2 Top Stocks to Start Your Retirement Portfolio

Description

New investors are searching for top stocks to start their self-directed TFSA or RRSP pension fund. The overall market appears expensive right now, but some great companies still trade at reasonable prices and offer attractive dividends.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) has trailed most of its peers this year with respect to the rebound in the share price. The reason might be due to concerns about the bank's large international operations focused on Latin America.

It's true that Mexico, Peru, Chile, and Colombia have been hit hard by COVID-19 and political issues in the countries make the situation a bit more worrisome for investors. That said, the big picture opportunity in these markets remains attractive for Bank of Nova Scotia. With more than 230 million potential customers, the Pacific Alliance countries offer good growth potential, as the middle class expands and businesses take advantage of the open market agreements across the four countries.

Bank of Nova Scotia is sitting on excess cash that will likely be deployed through share buybacks and generous dividend increases once the government allows the Canadian banks to restart payout hikes and repurchase stock. That should be early 2022, if not sooner. The bank might also take advantage of the current market conditions to boost its presence in the Pacific Alliance countries.

Investors who buy the stock today can pick up Bank of Nova Scotia at a reasonable price and secure a solid 4.4% dividend yield.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) transports a good chunk of the oil that refineries need to produce jet fuel, gasoline, diesel fuel, and asphalt. Demand for these products dropped during the pandemic lockdowns, but the removal of travel restrictions and a return to offices should mean higher fuel usage in the fourth quarter of 2021 and through 2022. Infrastructure projects that include the repaving of highways could drive strong asphalt demand in the next few years.

As a result, throughput on Enbridge's oil pipelines should rebound to pre-pandemic levels. The natural gas transmission, utility, and renewable energy divisions continue to perform well and have provided nice stability to revenue and cash flow over the past year.

Enbridge has a large capital program in place and can make strategic acquisitions to boost growth. The company expects distributable cash flow to increase by 5-7% over the medium term. That should support steady dividend increases. Enbridge trades near $50 per share at the time of writing and offers a 6.6% dividend yield. The stock looks cheap right now and should move higher as the energy sector recovers.

Critics of the stock say that organic growth is going to be difficult due to the opposition against the construction of new pipelines. That's certainly true, but it also makes the existing infrastructure more valuable. Enbridge already moves 25% of the oil produced in Canada and the U.S. and transports 20% of the natural gas consumed in the United States.

The bottom line for new retirement investors

Bank of Nova Scotia and Enbridge are leaders in their respective industries. They pay attractive dividends and trade at reasonable prices. If you are searching for top stocks to start a diversified TFSA or RRSP pension portfolio, these companies deserve to be on your radar.

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1. Investing

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3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:ENB (Enbridge Inc.)

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