TFSA Investors: The 2 Best Dividend Stocks Got Cheaper

Description

While many investors are licking their wounds after the recent market turmoil, for new investors, this may be the day they were waiting for.

If you are planning to beef up your Tax-Free Savings Account (TFSA) with some bargains, then the timing is not bad. There are many dividend stocks on both sides of the border that have been caught up in this indiscriminate selling of stocks.

New investors who were waiting on the sidelines should take advantage of these attractive levels and put their money to work. Here are two best dividend stocks in Canada that I particularly like for long-term investors.

Canadian National Railway Company

There is nothing fundamentally wrong with the business of **Canadian National Railway Company** (TSX:CNR)(NYSE:CNI), which runs one of the largest rail networks in North America.

But investors are not liking its stock these days. After falling ~7% in the past three months, it's trading at a level I find attractive for new investors, especially at a time when the North American economy is going strong with no signs of a slowdown.

The demand for the freight services is so strong that CN Rail last year posted some of the biggest volume growth in the past 10 years. Besides the recent dip in its stock price, TFSA investors have one other good reason to invest in this company.

CN Rail's strong revenue growth has allowed the company to pay uninterrupted dividends since going public in the late 1990s. Last month, CN boosted the quarterly payout by 10% to $0.46 per share.

Trading at $95.82 at the time of writing, CNR stock is down 12% from the 52-week high. This slide has taken its dividend yield to ~2%. This may look not very attractive to some investors, but again, this doesn't tell us the company's true potential. During the past five years, investors have doubled their capital on a total-return basis.

Telus

Canadian telecom companies have also been hammered in the recent bearish spell. As bond yields began to rise after a strong wage growth in the U.S., investors shunned those stocks that heavily rely on borrowing to grow.

But Canada's telecom companies operate in a different environment that is very protective. The nation's four largest operators control about 80% of the broadband and video market and more than 90% of the wireless market.

Among them, Vancouver-based **Telus Corporation** (TSX:T)(NYSE:TU) is one of the top dividend stocks in this area. With growing wireless penetration and a robust immigration flow, Telus has solid ground to grow its subscribers. In the most recent quarter, the company added net 124,000 new postpaid subscribers.

After falling 4% in the past three months, Telus is trading close to the 52-week low. Its 4.3% dividend yield and the company's 7-10% targeted growth in dividend payouts provide a great incentive for TFSA investors to buy this stock.

The bottom line

Picking quality dividend stocks at a time when investors have shifted their focus away from fundamentals is a good strategy for investors who are interested in growing their capital. If you have some unused limit in your TFSA, this is probably the time you've been waiting for.

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