2 Beaten-Up Dividend Stocks for Your RRSP

Description

The rout in the Canadian market is bringing some of the country's top dividend-growth names down to very attractive levels.

Here are the reasons why I think **Canadian National Railway Company** (TSX:CNR)(NYSE:CNI) and **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) are good RRSP picks right now.

Canadian National Railway

Canadian National Railway is one of those stocks you can simply buy and forget about for decades, which makes it a great pick for an RRSP account.

The company is the only major railway serving Canada and the U.S. with access to three coasts. When you combine that with the fact that no new rail network is likely to be built along the same routes, you get a pretty attractive business.

The stock has come down a bit this year as a result of the slowdown in energy-related shipments, but the crude-by-rail business is not going to disappear because pipeline bottlenecks remain a big problem for western Canadian oil producers.

President Obama recently rejected Keystone XL, and the project will probably be shelved for good if the Democrats win the next election.

In Canada, the Northern Gateway project designed to carry crude oil to the west coast is pretty much dead. That leaves Energy East as the next option, which won't be in service before 2020, if it ever gets built at all.

Canadian National Railway generates revenue from a variety of sectors in the economy, and tough times for one group can open up opportunities for others. For example, the rout in oil has knocked the Canadian dollar down to levels not seen in more than a decade. That is benefiting Canadian National Railway's other customers such as the forestry industry and the auto sector.

The railway also generates a significant amount of revenue in the U.S.; every dollar in profits in the U.S. is now worth about CAD$1.36.

Canadian National Railway increased its dividend by 25% in 2015, and investors should see more increases in the coming years.

Bank of Nova Scotia

Bank of Nova Scotia is often bypassed by investors in favour of its larger peers, but the company's big bet on Latin American growth positions it well for the coming decades.

The bank has spent about $7 billion recent years to build a strong presence in Mexico, Peru, Colombia, and Chile. These four countries form the core of the Pacific Alliance, a trade bloc set up to promote the free movement of goods and capital among the member states. With a combined population of 200 million people, the four countries represent a formidable economic zone, and Bank of Nova Scotia is capitalizing on the emerging opportunities.

The bank's international operations offer investors a chance to get exposure to growth in foreign markets without having to take on the risk of buying local names.

Bank of Nova Scotia pays a quarterly dividend of $0.70 per share that yields 5%.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CNR (Canadian National Railway Company)

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