2 Canadian Stocks That Are Great Long-Term Investments

Description

Canadians investing for the long-term or growing retirement wealth should look beyond dividend yields. An income stock's dividend track record matters because it indicates consistency, sustainability, and reliability of payouts. Local dividend investors need not look elsewhere or across the border for American companies that have been paying dividends for a long time.

Here in Canada, the **Bank of Montreal** (TSX:BMO)(NYSE:BMO) and **BCE** (TSX:BCE)(NYSE:BCE) are two kings of dividends on the **TSX** with respect to dividend sequence. The bank stock and telecom stock haven't missed paying dividends for over a century. Both are indeed great long-term investments.

The first dividend payer

The 204-year-old Bank of Montreal, the dividend pioneer, started it all in 1829. Canada's fourth-largest bank holds the longest track record at 192 years and counting. This bank stock doesn't pay the highest dividend, but it will surely be an investor's wellspring for life.

BMO currently trades at $100.71 per share and pays a 3.47% dividend. Since the payouts are quarterly, you have four periods within the year to reinvest the dividends to compound your capital. By the time you retire, you'll have a pension-like income to supplement your Canada Pension Plan (CPP) and Old Age Security (OAS).

The $64.85 billion bank is one of the largest wealth managers in Canada and the United States. BMO also offers a slew of exchange-traded funds (ETFs) so clients would have various options. Its retail, commercial, and capital market business segments likewise contribute significantly to the top and bottom lines.

Graham Bell-inspired

If the banking sector in Canada has the Big Five, its telecommunications industry has the Big Three that dominates 90% of the market. The head of the snake, so to speak, is BCE. The $53.51 billion company is the country's largest in the telecom sector. It started operations a few years after the invention of the telephone by Alexander Graham Bell.

BCE's dividend track record is more than 140 years. If you were to invest today at $59.16 per share, the dividend offer is 5.90%. The payout ratio is a bit high at 135.99%. However, BCE spends billions of dollars on infrastructure and network upgrades. Since 2020, the telco giant is at the front and centre of the 5G network rollout.

Bell Wireless, Bell Wireline, and Bell Media are household names. Together, the three business segments form the leading telecommunications provider in Canada. Besides the Internet, wireless, wireline, and television services, BCE owns 109 licensed radio stations, 35 TV stations, and three streaming services.

BCE has no problem with revenue generation because the customer base is constantly growing. In Q1 2021 alone, the number of its mobile retail internet customers grew 51% year over year.

The broadband network acceleration program is also in place where BCE will spend more than $1 billion to reach 6.9 million customers by year-end 2021. Management expects revenue and adjusted EBITDA growth of between 2% and 5% this year. For EPS, the growth forecast is between 1% and 6%.

Succulent dividends

Remember, companies that pay high or succulent dividends aren't automatically great long-term investments. They must possess the outstanding features of BMO and BCE: a solid track record and high-quality dividends. Otherwise, it could ruin your financial goals if the company can't make the payouts anymore.

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1. Bank Stocks
2. Dividend Stocks
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cliew