



Beat the Market Correction With 2 Passive-Income Stocks

Description

When the market slumps as we've recently seen, some investors tend to focus on the negative. That's unfortunate, because one of the best times to pick up stocks is when they're trading at a discount, like right now. This allows investors to beat the market correction with several discounted stocks.

Here are two options to consider for your portfolio.

Manufacturing is overdue for a rebound

Magna International ([TSX:MG](#))([NYSE:MGA](#)) is an interesting pick that should be on the radar of every investor. For those that are unaware of the company or its sheer size, Magna is one of the largest automotive parts suppliers on the planet. The company boasts a global network of 340 manufacturing facilities scattered across 28 countries.

Magna's stock has dipped 30% year to date. Part of the reason for that dip stems from pandemic-induced supply chain issues. Adding to those woes are rising inflation, soaring interest rates, and growing fears of a recession.

That much-feared slowdown is already showing its signs. In the most recent quarter, Magna noted that global light vehicle production dipped 7%, while total sales also declined by 5% over the prior period.

As a result, Magna lowered its outlook for the year, which led to stock dropping further.

So, why should investors consider Magna? There are two key points to keep in mind.

First, the market will improve, and take Magna along for the ride. In the interim, Magna is going to continue doing what it does, building the components it always has, generating cash, and paying out a decent dividend. That dividend currently works out to a juicy 2.99% yield.

Second, there's a huge untapped potential in Magna. On a global scale, automobile manufacturers have already started transitioning over to EVs. Magna is already ahead of that expected demand

surge. When the market recovers (which it will), and EV sales really kick off, expect Magna to see huge gains.

Until that happens, investors can beat the market correction by picking up shares of Magna at a steep discount.

A well-diversified business and a monthly dividend await

Another intriguing option that investors may want to consider to beat the market correction is **Exchange Income Corporation** ([TSX:EIF](#)).

Exchange Income owns over a dozen profitable companies that are broadly separated into two segments: manufacturing and aerospace. Across both of those segments, the businesses are unique.

Specifically, those businesses provide a necessary function within a niche segment of the market where there is limited competition. Prime examples of this include providing passenger and freight air service to the remote regions of Canada's north.

The key point here is the mix of necessity and limited competition. This allows those businesses to grow, generate cash and help Exchange offer investors a tasty monthly dividend.

Speaking of growth, in the most recent quarter, the company reported record-high revenue of \$400 million. This was a 33% increase over the same period last year.

As an income stock, Exchange continues to impress. Exchange's monthly dividend works out to an incredible 5.83% yield. This means that a \$30,000 investment will generate just over \$145 each month.

It's time to beat the market correction

All stocks, even the ones mentioned above, carry some risk. Additionally, investors should know that pullbacks, corrections, and even recessions are normal cycles of the market.

What that means is that when the market does go lower, it should be seen as a time to buy some great stocks at a [huge discount](#).

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:EIF (Exchange Income Corporation)
3. TSX:MG (Magna International Inc.)

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