



RRSP Investors: 2 Top Canadian Stocks to Play Global Growth

Description

Canadian investors are searching for top-quality stocks to help diversify the geographic exposure in their [RRSP](#) portfolios.

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 has invested billions over the past decade to build a large international presence, with a specific focus on Mexico, Colombia, Peru, and Chile. These countries make up the core of the Pacific Alliance, which is a trade bloc set up to enable the free movement of goods and capital among the member states. Combined, the four markets are home to more than 200 million people.

Bank of Nova Scotia continues to increase its presence in the region. The company just announced a deal to acquire a 51% position in Peru's Banco Cencosud for \$130 million. This comes on the heels of US\$2.2 billion deal to buy a majority stake in BBVA Chile. The BBVA acquisition will give Bank of Nova Scotia a 14% market share in the country.

As the middle class grows in the region, Bank of Nova Scotia should benefit from rising demand for loans and investment products. The international operations already generate close to 30% of Bank of Nova Scotia's profit.

The bank has a long track record of dividend growth, and that trend should continue. Investors who buy today can pick up a [yield](#) of 4%.

The stock trades at a discount to its larger Canadian peers primarily due to perceived risk connected to the international operations. While the Pacific Alliance countries have gone through some turbulent economic times, the markets are more stable today than in the past, and investors should see Bank of Nova Scotia's multiple drift higher in the medium term.

Sun Life

Sun Life took a hit during the Great Recession, but the business has bounced back and is one again focused on growth. The company continues to seek out opportunities in Canada and the United States, where it still generates the majority of its income, but investors with a buy-and-hold strategy should consider Sun Life based on its operations in Asia.

The company has established strong partnerships or subsidiaries in India, China, Vietnam, Indonesia, Malaysia, and the Philippines. As with Bank of Nova Scotia, Sun Life stands to benefit from improved wealth, but in this case, the market size is in the billions.

Sun Life's balance sheet is in good shape, and the company is once again raising its dividend on a regular basis. At the time of writing, the stock yields 3.4%.

Is one more attractive?

Both companies should provide Canadian investors with safe ways to play emerging market growth. At this point, I would probably split a new investment between Bank of Nova Scotia and Sun Life.

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1. Editor's Choice

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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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