



Where to Invest \$1,000 for the Next 5 Years

Description

Canadians who are investing in stocks to build wealth or to save for retirement should understand that it's a long game. A long-term time horizon is generally five years or more. However, the key to financial success depends on investment choices. If you have \$1,000 that you're willing to invest in the next five years, choose between **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) and **Canadian Utilities** ([TSX:CU](#)).

The big bank stock is Canada's dividend pioneer. Its dividend track record is 193 years and counting. The utility stock is the **TSX's** lone Dividend King. The dividend hike in 2021 marks 50 consecutive years of payout increases.

Investor friendly

No one can dispute dividend investors' claims that BMO is the most investor-friendly [blue-chip stock](#) on the TSX. Its lengthy dividend track record is a mean feat and is only seven years shy of 200 years. The \$90.3 billion bank is Canada's oldest financial institution and currently the third-largest lender.

BMO will report its earnings results for the third quarter (Q3) of fiscal 2022 on August 30, 2022. In the preceding quarter, net income increased 62.2% to \$4.75 billion versus Q2 fiscal 2021. Darryl White, chief executive officer (CEO) of BMO Financial Group, said the bank continues to deliver good financial performance due to broad-based customer loan growth. The credit quality remains strong amid more challenging conditions.

At \$133.89 per share (+1.28% year to date), your \$1,000 can purchase 7.5 BMO shares. You can partake of the 4.15% dividend yield.

Essential business

Canadian Utilities has been operating since 1927. Also, **ATCO** is the parent company of this \$11.15 billion diversified global energy infrastructure company. The nature of the business is enduring, while the services and business solutions it offers are essential.

Besides utility assets (electricity and natural gas transmission and distribution, and international operations), the Energy Infrastructure and Retail Energy business segments contribute to revenues. Management is proud to have the longest record of annual dividend increases of any publicly listed Canadian company.

The investment thesis for the Dividend King is simple and straightforward. First, it has a growing high-quality earnings base that serves as the foundation for continued dividend growth. Second, it has the financial muscle to fund existing and future capital investments.

Third, the majority of investments are in regulated utility and commercially secured energy infrastructure capital growth projects. The significant earnings and cash flows from the capital investments are why Canadian Utilities can create long-term value for shareholders.

In the first half of 2022, revenues and adjusted earnings increased 20.4% and 16% versus the same period in 2021. CU's cash flows from operating activities in Q2 2022 grew 36.1% to \$513 million versus Q2 2021. According to management, the increase was due to higher cash flows from the Electricity Distribution and Gas Distribution businesses.

After two quarters in 2022, the total dividend payments were \$88.84 million. This utility stock currently trades at \$41.18 per share (+16.22 year to date) and pays a 4.31% dividend.

Reliable income stocks

BMO and Canadian Utilities are reliable income stocks. Besides the potential capital gains, investors receive recurring income streams every quarter. Whether you invest \$1,000 in the bank or the utility company, you have a quality asset in your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:CU (Canadian Utilities Limited)

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