TFSA Investing: Make Money, Even When the Market Goes Down

### Description

Market sentiment has been anything but positive lately. Higher than normal inflation and central banks raising interest rates to curb inflation are some of what’s been weighing on the markets. Oh, and there are still supply chain issues.

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The weight on the market could last for some time, perhaps even going into 2023. However, Tax-Free Savings Account (TFSA) investors should keep in mind that market downturns have shown to be temporary in the past. So, they should have hope that the market will recover and rally again.

TFSA investors should focus on investing as usual and set their sights on long-term wealth creation. Some discount brokers, like Wealthsimple, offer commission-free trading, which allows investors to invest as little as $1. The more you invest, the more money you could make. For example, if you contribute and invest $500 a month in your TFSA for 10% per year, you would accumulate $1,031,421.77 in 30 years.

Stocks are meant for long-term investing. Even when the market goes down, solid dividend stocks can still make you money (in the form of dividend income), while providing investors with better sleep and peace of mind.

Here are a couple of high-yield dividend stocks for your consideration.

## Algonquin stock

**Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) provides a good balance of stability and growth as about 70% of its portfolio is made up of regulated utilities and 30% is non-regulated renewable energy, including wind, solar, hydro, and thermal generation. Its regulated utilities are diversified across natural
gas, electric, and water.

The utility stock could be a nice buy on the dip for those seeking stable returns from dividend income. At $17.52 per share, it offers a yield of almost 5.5%. Analysts generally like the dividend stock as well.

They have a 12-month consensus price target that represents 24% near-term upside potential.

Particularly, earlier this month, Ryan Bushell, president and portfolio manager at Newhaven Asset Management, picked the stock as one of his top picks on *BNN*:

> "They're currently buying Kentucky Power. Shares have been range bound $17-20 for a long time after a lot of growth, but he thinks they are consolidating and waiting for its next leg up… It's steady — it won't shoot the lights right away but will do 10-15 years later."

## Bank of Nova Scotia stock

The big Canadian banks, including **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), are very good for passive income that grows over time. Scotiabank has been hit the worst in today's environment, but its dividend remains safe, as its payout ratio is still healthy. The sold-off shares have pushed its dividend yield up to almost 5.8%.

If you can withstand the market volatility, you're getting nice returns from the dividends. And surely, longer term, you can expect price appreciation as well when the economies BNS serves improve. Its core markets are Canada, the United States, and the Pacific Alliance regions — namely, Mexico, Peru, Chile, and Colombia.

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If you imagine the market decline as temporary and visualize your solid dividend stocks recovering down the road, then you should feel more comfortable in a volatile market. Remember that you're making money from dividends, even if the market were to go down further in the near term.

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