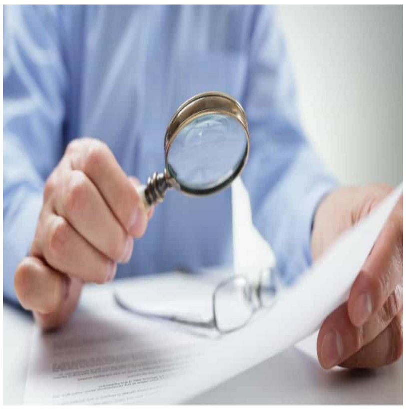

BMO Stock: Is it a Good Investment Today?

Description

Canada's big banks are among the best long-term investments on the market today. And among those big banks, **Bank of Montreal** (TSX:BMO) is an increasingly intriguing investment right now. But what exactly makes BMO stock a good investment today?

Let's try to answer that question by taking a closer look at what BMO can offer investors.

First, BMO offers a juicy dividend.

One of the many things that attracts investors to Canada's big banks is the perfect mix between offering stable domestic growth and a growing source of dividend income.

In the case of BMO, the bank has been offering dividends longer than any other stock in Canada. In fact, BMO has been paying out dividends for over two centuries without fail.

As of the time of writing, BMO's yield works out to a juicy 4.23%. This means that prospective investors investing $40,000 into BMO can expect to earn a first-year income of nearly $1,700. The reason I say first-year is because investors that aren't ready to draw on that income just yet can reinvest that dividend, allowing it to grow uninterruptedly.

Keep in mind that BMO also offers investors a handsome annual bump to that dividend, which can quickly add up over time.

For some investors, this may be reason enough to consider BMO as a good investment today, but there's still much more.

What about growth?

Buying a good investment today like BMO that can provide a healthy income stream for decades is great, but let's not forget about growth. Like its big bank peers, BMO has turned to international markets to fuel growth in recent years.

For BMO, that growth has been focused on the U.S. market. And earlier this month, BMO completed an interesting acquisition in the U.S. that only furthers its appeal.

That deal was a US$16 billion whopper for California-based Bank of the West. As a result of the deal, BMO now has an enhanced footprint across 32 states, including 3 of the top 5 markets in the U.S. As a result of the acquisition, BMO is now the eighth-largest bank by assets on the continent.

The deal also means that BMO has added an additional 1.8 million customers across that expanded footprint, and the billions in loans and deposits that acquisition represents.

In short, BMO has unlocked massive long-term growth potential. But that still doesn't answer why BMO is a good investment *today*.

Why is BMO a good investment today?

Canada's big banks are considerably more conservative when it comes to risk than their U.S.-based peers. They also tend to recover faster than much of the market from prolonged slowdowns, as we saw during the last few recessionary cycles.

In other words, one of the great reasons why BMO may be a good investment today is because like much of the market, BMO trades at a discount. That discount is thanks to rapidly rising interest rates and the high inflation we've seen in the past year.

As a result, over the course of the trailing 12-month period, BMO is trading down just shy of 10%. Also worth noting is that thanks to that inflationary-fueled dip, the P/E on the stock is at an attractive 6.75.

What does this mean for prospective investors?

In short, BMO trades at discounted levels right now, but that discount won't last long. Given the long-term dividend and growth potential that BMO can offer investors, this only enhances the appeal of the stock right now.

Short-term market volatility aside, in my opinion, BMO should be a core part of any larger, well-diversified long-term portfolio.

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