



RRSP Investing: 2 Top TSX Dividend Stocks to Buy Now and Hold for 20 Years

Description

The **TSX Index** is at new all-time highs, but RRSP investors can still buy top dividend stocks at reasonable prices to add to their retirement portfolios.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank based on [market capitalization](#) with a current value of \$100 billion.

The bank's share price picked up a bit of a tailwind in recent weeks, and the momentum could carry through to the end of 2021 and into next year. Bank of Nova Scotia is sitting on excess cash it built up in 2020 to cover potential loan losses due to pandemic lockdowns. In Canada, the government succeeded in avoiding the worst-case scenario by providing homeowners and businesses with financial support to help them make their mortgage and loan payments.

Several of these programs will end this month, so there could be an uptick in defaults in the first half of 2022, but Bank of Nova Scotia has the funds to cover the potential hit.

The bank's international operations are primarily located in Mexico, Peru, Chile, and Colombia. These members of the Pacific Alliance trade bloc have endured a rough couple of years, but the rebound in oil and copper prices should help their economies rebound.

Bank of Nova Scotia generated solid profits in the international business in fiscal Q3 2021, and the recovery in the group should continue over the coming quarters.

The Canadian banks are waiting for the government to give them the green light to restart dividend increases. Bank of Nova Scotia will likely give investors a large raise when the ban is lifted. Share buybacks and an acquisition could also be on the way next year.

Investors who buy the stock today at a reasonable 11.6 times trailing 12-month earnings can pick up a solid 4.3% dividend yield.

Long-term holders of this stock have done well. A \$10,000 investment in Bank of Nova Scotia 20 years ago would be worth about \$82,000 today with the dividends reinvested.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) recently completed its US\$3 billion purchase of an oil export facility in Texas. The deal is an example of how Enbridge is able to add strategic assets to drive revenue growth and advance its U.S. Gulf Coast export initiatives.

Enbridge has also finally completed the eight-year construction process on its Line 3 Replacement Project. The company replaced 1,675 km of oil pipelines with new ones, connecting Edmonton to Superior, Wisconsin. Completion of the project means the pipeline will be able to transport its full capacity of 760,000 barrels per day.

In total, Enbridge expects to put \$10 billion in new projects into service in 2021, helping drive future revenue and cash flow growth to support dividend increases.

With a market capitalization of \$106 billion, Enbridge is a giant in the energy infrastructure industry. The financial clout of the company enables Enbridge to do small tuck-in deals or major acquisitions. Getting large new pipelines built is difficult these days, so the existing ones are more valuable and consolidation in the sector is expected to continue.

Enbridge's current dividend looks safe and should increase in line with annual growth of distributable cash flow. At the time of writing, the stock trades near \$52.75 per share and offers a 6.3% dividend yield.

A \$10,000 investment in Enbridge 20 years ago would be worth about \$105,000 today with the dividends reinvested.

The bottom line on top RRSP stocks

Bank of Nova Scotia and Enbridge are two of Canada's largest companies. They have delivered strong long-term returns for buy-and-hold RRSP investors and offer above-average dividends that should continue to grow in the coming years.

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