



RRSP Investors: 2 Canadian Dividend Stocks With International Exposure

Description

Canadian savers are searching for easy ways to get exposure to international markets inside their self-directed RRSP accounts.

Let's take a look at **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) to see why they might be interesting picks.

Bank of Nova Scotia

Investors often overlook Bank of Nova Scotia when choosing a bank stock for their RRSP portfolios, but that might not be a wise move.

Why?

With the Canadian housing market at record highs, and personal debt levels to match, Bank of Nova Scotia's large international group provides a nice hedge against potential trouble in the home market.

The company has invested heavily in Latin America over the past decade with the bulk of the focus on Mexico, Peru, Colombia, and Chile. These countries form the core of the Pacific Alliance, which is a trade bloc set up to promote the free movement of goods and services among the member states.

The region offers a massive, under-banked market with a growing middle class. As personal wealth improves, people are searching for car loans, credit cards, and investment products.

Canada still represents the largest part of Bank of Nova Scotia's earnings, but the international group is contributing some big numbers.

How big?

The bank earned \$2.06 billion in fiscal Q2 2017 with \$595 million coming from the international banking division.

Bank of Nova Scotia has a strong track record of dividend growth. The current payout provides a yield

of 3.85%.

Sun Life

Sun Life has insurance and wealth management operations primarily focused in Canada, the United States, and Asia.

The U.S. group has struggled recently, especially at the MFS asset management division where the company saw US\$11.1 billion in net outflows in the quarter. That came after outflows of US\$9.5 billion in Q4 2016.

Investors will have to watch to see if the withdrawals are a short-term event or the start of a longer trend.

Reported net income still came in strong at \$551 million for the quarter compared to \$540 million in Q1 2016. Insurance sales rose 58%, and wealth sales rose 13% year over year.

Sun Life's Asian presence continues to grow. The company raised its equity stake in its India partnership last year and has growing operations in the Philippines, Hong Kong, Indonesia, Vietnam, China, and Malaysia.

As wealth increases in these countries, Sun Life should see strong growth in the coming decades.

Management bumped up the dividend earlier this year. The current payout yields 3.8%.

Is one a better RRSP bet?

Both stocks offer strong long-term growth potential coming from their international operations.

Sun Life has sold off on the weak U.S. results, so there might be an opportunity to pick up the stock at a nice discount right now if you think the U.S. troubles are just a blip.

Sun Life is also attractive if you think interest rates are moving higher, as insurers tend to do well in that environment.

Bank of Nova Scotia might be the better way to go if you think the Canadian housing market will slow down at a measured pace. The Latin American operations are starting to generate some impressive returns, and that trend should continue.

I would probably give Bank of Nova Scotia the nod today and wait for Sun Life's next quarterly earnings to come out to see how things are at MFS before buying the insurer.

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Date

2025/08/26

Date Created

2017/06/21

Author

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