Canadians: 3 Passive Income Stocks I'd Buy Now

Description

The broader **TSX Index** may or may not be frothy after an epic start to 2021, but regardless, Canadians should still buy the passive income stocks that they see as a bargain. In the first half, we witnessed corrections rolling through various sectors. If you were a stock picker, you would have seen the damage to the tech sector in the first half and would have been able to load up on the bargains that eventually corrected to the upside for the summer.

default watermark

Undoubtedly, such sector-based corrections are not actionable if you're a passive investor who's only invested in index or mutual funds. That's why it's great to be a stock picker. You can play the role of a contrarian and scoop up the bargains that would have gone unnoticed by your passive investor peers.

Without further ado, here are three passive income stocks I'd be inclined to scoop up today before the value trade can have a chance to warm up again, potentially at the expense of those high-multiple growth stocks.

SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) is one of my favourite securities yielding north of 6% these days. The retail REIT is a cut above the competition thanks to the very high-quality calibre of tenants housed in its strategically located strip malls. With the consumer behaviour normalizing, brick-and-mortar is very likely to flex its muscles, as e-commerce activity looks to take a breather.

The 6.2%-yielding distribution is very well covered by funds from operations. And as the REIT expands into residential-retail mixed-use properties, I wouldn't at all be surprised to see the retail REIT turn into more of a growth REIT. In any case, given the trajectory of the economic recovery and normalizing rent collection, I find it absurd that shares are still below pre-pandemic 2020 levels.

Canadian Tire

Speaking of brick-and-mortar retail, **Canadian Tire** (TSX:CTC.A) has been really picking up traction over the past year, as demand for durable goods has increased significantly. Despite recent strength and proven resilience through COVID-19 lockdowns, the stock still trades at below 13 times trailing earnings. With a very healthy balance sheet, the company has the flexibility to add to its already impressive roster of exclusive brands.

Moving forward, I'd look for brick-and-mortar to make an epic comeback. And leading the way, I believe, will be Canadian Tire, one of Canada's better retailers that is deserving of a far greater multiple given its resilience and forward-looking growth potential.

While the 2.5% dividend yield may not seem like much, for those seeking the perfect blend of upfront yield and dividend growth, it's hard to find a better bargain than the name these days.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) is a banking giant that recently clocked in some stellar numbers that propelled shares to a new all-time high just shy of the $131 mark. Strength in capital markets and Canadian banking helped the bank clock in some pretty remarkable revenue growth and a nice earnings beat.

Indeed, growth is returning, and the Bank of Montreal looks well-positioned to lift the bar on its dividend once again once the right time comes. The stock trades at 14.4 times trailing earnings and 1.6 times book value. Given the improving banking backdrop, I'd argue that BMO shares are still a great value for those seeking the perfect mix of passive income and capital gains.

default watermark

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. arosenberg
2. joefrenette
3. metienne

Category

1. Dividend Stocks
2. Investing

Date
2025/08/21
Date Created
2021/08/29
Author
joefrenette

default watermark

default watermark