2 Solid Dividend Stocks to Diversify Your Retirement Income

Description

When rates on GICs, government bonds, and other fixed-income assets are close to their historical lows, it's better to find ways to diversify your retirement portfolio to improve the rate overall rate of return.

In Canada, there are not many stocks that will give you that option in a market where energy and resource sectors dominate the benchmark index. Still, there are a few companies that have a strong emerging market presence, giving you an exposure to the world's fastest-growing regions.

Among them, **Brookfield Infrastructure Partners L.P.** (TSX:BIP.UN)(NYSE:BIP) and **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) are my two favourite global players. Let's find out why.

Strong global presence

Both Brookfield Infrastructure and Bank of Nova Scotia have a strong global presence, giving their earnings the depth and diversification needed to withstand any domestic turmoil and economic shocks.

For investors who like investing in infrastructure stocks, Brookfield is one the best options. The partnership owns and operates utilities, transport, energy, and communications infrastructure companies globally. The company's strategy is to buy distressed assets, turn them around, and then sell them with hefty margins. These attributes make this stock attractive for both income and growth investors.

Bank of Nova Scotia is the only lender in Canada that is aggressively focusing on emerging markets. During the past one year, the bank has spent about $7 billion on its acquisition spree, mostly in South America. Currently, the international operations make up about 30% of Bank of Nova Scotia's net income, making it the most global bank in Canada.

Dividend growth

For income investors, dividend growth should be the main attraction while picking a stock with the intention to hold it for a long period. Both companies are solid income generators.

Brookfield Infrastructure has hiked its dividends at a compound annual growth rate of 11% since 2008. Going forward, the company plans to distribute 60-70% of its funds from operations (FFOs) in dividends. It's targeting 5-9% growth in its $2.43 a share annual dividend.

Bank of Nova Scotia has paid a dividend every year since 1832, while it's hiked its payouts in 43 of the last 45 years. With the payout ratio of about 40%, there is a plenty of room for the bank to continue hiking its $3.28 a share annual dividend.

Attractive dividend yields

If you like these two dividend stocks due to their international presence and strong business models, it makes sense to take a position when these stocks are trading at an attractive level. On this metric, both stocks look attractive with dividend yields rising to more than 4.5% after a recent pullback in their stock prices.

If you like infrastructure stocks and banks, then both Brookfield Infrastructure and Bank of Nova Scotia are good picks, especially at a time when they're expanding their global operations and their growth prospects look bright.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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TICKERS GLOBAL

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2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:BNS (Bank Of Nova Scotia)

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