# 3 Top Canadian Dividend Stocks to Grow Your TFSA Retirement Fund

## Description

Canadian savers are searching for quality companies to add to their Tax Free Savings Account (TFSA) portfolios.

The strategy makes sense, especially when the dividends are used to buy new shares to take advantage of a powerful compounding process that can turn a modest initial investment into a nice nest egg over time.



Let's take a look at three stocks that deserve to be on your radar.

**Suncor Energy Inc.** (TSX:SU)(NYSE:SU)

Suncor is primarily known for its large oil sands operations, but the company also owns refineries and more than 1,500 Petro-Canada retail locations. These downstream assets provide a nice hedge against rough times in the oil market and are a big reason Suncor's stock held up so well during the downturn.

Management took advantage of the rout to add strategic assets at attractive prices, including the acquisition of Canadian Oil Sands. In addition, Suncor's strong balance sheet enabled the company to push ahead with the Fort Hills and Hebron developments. These two projects are now complete and ramping up production, which bodes well for Suncor's shareholders.

The company raised the dividend by 12.5% for 2018, and more gains should be on the way in the coming years. At the time of writing, the stock provides a yield of 2.8%.

A $10,000 investment in Suncor 20 years ago would be worth more than $100,000 today with the dividends reinvested.

**Fortis Inc.** (TSX:FTS)(NYSE:FTS)

Fortis owns natural gas distribution, power generation, and electric transmission assets in Canada, the Caribbean, and the United States. The company has grown over the years through strategic acquisitions and organic developments.

The acquisition of Michigan-based ITC Holdings for US$11.3 billion and Arizona-based UNS Energy for US$4.5 billion added important assets in the United States, providing key segment and geographic diversification. Fortis is currently working through a five-year $15.1 billion capital program that should boost the rate base to $33 billion by the end of 2022.

As a result, management expects cash flow to grow enough over that time frame to support annual dividend increases of at least 6%. Fortis has raised the payout every year for more than four decades, so investors should feel comfortable with the guidance.

A $10,000 investment in Fortis 20 years ago would be worth more than $75,000 today with the dividends reinvested.

**Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS)

Investors often overlook Bank of Nova Scotia in favour of its larger peers, but that might be a mistake, especially for buy-and-hold investors.

Why?



Bank of Nova Scotia has invested billions to build a large international operation, with a focus on Mexico, Peru, Chile, and Colombia. The four countries represent the core of the Pacific Alliance, which is a trade bloc established to promote the free movement of goods and capital among the member states. Combined, the countries are home to more than 220 million consumers.

The international division already contributes close to 30% of Bank of Nova Scotia's profits, and that could grow as the company expands its presence in Latin America. For example, Bank of Nova Scotia is currently working through its US$2.2 billion purchase of a majority stake in BBVA Chile. The deal will boost the bank's market share to about 14% in the country.

In Canada, Bank of Nova Scotia is adding to its wealth-management business. The company recently bought Jarislowsky Fraser for $950 million and just announced plans to buy MD Financial for $2.59 billion.

Bank of Nova Scotia has a strong track record of dividend growth. The current payout provides a yield of 4.3%.

A $10,000 investment in Bank of Nova Scotia 20 years ago would be worth more than $80,000 today with the dividends reinvested.

**The bottom line**

There is no guarantee Suncor, Bank of Nova Scotia, and Fortis will generate the same returns over the next two decades, but all three remain attractive today, and the strategy of buying top-quality dividend stocks and investing the distributions in new shares is a proven one.

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