



TFSA Investors: 2 Top Canadian Dividend Stocks to Own in 2018

Description

Canadian investors are searching for quality stocks to add to their [TFSA](#) portfolios for 2018.

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

Sun Life

Sun Life gets most of its revenue and income from wealth management and insurance operations in Canada and the United States, but the company's Asian businesses could drive significant growth in the coming years.

Sun Life has a strong presence in India, Malaysia, Vietnam, Indonesia, the Philippines and Hong Kong through subsidiaries or joint ventures. As the middle class grows in these markets, Sun Life should see demand rise for its insurance and wealth management products.

The era of falling interest rates appears to be over. As rates begin to rise, Sun Life and other insurance companies should generate higher returns on funds set aside to cover potential claims.

The company recently raised the quarterly dividend to \$0.455 per share. That's good for a yield of 3.5%.

Bank of Nova Scotia

Investors often overlook Bank of Nova Scotia in favour of its larger peers, but that might be a mistake.

The company has spent billions in recent years to build a strong business in Latin America, with a particular focus on Mexico, Peru, Chile, and Colombia.

These countries form the core of the Pacific Alliance trade bloc, which was set up to promote the free movement of goods and capital among the member states. The combined markets are home to more than 200 million consumers.

Bank of Nova Scotia already gets close to 30% of its net income from the international operations, and that could grow as middle class wealth expands in Latin America.

The international business also provides a nice hedge against potential weakness in the Canadian economy.

Some pundits are concerned that rising interest rates could trigger a pullback in Canadian house prices and hammer the banks. A total meltdown in the housing market would be negative, but most analysts expect a gradual decline.

Bank of Nova Scotia's mortgage portfolio is capable of riding out a rough patch, and higher interest rates tend to be a net benefit for the banks.

The company has a strong track record of [dividend growth](#). At the time of writing, the payout provides a yield of 3.8%.

Is one more attractive?

Both stocks should be solid picks for a buy-and-hold TFSA portfolio. The best option might be to split a new investment between the two names to get solid exposure to Canada, the U.S., Asia, and Latin America.

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

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