Why BMO Stock is the Best of the Big Six Banks

Description

Bank of Montreal (TSX:BMO)(NYSE:BMO) is among the top banks in Canada. The Big Six Banks have been a staple of the Canadian economy for not only decades, but well over a century. Sure, they've proven time and again that they can fall, but they always rise again.

This resiliency goes for BMO as well. In fact, in the case of BMO stock, it's been around since 1817, over 200 years! But with this company, it's not just the years on record that make it the best of the bank stocks.

Still growing

One key aspect investors want to look for when considering the Big Six Banks is whether these companies are still growing. You want to see that the banks are going into emerging markets, seeking out new opportunities, signing on credit card companies, and finding innovative ways of bringing in new clients.

In the case of BMO, the bank is delivering in all these areas. One positive sign that investors should like is that BMO stock continued to expand even during the pandemic. It took advantage of low interest rates and inflation to bring in new acquisitions. It's now letting those acquisitions grow instead of spending more during this period of higher interest rates and low loan growth.

BMO stock's most exciting acquisition has to be Bank of the West, giving it access to a large market in the United States. With this growth on the way, the company expects to benefit from more diversification as well as new revenue streams. New growth drivers every investor should like.

Top passive income provider

BMO stock also has an incredibly high dividend yield. That dividend currently sits at 4.39% as ofwriting. What's more, it's been growing that yield again and again, making up for the time lost duringthe pandemic as well.

After raising the dividend by 25% back in January, BMO raised it *again* by 4.5% back in August. The company now boasts a dividend compound annual growth rate (CAGR) of 7.1% over the last decade! So if you were to buy up $5,000 in the stock today, you could bring in $220 per year just from holding it.

Cheap growth

But here's the kicker. You won't just make $220. BMO stock has been around and growing its share price for decades, as mentioned. That means you can see a long history of top performance from BMO, especially during tough times like these.

During the past few decades, following economic downturns, the stock rebounded within a year's time thanks to provisions for loan losses. In fact, during the past two decades it's grown by a CAGR of 11.7%! So investors could see even more of that growth in the near future as well.

But what's tempting is you can lock in all this growth potential at an absurdly cheap price, with shares trading at just 7.6 times earnings.

Bottom line

I'm not saying the other Big Six Banks aren't worth your time. But right now, BMO stock has the cheapest share price for the highest dividend, as well as an incredibly long history of share and dividend growth. So if you want a stock that can get you safely out of this market correction, and others to come, then I would recommend BMO stock again and again.

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