



## 3 Powerful Reasons to Buy Canadian Tire (TSX:CTC.A) Stock

### Description

Up 15% in the last three months, **Canadian Tire** ([TSX:CTC.A](#)) is a popular stock at the moment with plenty to recommend it to investors concerned about market uncertainty. The company is ubiquitous, with 1,700 branches that span the country, and as we're about to see, the stock gives investors instant access to a surprisingly wide range of sectors. Here are the three biggest reasons to buy.

### Recession-proofing? Think “pinched homeowners”

Whether it's goods for the home, some new sports equipment, toys for the kids, a set of new threads, or parts for the car, Canadian Tire can sell it to you. Need to fill up the tank? The nationally branded multi-line retailer has you covered there, too. In short, as anyone who has ventured into the home of the stylized maple leaf will tell you, Canadian Tire really is a one-stop shop.

For anyone aiming to [get conservative with their stock portfolios](#), this range of goods for homeowners means an investment in Canadian Tire would shake out well in a recession. For the same reason that fast food and dollar stores survive in a downturn, homeowners tightening their belts tend to retreat into the house and therefore spend more money on it — hence an interest in DIY during a correction.

There's also the branding aspect of Canadian Tire, something that would appeal to investors who like to buy what they know and invest in products they use and recognize. With names like SportChek, Mark's Atmosphere, PartSource, and recently Helly Hansen attached to the store, Canadian Tire is familiar to millions.

### It's diversified

Investors may not be aware that Canadian Tire stock covers not just the retail side of things, but also a real estate investment trust, **CT REIT**, and a banking outfit, Canadian Tire Financial Services. The fact that the latter is one-fifth owned by **Scotiabank** means that Canadian Tire carries a lot of clout, and therefore some safety, from its partnership with a major Bay Street bank.

By offering exposure to retail, clothing, fuel, real estate, and financial products, Canadian Tire is a surprisingly diversified play. With a single stock, you can buy into a REIT, gain exposure to the Big Five (through ties with Scotiabank), and tap into a range of consumer discretionary and consumer staple assets.

## It's a play on value and passive income

Dishing out a dividend that yields in the region of 3%, Canadian Tire is the income stock you didn't know your low-risk, long-range portfolio needed. The stock is in the Goldilocks zone, neither too expensive nor too cheap for its sector, with market fundamentals that are largely in line with the bulk of its multi-line retail competitors. \$155 a share is a little steep in terms of its book price but is still fair value.

## The bottom line

Offering investors a source of reliable dividends as well as a strong play for [recession-resistant diversification](#), Canadian Tire satisfies a range of financial strategies. From its connection to Scotiabank and a string of recognizable brands to its stability as a fuel supplier, Canadian Tire is a classic one-stop stock, tailor made for a long-term, passive-income investor.

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2. Investing
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1. TSX:CTC.A (Canadian Tire Corporation, Limited)

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