2 Dividend-Growth Stocks to Buy Today and Hold for a Decade

Description

It's human nature to be wary when things look scary, but the latest pullback in the market should be viewed as an opportunity to pick up some of Canada's top stocks at very attractive prices.

Here are the reasons why I think buy-and-hold investors should consider **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) and **TransCanada Corporation** (TSX:TRP)(NYSE:TRP) right now.

Bank of Nova Scotia

Bank of Nova Scotia is Canada's most international bank. That has held the stock back in recent years, but investors with a longer-term focus should see the strategy in a positive light.

The bulk of the company's foreign focus lies in four key markets: Mexico, Colombia, Chile, and Peru. At first glance, you might think this combination is quite odd, but the strategy is actually a very smart one.

These Latin American countries form the core of the Pacific Alliance, a trade bloc set up to promote the free movement of capital, goods, and labour among the member states.

As businesses take advantage of the new opportunities and expand into other markets, they need a wide variety of cash-management services. By having a strong presence in each country, Bank of Nova Scotia is well positioned to benefit.

The personal banking market is also very attractive considering the four countries have a combined market of 200 million consumers with relatively low bank penetration. As the middle class grows, demand increases for credit cards, car loans, lines of credit, and investment products.

Bank of Nova Scotia is already seeing the benefits of its $7 billion in investments in the region. For Q4 2015 the company reported a 33% year-over-year increase in income from the international operations, primarily driven by a 19% increase in deposits and a 17% rise in loans.

Bank of Nova Scotia raised its dividend by 6% in 2015, and the current quarterly payout of $0.70 per share yields 5%.

If you want a long-term bet on Latin American growth, this is the stock to buy.

TransCanada

The past year has been a tough one for TransCanada.

President Obama nixed the northern leg of the Keystone XL pipeline, and the rout in the oil market has resulted in an exodus out of anything connect to the energy sector.

This resulting sell-off has provided investors with a golden opportunity.

TransCanada still has $11 billion in projects that are moving along nicely and should be completed by 2018. That is going to drive revenue and free cash flow higher, and the company expects to raise its dividend by 8-10% per year through 2020.

That alone is reason enough to buy the stock, but the story gets even better.

TransCanada recently won a $500 million deal to build a pipeline in Mexico. The company already has a strong presence in the country, and further projects should come up as the Mexican government expands its energy infrastructure.

TransCanada also has a large and growing electricity-generation business that pumps out significant cash flow to help finance the pipeline projects.

Finally, the company’s $15.7 billion Energy East project should get the green light, despite the public bickering among the provinces and the federal government. The revenue potential on that project isn’t fully reflected in the current share price, and any good news on the Energy East front could sent the stock soaring.

TransCanada pays a quarterly dividend of $0.52 per share that yields 4.3%.

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1. Editor's Choice

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2. NYSE:TRP (Tc Energy)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:TRP (TC Energy Corporation)

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