1 Top TSX Passive-Income Stock I'd Buy Before it Bounces Back

### Description

It's a tough time to be a passive-income investor, with volatility and inflation threatening to chip away at one's retirement nest egg. Indeed, the shocker of no rate hikes by the Bank of Canada (BoC) was a tough hit to the chin of many Canadians who could continue to feel the pain of the price increases across the board. Inflation is a tough beast to put away, unless the BoC starts raising rates.



## Bank of Canada fails to raise rates

Indeed, there's concern that central banks may be behind the curve in the fight against inflation. The lack of action this week led the Canadian dollar to sink versus the greenback. And although the U.S. Federal Reserve may be the first to act, I still think passive-income investors should treat any further volatility as an opportunity to top up their favourite dividend stocks. The TSX looks to be following the S&P 500 and battered Nasdaq 100 into correction territory. Undoubtedly, the value-heavy Canadian market hasn't been hit nearly as hard. But depending on the names you own, odds are, you're feeling a bit more pain this January.

In this piece, we'll look at two dividend payers that I think have become way too cheap to ignore. At the intersection between value and income, we have gas station retail play **Parkland Fuel** (TSX:PKI).

## Parkland Fuel: A nearly 4% yielder that's perfect for passive-income investors

Parkland Fuel may be an unsexy play, as an owner and operator of gas stations and associated convenience stores. The firm, which has grown its sales through prudent M&A over the years, resembles the likes of a lighter-weight version of **Alimentation Couche-Tard**. Though Parkland hasn't held its own nearly as well since the 2020 stock market meltdown, I still think investors should look to the firm to bounce as we inch closer towards a post-pandemic world.

Undoubtedly, Parkland could be on the receiving end of disruption. Charging stations and EVs will gradually replace gas-powered vehicles and gas stations over the next decade and beyond. What does that mean for Parkland? It's time to innovate. The company recently acquired Canadian frozen food firm M&M Meat Shops in a deal worth $322 million. I think the move was genius, given the firm's reputation of quality.

That said, how many people will go to Parkland solely for frozen meats? Without significant investment to modernize in the EV age, I think Parkland could be in a tough spot. Unlike Couche-Tard, Parkland may not have the expertise to smoothly transition into the new era. That's likely why the stock has fallen under pressure amid the latest EV boom and why I think Couche-Tard should seriously consider acquiring the firm on its latest bout of weakness.

Yes, Parkland may not fit into Couche's business perfectly. That said, there's no denying the value to be had with shares down around 32% from their highs. Couche has the liquidity and the know-how to take Parkland to the next level. For now, Parkland is a great bargain for contrarians. The 3.7% dividend yield is safe and is a great addition for passive-income investors.

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