Canadian Tire (TSX:CTC.A): Should You Sell This Iconic Stock Today?

Description

Diversification is key to safety in the current economic climate. Today, we will take a look at one of the most diversified retail stocks on the TSX. That name is **Canadian Tire** (TSX:CTC.A). The store is leaning heavily on e-commerce in response to the spread of COVID-19. But that hasn't stopped its stock from rallying this week. It's also not the iconic company's only innovation bringing resilience to its business.

Canadian Tire recently reassured stakeholders in a business update: "Last week, with the introduction of Curbside Pick Up, customers were offered another way to same-day shop while maintaining their physical distance. Demand for the new service has been strong during the first week of operation."

Its Ontario stores will now be limited to these innovations for a minimum of 14 days as of April 4. Investors aren't too fazed though. Canadian Tire is up by more than 8% so far this week at the time of writing.

Canadian Tire is a diversified retail stock

Its real estate spin-off, **CT Real Estate Investment Trust**, is also rallying this week. The REIT took a nose dive in March, as the coronavirus market crash struck. However, CT REIT has bounced back this week, despite its heavy exposure to brick-and-mortar assets.

CT REIT benefits from a low vacancy rate risk, with mainly single-tenant properties. These sites are, of course, weighted by Canadian Tire tenancies. The plus side of this is that investors needn't worry unduly about revenue loss. This is unusual in REITs, an asset at risk of poor tenant quality.

Canadian Tire is a great business. It's surprisingly diversified. This stock brings exposure to fuel, clothing, home ware, and even financial products. It's iconic. It has classic "buy Canadian" charisma. And its store closures, shareholders should bear in mind, are only temporary. This is a major retail company that will bounce back after the coronavirus crisis has abated.

Generally speaking, this would be the wrong time to sell Canadian Tire. Selling on weakness gets the market back to front. When investors sell on fears that a share price will never improve, they realize their losses. But if devalued shares are held through the hard times, they generally recover. This is why you should hold what you know and know what you hold.

This means that investors should understand the businesses that they buy into. It makes this easier if investors buy businesses that they are already familiar with. This makes it easier to keep on holding through challenging markets. Canadian Tire is a brand few investors will be unfamiliar with in the real world. From tires to fuel and sports gear to home ware, who hasn't shopped at Canadian Tire?

The bottom line

If you're a Canadian Tire shareholder, keep holding. This is a solid name for long-term retail dominance. Its innovations, from e-commerce to curbside pick-up options, keep this name relevant for the coronavirus market. Value investors also have a strong buy here, as the name has been beaten up by the market crash.

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