
A Top Dividend Stock to Stash in Your TFSA Forever

### Description

When it comes to your Tax-Free Savings Account (TFSA), you should look to invest for the long term rather than trying to speculate on hot assets to make a quick buck.



While you could make a considerable amount of tax-free gains through trading, one must remember that any quick losses that are locked-in will not be able to offset capital losses in any of your non-registered accounts. Even if you're successful on a number of your trades, the Canada Revenue Agency (CRA) could come knocking and you may need to pay tax at their discretion. If business trading activities are conducted in your TFSA, you may end up having to owe tax on your gains.

Rather than trying to grow your TFSA at the quickest rate possible, increasing your risk of losses or attention from the CRA, I'd much rather use the account to hold the best investment ideas for years, if not decades, at a time.

Without further ado, let's have a brief look at one cheap **TSX** dividend payer worthy of stashing in your TFSA today:

## TFSA investors: A juicy 6% yield for your TFSA

**SmartCentres REIT** (TSX:SRU.UN) is a retail REIT that gets a pretty bad rap. It's a play on strip malls, which have been negatively impacted by COVID-19 restrictions. Despite being a play on shopping centres, Smart and its juicy 6%-yielding distribution aren't nearly as vulnerable as most would think.

First, the REIT houses numerous essential retailers that have and will continue to have their doors open during even the worst COVID lockdowns. A majority of its locations are anchored by **Walmart** stores, which have helped draw foot traffic at SmartCentres locations. These anchors were likely why Smart kept its rich distribution intact, as most other REITs slashed their distributions right down the middle.

Why does Smart's pandemic resilience even matter now that the accelerating vaccine rollout puts the pandemic's end is in sight?

It's great to be optimistic, but it's important to remember that the race between vaccines and variants is not yet over. There could be a major fourth wave in Canada in autumn, and the reopening plays could stand to take a step back after marching closer toward the light at the end of the tunnel. For income investors, distribution security is essential. And unless Walmart and numerous other retailers are pressured to shut their downs during any future waves, I don't see Smart reducing its payout.

Second, Smart's long-term growth trajectory could pave the way for a nice re-valuation to the upside. You wouldn't know it from SmartCentres' name, but the REIT is making an aggressive move into residential to become more of a diversified mixed-use property play. Although the company's efforts will take some time, I do think the REIT's quality of cash flows will be on the uptrend.

Finally, SmartCentres REIT is still cheap, with shares down 10% and 24% from their 2020 highs and 2016 all-time highs, respectively. There's too much negativity when it comes to retail REITs, even the best-in-breed ones. As the economy reopens and traffic returns to the malls, the negativity will fade, and Smart will be able to move towards its highs as rent collection rates fully normalize.



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**TICKERS GLOBAL**

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

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