TFSA Investors: 2 Dividend Stocks to Buy This Month

Description

The **S&P/TSX Composite Index** declined sharply by over 5% between November 25 and December 1, 2021. At writing, the Canadian benchmark index has recovered by almost 2% from its December 1st levels.

The recent pullback in the stock market opened up opportunities for dividend investors to pick up shares of high-quality dividend stocks at lower prices and inflated dividend yields.

Income-seeking investors who want to capitalize on the volatile operating environment by picking up shares of high-quality dividend-paying companies at reasonable prices still have opportunities. Provided that you know where to look, you can add the right dividend stocks to your Tax-Free Savings Account (TFSA) to enjoy tax-free returns through shareholder dividends and capital gains.

Today, I will discuss two dividend stocks that could be ideal additions to your TFSA if you are looking for solid income-generating assets for your investment portfolio.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is a $103.04 billion market capitalization bank headquartered in Toronto. It is one of the Big Six Canadian banks, and you cannot go wrong with any of the Big Six for your portfolio if you are looking for reliable dividend stocks. Canadian financial institutions finally received the go-ahead to resume dividend hikes from Canadian regulators.

All the big banks are sitting on extra cash from provisions for loan losses that the financial institutions can use to fund these dividend hikes. Scotiabank stock is trading for $84.76 per share at writing, and it boasts a juicy 4.72% dividend yield. It could be a viable addition to your investment portfolio for dividend income over the long haul.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is a $63.23 billion market capitalization company engaged in hydrocarbon exploration in Western Canada, the U.K. region of the North Sea, and offshore Côte d'Ivoire and Gabon. The energy industry led the charge for the Canadian equity market through most of 2021 due to a surge in demand without enough supply sending energy prices up.

However, the onset of a new variant possibly causing more lockdowns sent the industry into a frenzy again on November 26. WTI oil declined by around 13% on the day, and it caused CNQ stock's share prices to fall by over 5%. However, the fears of oil demand crashing are likely overstated.

CNRL management recently announced a 25% increase to its shareholder dividends for 2022, and it looks likely to stay on track. At writing, the stock is trading for $53.73 per share and it boasts a 4.37% dividend yield.

Foolish takeaway

Dividend investing is one of the best ways to use the contribution room in your TFSA. You can generate a significant amount of passive income through shareholder dividends. Choosing to reinvest the shareholder dividends to unlock the power of compounding can help you accelerate your wealth growth. You can also use the dividend income to supplement your active income.

Scotiabank stock and Canadian Natural Resources stock are two top-quality income-generating assets that could prove to be ideal long-term holdings in your TFSA for either of the two purposes.

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