RRSP Investors: 2 High-Yield Bets for Bigger Passive Income

Description

RRSP investors have had to endure a rocky road in the first half of the year, but as negativity and pessimism gradually fades, we could have the stage set for a nice relief bounce at some point over the next 18 months. Now, nobody knows when the bottom will be in. But investors should be looking to buy the oversold REITs and stocks that have seen their yields surge amid their share price flops.

Not all distributions and dividends will be challenged, as we inch closer to a rate-induced economic slowdown or recession. Some firms have resilient cash flow streams that are able to support dividend commitments, even through the worst of macro environments. It's these such firms that RRSP investors should look to buy on weakness, rather than freezing or selling alongside the rest of the pack that's running scared.

While chasing yield is a dangerous game, investors willing to put in the research should look to some of the quality REITs that have yields on the higher end of the range. By putting in the extra homework, one can minimize the chances of being dealt a dividend or distribution cut. Further, they can be on the right side of a rally once the tides are ready to turn.

Without further ado, consider **CT REIT** (TSX:CRT.UN) and **RioCan REIT** (TSX:REI.UN), two intriguing REITs that took one on the chin last week but seem poised to return to their feet.

CT REIT

CT REIT is a steady real estate play that houses one of the most resilient retailers out there in **Canadian Tire**. Canadian Tire isn't just a company with a healthy balance sheet, but it also has a plan to adapt in the new age of digital commerce. With a strong management team, it's hard to ask for a better tenant, even as those ugly economic storm clouds approach in the latter half of the year.

Many investors now appreciate CT REIT for its performance through 2020 lockdowns. That's a major reason why shares have held steady versus most other REITs. Currently, shares are down just north of 13% from their highs. With a 5.43% distribution yield and a modest 23.65 times trailing earnings multiple, investors seeking stability through harsh times will likely do very well buying shares on the latest slip.

RioCan REIT

For those seeking greater diversification, it's hard to top RioCan, a REIT that's down over 22% from its 52-week high and over 28% from its five-year high. With a 9.7 times trailing earnings multiple and a 5.1% yield, RioCan is a great one-stop shop for Canadian investors who want passive income at a fair price. The $6.22 billion property behemoth provides a good amount of exposure to the retail space and is a great way to play a recovering consumer.

Finally, RioCan has a lot of supermarket exposure, making it more recession resilient than many think. Even if a recession doesn't happen, RioCan is a great REIT to own for the long haul for RRSP investors looking to navigate these tough waters.

CATEGORY

1. Investing

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