Great Financial Crisis, only to come out the other end with their dividends fully intact.

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Amid the 2020 coronavirus crisis, dividend stability and financial flexibility are a must to avoid being on receiving end of a dividend reduction, which could hit income investors when they expect it least. For firms with reputations as Dividend Kings, investors can feel comfortable knowing that their dividend payout is highly unlikely to be taken to the chopping block in this latest crisis.

That's not to say that unprecedented actions can't happen in these unprecedented times, though, especially if a bear-case scenario ends up happening with this pandemic. Without further ado, here are two dirt-cheap Dividend Kings that are historically cheap and may be worthy of buying for those looking to have their cake (a large dividend with a history of crisis-resilience) and eat it too (outsized capital gains in a recovery from this crisis).

Bank of Montreal: A Dividend King among men

Bank of Montreal (TSX:BMO)(NYSE:BMO) has paid annual dividends every single year since 1829. If the Canadian bank can keep its dividend intact through this coronavirus crisis, it'll reach the 200-year dividend streak milestone within the decade.

The current crisis has hit BMO ridiculously hard, though. The bank has a considerable amount of U.S. exposure (which got hit hard by the coronavirus shutdowns) alongside more than its fair share of exposure to the oil and gas (O&G) industry as well as commercial loans that could continue souring over the coming months.

Undoubtedly, BMO and its peers (many of which are also Dividend Kings) are exposed to some of the weakest parts of the economy right now. Although a dividend cut would be unprecedented, I'd say it's unlikely, given BMO's healthy capital ratio and the fact it's been tested for stress in the recent past.

While BMO cutting its dividend isn't impossible following **Wells Fargo's** dividend reduction bombshell, I think it's highly unlikely. As such, investors should seek to pick up shares of BMO while they're discounted to book and yielding north of 5.5%.

BCE: A dividend that's not going anywhere anytime soon

BCE (TSX:BCE)(NYSE:BCE) is another old-time Canadian Dividend King that's likely going to keep its historic dividend payment streak alive through this pandemic. The telecom behemoth has a relatively resilient operating cash flow stream, a solid balance sheet, and a payout ratio that, while stretched, is not dangerously high, even given subtle coronavirus-related pressures.

BCE currently yields 5.82% and is in a spot to continue rolling with the punches that this pandemic will throw its way. Telecoms tend to hold their own better when things get ugly with the economy. Given competitive headwinds in the industry, though, I wouldn't expect the same magnitude of dividend growth (or top-line growth) moving forward as the past.

If you're okay with flat growth over the long term, then BCE is still a worthy bet for the stable income it can provide. The company reported a solid first quarter and is on track to continue its dividend streak well into the late 2020s and beyond.

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Date
2025/07/21
Date Created
2020/07/17
Author
joefrenette

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