



New Investors: 2 Canadian Dividend Stocks to Start Your RRSP Portfolio

Description

Canadians are searching for ways to set aside funds to ensure a comfortable retirement.

One popular strategy is to hold dividend-growth stocks inside an RRSP and invest all the dividends in new shares. This sets off a powerful compounding process that can turn a modest initial investment into a nice nest egg over the course of a few decades.

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

Bank of Nova Scotia

Bank of Nova Scotia has spent the past decade building a strong international presence with a specific focus on Mexico, Peru, Chile, and Colombia.

Why?

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

The international operations are doing well and now account for nearly 30% of net income.

As the middle class continues to grow in these markets, Bank of Nova Scotia should benefit from rising demand for loans, credit cards, and investment products.

The company has a solid track record of dividend growth and has paid a distribution since 1833.

The current yield is 3.9%.

Fortis

Fortis owns natural gas distribution, electric transmission, and power generation assets in Canada, the United States, and the Caribbean.

The company has focused much of its investments in recent years in the United States, including the US\$11.3 billion purchase of ITC Holdings in 2016 and the US\$4.5 billion acquisition of UNS Energy in 2014.

Canada remains an important market for Fortis, and the recent announcement to buy a two-thirds stake in the Waneta dam in British Columbia for \$1.2 billion shows there are still opportunities in the home country.

Management expects to raise the dividend by at least 6% per year through 2021. Fortis has increased the payout every year for more than four decades, so investors should feel comfortable with the guidance.

Fortis provides a dividend yield of 3.6%.

Is one more attractive?

Both stocks should be solid buy-and-hold picks for an RRSP portfolio. At this point, I would probably split a new investment between the two names to get balanced exposure to Canada, the U.S., and emerging markets.

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1. Bank Stocks
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3. Energy Stocks
4. Investing
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TICKERS GLOBAL

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2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FTS (Fortis Inc.)

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