



Should Bank of Nova Scotia or Suncor Energy Inc. Be in Your RRSP?

Description

Canadians are searching for top companies to put inside their [RRSP](#) portfolios.

Let's take a look at **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) to see if one is an attractive pick today.

Bank of Nova Scotia

Investors often overlook Bank of Nova Scotia in favour of its larger peers, but that might be a mistake, especially in situations where you plan to hold the position for decades.

Why?

Bank of Nova Scotia has a large international division, primarily focused on Mexico, Peru, Chile, and Colombia. The four countries make up the core of the Pacific Alliance, which is a trade bloc created to enable the free movement of goods and capital. Combined, the market holds more than 200 million consumers.

As the middle class grows, demand for loans and investment products should increase, and Bank of Nova Scotia's presence in each of the four countries puts it in a strong position to benefit.

The international operations already contribute close to 30% of Bank of Nova Scotia's net earnings, providing investors with good exposure to emerging market growth through a rock-solid Canadian company.

At 12 times trailing earnings, the bank trades at a discount to its larger peers. A small differential might be justified based on higher risks associated with the international operations, but the gap could close, as investors become more comfortable with the reliability of the Latin American businesses.

At the time of writing, the stock provides a [yield](#) of 4%.

Suncor

Suncor is primarily known for its oil sands operations, but the company also owns large refineries and more than 1,500 Petro-Canada service stations. The downstream assets provide a nice hedge against tough times in the production operations and are largely responsible for Suncor's steady performance during the oil rout.

Management took advantage of the downturn to add strategic assets at attractive prices, including the purchase of Canadian Oil Sands.

In addition, Suncor pushed ahead with a number of organic projects, including Fort Hills and Hebron. The two developments are now ramping up production and should provide a nice boost to revenue and cash flow in the coming years.

Suncor recently raised its dividend by 12.5%.

Is one more attractive?

Both companies should be strong picks for a buy-and-hold RRSP portfolio. If you have some cash sitting on the sidelines, I would probably split a new investment between the two stocks today.

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