

## 2 Dividend Stocks That Will Pay Off: The Bank of Nova Scotia and Cenovus Energy Inc.

### Description

It's October, and the equity markets have corrected or are in a correction. Should investors be worried about it? I reckon not since it's been a while since the market pulled back and every healthy market requires a pullback. The theory reminds me of something my mother always said: It's healthy to get the flu once a year since it gets rid of all the bad stuff from within. I feel the same applies to equity markets (among other things).

When markets are gunning and the bulls are raging, it's always a good thing when investors take a step back and slow down a little. A correction sometimes weeds out the unwanted and unhealthy.

Analysts at RBC recently reminded investors that October is generally the most bearish month of the year. It is also said to be the most volatile of all the months, which translates into opportunities.

Given the current market correction, here are two stocks that will help increase your dividend portfolio:

#### The Bank of Nova Scotia

When in a correction, it's always a good idea to accumulate bank stocks. Investors should take advantage of cheaper valuations or seasonal sales, just like shopaholics do during clearance time at their favorite retail brands.

**The Bank of Nova Scotia** ([TSX: BNS](#))([NYSE: BNS](#)) currently has the second-highest dividend yield among the big six banks in the country, with a P/E ratio below 12. Although the company's current international growth strategy into Latin America (Mexico, Chile, Colombia, and Peru) is not impressing investors much, in the long run this exposure will be favourable given these countries' recent economic developments. They have amalgamated their stock markets and have announced a trade agreement to eliminate 92% of tariffs. The Bank of Nova Scotia will see the benefits of these developments trickle down to its performance in this market.

#### Cenovus Energy Inc.

It's been a tough few years for **Cenovus Energy Inc.** ([TSX: CVE](#))([NYSE: CVE](#)). Yes, it is true Cenovus has underperformed when compared to its peers in the space. For the past few years, its share price has trudged its way through. But despite this, the company has doubled production since its spin-off from **EnCana Corporation** (TSX: ECA)(NYSE: ECA) in 2009.

For the second quarter of this year, Cenovus saw a 33% increase in oil sands production compared to the same period a year ago. It has also increased its dividend annually in the last three years and currently stands at \$1.06, yielding just over 3%. Since 2009, its dividend is up about 33%.

What's key to note is that there's a disconnect. The company is going in the right direction but the stock price hasn't caught up yet. This, in my opinion, is a buying opportunity for investors. Cenovus has a lot going on for it in terms of asset quality, business model, and dividend yield. It's only a matter of

time before the stock shoots higher.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CVE (Cenovus Energy Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CVE (Cenovus Energy Inc.)

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