My Favourite Canadian Dividend Aristocrat Just Became Too Cheap to Ignore!

Description

The stock market may still be a tad on the frothy side, at least according to the bearish pundits who are writing off 2022 as a meagre year for market returns. Still, the TSX Index is rich with value. Many of the names are unloved or just ignored in favour of the more popular stocks south of the border. Indeed, there's been a bit of a rush out of tech of late and into value names. In Canada, I'd argue value is as abundant as ever going into a year that may be more prosperous than we think!

Energy and financials have been robust thus far. Going into the new year, expect more of the same. Still, it's not just the energy and financials that look like a compelling value. Solid Dividend Aristocrats are likely not nearly as pricey as they should be given the 2022 stage that'll see rate hikes, COVID cases, inflation and close scrutiny on corporate earnings.

Undoubtedly, things can go wrong. The markets have partially factored such in after the bumpy start to 2022 in response to the hawkish U.S. Federal Reserve. But let's not forget that things could always end up better than expected. And when most others are bracing for the perfect storm, it can pay dividends to stay the course and scoop up value where there's value to be had.

Top TSX Dividend Aristocrats to buy and hold right now?

Right now, the Dividend Aristocrats look like timely bets. They won't make you rich once the tech trade inevitably bottoms and recovers. But you will get a pretty decent bang for your buck and better downside protection than many plunging growth stocks. For investors, especially older investors, that's a deal worth pouncing on!

Consider **Bank of Montreal** (TSX:BMO)(NYSE:BMO), one great Dividend Aristocrat that seems too cheap to ignore, given the tailwinds on the horizon.

Bank of Montreal

Bank of Montreal had an incredible run in 2021, up around 40%, not including dividends. The bank arguably had one of the most impressive fourth quarters, capping off 2021 with a bang! The bank reported a slight per-share earnings beat of $3.33 versus the $3.21 consensus alongside $6.3 billion in revenues. The most remarkable part was that BMO kicked off its share buyback (nothing surprising here) alongside a jaw-dropping 25% dividend raise.

That dividend hike was incredibly generous. Why? Management sees opportunity ahead, with rising rates and its newly acquired Bank of the West in the bag. The acquisition wasn't cheap, but at the same time, it wasn't expensive given the potential for BMO to work its magic on the California-focused bank. Bank of Montreal is poised to clash with some of the U.S. banks.

With a brilliant growth prospect ahead of profound tailwinds, BMO is worth buying at new highs. It's one of few stocks that can get cheaper as shares rise. The stock trades at 12.2 times earnings, with a 3.8% dividend yield. Unbelievable momentum and value are hard to find. With BMO, such a perfect combo is essentially hiding in plain sight.

Yes, there are integration risks with any acquisition. But I'd argue the odds are tilted in BMO's side, given its remarkable track record and resilience through what's been a rough past several years. BMO has been through credit downcycles, lockdowns, and recessions. It's about time the bank had some wind to its back.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/24
Date Created
2022/01/07
Author
joefrenette