



RRSP Investors: 2 Top Canadian Stocks to Get Foreign Exposure

Description

Canadian savers are searching for ways to diversify their portfolios. One popular strategy involves holding Canadian companies with strong operations in international markets.

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

Bank of Nova Scotia is betting big on international markets, with a heavy focus on Mexico, Peru, Colombia, and Chile.

Why?

These 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.

As the middle class grows, demand for loans and investment products should increase, and that bodes well for Bank of Nova Scotia. All-in, the bank has access to more than 200 million consumers in the region.

Opportunities also exist on the commercial side, as businesses require a variety of cash-management services when they expand into the other countries.

The international division already accounts for close to 30% of Bank of Nova Scotia's earnings, and that could grow in the coming years.

Bank of Nova Scotia has a strong track record of dividend growth and currently provides a yield of 3.9%.

Sun Life

Sun Life gets most of its earnings from its wealth management, asset management, and insurance

businesses in Canada and the United States, but the company sees Asia as an important region for future growth.

Through its partnerships and subsidiaries, Sun Life is building a strong presence in India, Indonesia, Malaysia, Vietnam, the Philippines, and China.

India is of particular interest, given the size of the market and the fact that Sun Life has built up its presence in the country over a number of years. New regulations on foreign ownership allowed Sun Life to boost its stake in its Birla Sun Life partnership last year from 26% to 49%.

As with Bank of Nova Scotia, Sun Life should benefit from rising wealth in all of the highly populated Asian countries. Asia generated about 13% of Q2 2017 reported net income. In the years to come, that number should increase at a steady rate.

Sun Life pays a quarterly dividend of \$0.435 per share for an annualized yield of 3.5%.

Is one a better bet?

Both stocks provide Canadian RRSP investors with important exposure to international markets. At this point, I would probably split a new investment between the two stocks to benefit from middle class growth in both Asia and Latin America.

CATEGORY

1. Investing

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1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:SLF (Sun Life Financial Inc.)

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