Passive Income: 2 Top Dividend Stocks to Buy Under $100

Description

The Canadian stock market may be trading flat on the year, but there's no shortage of **TSX** stocks trading far below all-time highs.

It's easier said than done to invest during times of high volatility like we've witnessed over the past several months. However, the volatility has created lots of buying opportunities that long-term investors won't want to miss out on.

For dividend stocks, the recent drop in price has increased yields. As a result, now is an excellent time to be investing in dividend-paying companies.

If you're looking to build a passive-income stream, I'd put these two companies on your watch list right now.

Dividend stock #1: Bank of Nova Scotia

Long-term passive-income investors are likely familiar with the Canadian banks. The Big Five own some of the longest payout streaks on the TSX, in addition to paying attractive yields. You can't go wrong with owning any of the major Canadian banks in a passive-income portfolio.

At the top of my list among the Big Five is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). Scotiabank stands out to me for a couple of reasons.

In terms of dividend yield, Scotiabank's annual dividend of $4.00 per share yields just over 4% at today's price, ranking it as the highest yield among the Big Five.

But on top of an impressive 4% yield, there aren't many TSX dividend stocks that can match Scotiabank's payout streak. The bank has been paying a dividend to its shareholders for close to 200 consecutive years. On top of that, management has increased the dividend in 43 of the past 45 years.

Lastly, the Canadian banks are very reasonably priced today. Scotiabank may be trading close to 52-

week highs but shares are still valued at a forward price-to-earnings ratio of barely over 10.

Dividend stock #2: Northland Power

For dividend seekers that are looking to sacrifice yield for share price growth, **Northland Power** (TSX:NPI) is a solid choice.

At today's stock price, Northland Power's dividend yields just over 3%. It's the company's track record of market-beating returns that separates it from other Canadian dividend stocks.

Over the past five years, shares of Northland Power are up more than 50%, excluding dividends. In comparison, the **S&P/TSX Composite Index** has returned 35%. Going back a decade, Northland Power has close to doubled the returns of the Canadian market.

Canadian dividend investors won't have much trouble searching for a 3% yield on the TSX today. But a company that yields 3% with a growth track record like that of Northland Power is a rare find.

With shares of the energy stock trading more than 20% below all-time highs, this is a buying opportunity that both growth and dividend investors would be wise to take advantage of.

Foolish bottom line

Canadians have the luxury to choose from a range of dividend stocks when building a passive-income stream. Whether you're looking for a high yield or a dependable payout, or both, the TSX has you covered.

Both of the dividend stocks I've reviewed are trading below $100 a share right now, making them an affordable option for passive-income investors. If you're interested in either company, I'd act fast, because they may not be trading at these discounted prices for much longer.

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3. TSX:NPI (Northland Power Inc.)

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