



## Monthly Income Investors: Why This 5.6% Yielder Is a Better Way to Play the Resurgence of Walmart

### Description

It's hard to ignore the remarkable blowout that **Walmart** ([NYSE:WMT](#)) clocked in last week. Under the impeccable stewardship of CEO Doug McMillon, the company has shown that it can compete and even thrive in an industry in which **Amazon.com** has been wreaking havoc.

Plenty of investors, including Warren Buffett, counted Walmart out due to the profound disruptive potential of e-commerce juggernauts like Amazon, but it turned out that Buffett, along with the majority of investors, severely discounted the management abilities of Walmart.

It's not just about Walmart's e-commerce successes. Second-quarter same-store sales growth (SSSG) was the strongest it's been in over a decade, jumping 4.5% thanks in part to incredibly enticing prices that are drawing large crowds into its physical stores.

Simply put, Walmart is firing on all cylinders in both realms: e-commerce and brick and mortar. And that has many investors on both sides of the border reconsidering their "death-of-physical-retail" thesis, which has been widely embraced among by the herd over the past few years.

Sure, e-commerce is causing an immense amount of pressure on the physical retailers, and there have been plenty of victims thus far, but let's be real. Brick and mortar isn't dead — not even close. Walmart appears to be evidence of this, as it still has a tonne of fight left in it.

As it stands, Walmart is looking like a great stock to own moving forward, but for Canadians, there's a superior under-the-radar play that's better catered to both monthly income and deep-value investors alike.

The security I'm speaking of is **SmartCentres Real Estate Investment Trst** ([TSX:SRU.UN](#)), a 5.6%-yielding REIT that dwarfs Walmart's 2.1% dividend yield.

SmartCentres is a retail REIT that's behind the SmartCentre malls, many of which are anchored by Canadian Walmart locations. These Walmart stores draw huge crowds to SmartCentres, which, in turn, drives up the value of real estate for SmartCentre's other tenants.

Although Canadian Walmart stores are considerably different from their U.S. counterparts, I believe recent strategic initiatives that have resulted in profound SSSG numbers will inevitably spread to Canada, where the physical shopping scene appears far more robust.

### **Foolish takeaway**

Shopping centres may look like a dud investment to the average investor, but I don't think this kind of sentiment is at all in line with reality.

SmartCentres looks like a severely undervalued income play that's being unfairly discounted by Mr. Market due to the excessive negativity over the ["death-of-the-shopping-mall"](#) theme — a theme that I believe will die down as Walmart (and other brick-and-mortar kings) continue to flex their muscles in spite of the disruptive pressures put forth by Amazon and the like.

Stay hungry. Stay Foolish.

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1. Editor's Choice

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2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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