



Got \$5,000? Buy These 2 Top Dividend Stocks That Are on Sale Right Now

Description

As the year is coming to an end, it's looking like the market will close the year at around the same price that it began. It's hard to believe that even after a 35% market crash, the **S&P/TSX Composite Index** is trading flat year to date.

The reason why the market is flat today is because of an incredible bull run that has lasted nine months and counting. The Canadian market has run more than 50% since the last week of March.

All may seem well in the world when looking at the stock market's recent performance. Investors are riding a 50% bull run, and high-flying [tech stocks are soaring](#). The strong performance is being driven primarily by the positive news surrounding COVID-19 vaccines.

There may be a lot to be bullish on right now, but there is a lot of optimism priced into the market's valuation today. In addition to that, there is still a lot of uncertainty within the short-term health of the Canadian economy.

Investing in dividend stocks

The high-flying growth stocks, such as **Shopify** and **Lightspeed POS**, are receiving a ton of media attention today. Don't get me wrong, that media attention has definitely been earned. The two tech stocks are enjoying impressive bull runs and trading at all-time highs.

[Dividend stocks](#), however, seem to have fallen out of the limelight this year. Generally speaking, larger blue-chip companies have been slower to rebound from the COVID-19 market crash earlier this year.

Dividends stocks likely won't ever put up the same growth numbers as Shopify and Lightspeed POS, but they offer investors something that high-flying tech stocks cannot. Dividend stocks provide investors with stability for their portfolio, allowing them to take on higher risks in other investments.

Perhaps the main reason, though, that investors own dividend stocks is for the passive income. Not all dividends are guaranteed, but there are more than enough reliable Dividend Aristocrats for Canadians to choose from today on the **TSX**.

If you're looking to build a passive-income stream and add some stability to your portfolio, I've reviewed two top dividend stocks you'll want to have a closer look at.

Both stocks are trading at a rare discount today. You'll want to act fast if you're hoping to buy before they're back to all-time highs.

Dividend stock #1: Bank of Nova Scotia

My first dividend stock is Canadian bank **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

Valued at a market cap of \$80 billion, Bank of Nova Scotia is the third largest of the Big Five banks in Canada. It may be ranked as the third largest in market cap size, but it yields the highest dividend at today's stock price.

Bank of Nova Scotia's dividend earns shareholders an annual payout of \$3.60 per share. At today's price, that's equal to a yield of a whopping 5.3%. Not only is it a high yield, but it's also a very reliable one too. Bank of Nova Scotia is a Dividend Aristocrat that has been paying its shareholders dividends for more than 185 years.

The bank had an extremely strong month of November, surging close to 15%. Still, Bank of Nova Scotia is trading 5% below where it began the year.

Dividend stock #2: Manulife Financial

My second dividend stock pick is still in the financial sector, but not a major bank.

Manulife Financial ([TSX:MFC](#))([NYSE:MFC](#)) is known primarily as an insurance provider. It's ranked as the largest provider in Canada but has a global footprint with operations in the U.S., Europe, and Asia.

The insurance provider lost almost half its value during the market crash this year. It has since rebounded very well but is still trading down close to 20% year to date.

This Dividend Aristocrat hasn't been paying shareholders for 185 years. Where Manulife Financial can compete is on its dividend-growth rate.

Through the financial crisis, Manulife Financial didn't cut its dividend, but it didn't raise it either. In 2014, the company reinstated its growth strategy and has increased its dividend every year since.

At today's stock price, the annual dividend of \$1.12 per share is good enough for a yield just above 5%.

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