One Dividend REIT to Own in a Volatile Stock Market

Description

Many investors are asking if it's too risky to invest right now, and the answer is no!

Investors in Canada should look at the opportunities presenting themselves in this bear market, rather than the risk. Now is the perfect time to pick up shares to hold for the long term.

Caught in the middle of a slowdown in global trade, even the Canadian stock market is taking no prisoners this week. The stock market is indeed struggling amid the U.S. trade war with China.

It doesn't help that economists are warning of slowing U.S. GDP growth as a result of the protectionist policies. This is no reason to panic.

Although the **TSX Composite Index** is down this week, not all stocks on the Toronto Stock Exchange are faltering under the pressure of recession fears.

True North Commercial REIT (TSX:TNT-UN) is one of the winners this week. The stock opened at around $6.80 last Wednesday. As of Tuesday, October 8, the stock is trading for $7.05, a nice boost from where it started five days ago.

High REIT dividend yield

This commercial REIT issues a monthly cash distribution of $0.0495 per trust unit. An aspiring Canadian retiree can pick up 100 shares of North Commercial for $700 and generate up to $60 worth of income each year in dividends.

Annually, the dividend yield on the stock is almost 8.5%. Automatic reinvestment of those dividends will yield up to 8.8% in interest every year after compounding.

Although the stock price hasn't performed very well over the past seven years, it hasn't decreased markedly either. The stock price has been relatively stable in the range of $5 to $8. The investment has the potential to not only accrue high interest but also protect the initial principal balance.

Profitable financial results

The great thing about this particular stock is the strong financials. High dividends and a stable price history mean nothing for stocks that aren't reporting profitable earnings results.

Shareholders in this stock don't have to worry about cash flow issues. The levered free cash flow is a positive $23.88 million.

True North pulled in a diluted earnings per share (EPS) of $0.75 in the past year. It may not be the best earnings on the TSX, but it is better than the still negative EPS of overpriced cannabis stocks like **Canopy Growth**.

The popular **Shopify**, at over $400 per share, doesn't even have the earnings power of True North. The profit margin on Shopify is negative 5.98%, whereas True North reports a margin of 43.84%.

Foolish takeaway

During the sell-off, savvy Canadian investors should look into picking up shares in solid dividend stocks with growth potential over the next 25 years. Volatile stock markets are a great time to build a portfolio because there are plenty of buy opportunities.

True North may be one of those stocks that have the potential to not only protect your initial investment but also provide a healthy annual income over the next 20 years.

Don't let the recessionary rumours trouble you. There are many stocks like True North available on the TSX, and the risk is minimal for smart long-term investors.

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