2 Incredibly Cheap TSX Stocks to Buy in October 2021

Description

Retirees have plenty of options on the **TSX Index**, with many passive income stocks that are still off a considerable amount from their pre-pandemic highs. Indeed, many growth-focused tech stocks have left their pre-pandemic highs behind, blasting off to new highs. Meanwhile, higher-yielding securities like REITs, especially those in industries affected by COVID, are still battling headwinds that may or may not dissipate further over the next 18 months. COVID uncertainties remain high.

Despite progress with vaccines, restrictions, and all the sort, mutations pose a serious risk to the reopening trade. With Delta winding down, one would think the reopening trade would be in full play. Still, with new variants, including the Delta Plus AY.4.2 variant that's spreading in the U.K. right now, it remains uncertain as to whether we'll have a better holiday season than last year or if another wave is looming.

In any case, don't expect any hard-hit passive income stocks to soar anytime soon. What they will grant you, however, is a certain amount of passive income that's yours to keep, regardless of which direction they head next.

The key for passive income investors and retirees is to pick the shares of companies that, while impacted by COVID, have already demonstrated an ability to adapt and maintain resilience in the face of lockdowns and beefed-up restrictions.

Passive income stock picks fit for retirees

Consider Canadian strip mall retail play **SmartCentres REIT** (TSX:SRU.UN), which currently sports a bountiful and safe 5.91% yield, and pipeline firm **Enbridge** (TSX:ENB)(NYSE:ENB), which commands a hefty 6.35% yield at writing. Both companies are resilient in the face of profound headwinds relating to COVID.

While shares of each firm are considerably higher after an impressive past year of gains, I think both still have room to run, with payouts that are elevated and well-supported by cash flows from operations.

Despite their recent rallies, both companies are still off their all-time highs, which may be tested in 2022.

SmartCentres REIT

Retail found itself in the crosshairs of the COVID crisis last year, but SmartCentres managed to perform far better than its peers. How? Well, it housed mainly high-quality tenants that were either deemed essential, allowing them to remain open through lockdowns, or firms with very healthy balance sheets. While not all of Smart's tenants were in great shape, a vast majority had little trouble making rent. Undoubtedly, Smart held steady, and its rent collection was relatively quick to bounce back heading into year-end last year.

Despite its resilience, SmartCentres is still off around 3% from its pre-pandemic 2020 high, which could be hit in time, as investors favour passive income and value over growth.

Enbridge

Enbridge is a passive income powerhouse that's looked unstoppable of late. Despite the momentum and profoundly powerful industry tailwinds that overtook headwinds last year, ENB stock still doesn't look as expensive as it should be. The stock boasts a commanding dividend that is well-equipped to keep growing as industry conditions continue booming to the upside.

Undoubtedly, management's decision to keep its dividend intact has preserved its reputation as a shareholder-friendly company with a reliable dividend. As the time comes to reward its patient investors, I suspect ENB will be well on its way to making new highs, especially if the strength in the energy sector persists through 2022.

Still, the retiree-friendly company is prone to volatile swings. So, make sure you've got a strong stomach before punching your ticket into the bountiful energy name.

CATEGORY

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2. TSX:ENB (Enbridge Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Date
2025/07/05
Date Created
2021/10/24
Author
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