



Got \$3,300 to Invest? 2 Top TSX Stocks for a TFSA

Description

TFSA investors are searching for top **TSX** stocks to add to their self-directed portfolios. The market looks a bit expensive today, but some buy-and-hold dividend names still look attractive or even [undervalued](#).

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is a great stock for investors who want to get exposure to economic growth in Latin America through a top Canadian company.

The bank's international group primarily operates in the Pacific Alliance countries of Mexico, Peru, Chile, and Colombia. The pandemic hit these countries hard, and political uncertainty is always a risk, but the long-term potential outweighs the near-term volatility.

More than 225 million people live in the combined market. Bank penetration runs at less than 50%, and a growing middle class will likely drive strong demand for loans, credit cards, and investment products. These countries might take longer to rebound than Canada and the United States, but rising oil and copper prices should benefit the Pacific Alliance economies.

Bank of Nova Scotia is sitting on significant excess cash. Investors should see a string of strong dividend hikes as soon as the Canadian banks get the go ahead to raise payouts. Share buybacks and additional acquisitions could also be on the way.

The stock is up considerably from the 2020 lows but has underperformed its peers in the past six months. That could change in the second half of 2021. Investors who buy Bank of Nova Scotia stock can pick up a 4.5% dividend yield at the time of writing.

Power Corp

Power Corp ([TSX:POW](#)) is a great stock for dividend investors who want reliable and generous

dividends, while getting exposure to potential home runs from startups in emerging segments of established industries.

The company's investments primarily focused on the traditional Canadian insurance and wealth management sectors in Canada. These businesses generate solid profits and cash flow to pay great dividends. **Great-West Lifeco** and **IGM Financial** form the core of the [holdings](#). They operate businesses such as Canada Life and IG Wealth Management. At the same time, Power Corp has venture capital initiatives that invest in fintech and sustainable energy plays. These including a majority interest in Wealthsimple and a large position in **Lion Electric**, a maker of electric school busses and commercial vehicles.

Power Corp stock is up 35% in 2021, but more gains should be on the way. The market is finally starting to realize that the sum of the parts is more valuable than Power Corp's market capitalization. Investors who buy the shares today can pick up a solid 4.5% dividend yield. A spin-off of Wealthsimple could produce a nice windfall down the road and lead to a potential bonus dividend or return of capital. Lion Electric could also grow to become a leading supplier of electric school busses to cities across North America.

The bottom line for TFSA investors

Bank of Nova Scotia and Power Corp pay attractive dividends that should continue to grow. The stocks give TFSA investors steady income from established Canadian businesses while offering safe exposure to emerging market and next-generation growth plays.

If you have some cash to put to work in your TFSA, these stocks deserve to be on your radar.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:POW (Power Corporation of Canada)

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