



All Canadians! Canada's K-shaped Recovery: How It Applies to You

Description

Canada is undergoing a K-shaped economic recovery. As Global News [explained](#), “On the upper-arm of the *K* are higher earners, homeowners and older Canadians, as well as companies that can do business remotely or have capitalized on new pandemic-linked trends.”

It went on to say, “On the lower-arm of the *K* are hourly workers, who are more likely to hold jobs that require face-to-face interaction and be employed in the industries that have been hardest-hit by the lockdown, such as hospitality, retail and entertainment.

Young people, whose jobs are often first to be axed in a downturn, are also overrepresented in the bottom half of the *K*.”

If you have money to invest, I say you're either in the upper-arm of the *K* or closer to it than you think. Even if you only have \$50 a week to spare for investing, it may surprise you that it can [build a fortune](#) over time with prudent investing.

Are you in the upper-arm of the *K*?

If you're a stock investor in the upper-arm of the *K*, you may employ a conservative investing strategy. You might go with tried and true blue chip dividend stocks like **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)).

They aren't the cheapest stocks, nor do they pay the biggest dividends among their peer group. However, during the pandemic-induced market downturn, they have shown greater resilience than their peers. Their stability and defensiveness could be a trait that higher-income earners, homeowners, and older Canadians seek.

Royal Bank and TC Energy are Canadian Dividend Aristocrats that have increased their common stock dividends for nine and 19 consecutive years, respectively. Royal Bank's dividend growth streak would have been longer if it hadn't frozen its dividend during the last financial crisis that triggered a recession. That said, it was no small feat to maintain dividends during those gloomy times.

Currently, RBC stock and TRP provide safe yields of 4.5% and 5.7%, respectively. As the economy recovers, the stocks should trade at more normalized valuations, at higher levels, over the next few years. Moreover, you can expect their payouts to increase in the long run.

Are you in the lower-arm of the K?

If you're in the lower-arm of the K, you can explore different options based on your skills and interests. See if you can find side gigs that would allow you to work remotely (even on a casual basis). Alternatively, you might find opportunities that could allow you to capitalize on new pandemic-linked trends.

For example, if you're creative and into arts and crafts, you can sell items on **Etsy**. You might also find that you have the skills to provide freelance services on sites such as **Fiverr**.

Any extra income you make can go directly to your investment fund to generate more income or grow your wealth. We discussed RBC stock and TC Energy as two attractive stocks for generating passive income.

In order to potentially grow your wealth even faster, you can consider multibagger-suspect growth stocks like Etsy, Fiverr, and **Lightspeed**, especially on consolidations and dips.

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TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TRP (Tc Energy)
3. TSX:RY (Royal Bank of Canada)
4. TSX:TRP (TC Energy Corporation)

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