



## 2 Top Dividend Stocks for New Investors

### Description

The huge rally in the **TSX Index** over the past year has attracted new investors to the market. Deciding which stocks are the best to buy can be a challenge, but investors generally do well by owning top dividend stocks in their [TFSA](#) or RRSP portfolios.

### BCE

**BCE** ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest communications company. The business enjoys a wide competitive moat, and BCE has the financial clout to make the required investments to protect its strong position.

Critics claim the cozy nature of the Canadian wireless and wireline communications industry is to blame for mobile and internet prices, which are among the highest in developed economies. BCE and its peers certainly make good money, but Canada is a large country with a relatively small population, and it costs a lot of money to build world-class wireless and wireline network infrastructure. To put the situation into perspective, the greater Tokyo area has a population that is similar to Canada.

BCE and its peers received some positive news in May when the CRTC cancelled a plan to cut wholesale internet rates. The decision had its desired impact, as BCE immediately increased its capital program by \$500 million.

BCE generates solid free cash flow that supports a generous dividend, and [5G](#) investments should open up new revenue opportunities. Investors who buy the stock at the time of writing can pick up a 5.4% dividend yield.

### Bank of Nova Scotia

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank by market capitalization. The stock has trailed some of its peers this year due to the large international division that is heavily focused on Mexico, Peru, Chile, and Colombia. These four countries have been hit hard during the

pandemic and are going through some turbulent political times.

However, they make up the core of the Pacific Alliance trade bloc that is home to more than 225 million potential bank clients. Bank penetration is very low in these markets compared to Canada and the United States, so there is great opportunity for growth in the coming decades, as the middle class expands and people require loans and investment products. Businesses that operate in all four countries also require a variety of cash-management services. Bank of Nova Scotia's strong position in the trade bloc gives it an advantage. The international division generated decent profits in fiscal Q2 2021, so the rebound has started.

Bank of Nova Scotia stock trades near \$80 per share at the time of writing and provides a 4.5% dividend yield. This might be a good time to buy the shares. Bank of Nova Scotia is sitting on excess capital build up over the past year to cover potential loan losses. The worst-case scenario has been avoided, so the bank will likely give investors a big dividend increase and ramp up share buybacks as soon as the government allows the banks to restart these programs.

## The bottom line

BCE and Bank of Nova Scotia are top Canadian companies that pay attractive dividends and have delivered solid long-term returns for buy-and-hold investors. If you are new to investing and want to start a diversified TFSA or RRSP portfolio, these stocks deserve to be on your buy list.

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1. Dividend Stocks
2. Investing

### POST TAG

1. Editor's Choice

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2. NYSE:BNS (The Bank of Nova Scotia)
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4. TSX:BNS (Bank Of Nova Scotia)

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