Growth or Passive Income? Get Both With This Top TSX Stock

Description

There's a lot of discussion going around right now as to whether investors should focus their attention on passive income or growth. There are so many stocks trading in value territory or, at the least, incredibly cheap. Because of this, it offers a chance to lock in high dividends or see major growth in the year to come.

Well, why not both? With this TSX stock, you can lock up a high yield. However, it's also bound for major growth in the year, and decades, to come.

A growth story

The TSX stock I'm talking about to day is **Bank of Montreal** (TSX:BMO). BMO stock has been growing rapidly over the last few years. It took the opportunity to buy Bank of the West while it could still do so for a relatively cheap price during a period of strong economic growth across the continent.

In fact, the TSX continues to do so well that analysts have pegged it as one of the only banks that is set to outperform in the next year. This specifically comes down the investment it's made in the U.S., where the growth there will outweigh any slowdown in Canada.

Furthermore, the company has low exposure to the housing market, and high exposure through its superior exchange-traded fund (ETF) investments. So, investors can certainly look forward to more growth going forward.

High dividends

Given its growth and stable income streams, this means the TSX stock can continue to give major dividend boosts. In fact, one just last year came in at 25%! You can now lock up a dividend yield of 4.28% as of writing. That comes out to $5.56 per share annually.

Of course, not every dividend boost is going to be at 25%. However, BMO stock has a strong history of growth here as well. In fact, the compound annual growth rate (CAGR) for the company's dividend in the last decade sits at 4.24% as of writing. That's with two years of not being able to move the dividend upwards as well.

A TSX stock to hold forever

With BMO, you get a valuable TSX stock that you can hold onto forever. In fact, over the last two decades alone, you can see exactly why you would want to do this. During that time, shares of BMO stock grew 650%. That's a CAGR of 10.59% as of writing!

Meanwhile, zoom into the Great Recession, and you'll see another reason to hold onto BMO stock. Shares started to really fall in January of 2008. By July 2009, shares had come back to those prices and were soaring back to pre-drop prices. This comes from the TSX stock's provisions for loan losses, a given with the Big Six banks.

Bottom line

So, you can look forward to dividends, growth, and protection during a downturn. What's not to love? And right now, you can pick up BMO stock while it trades at just 7.77 times earnings. So, it's also *cheap*. Altogether, a $5,000 investment could bring in passive income of $215 annually just from holding the TSX stock.

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