



TFSA Investors: High-Yield Passive-Income Plays Worth Buying Amid a Correction

Description

If you're a long-term [TFSA](#) investor, the recent correction in the TSX Index should be viewed as more of a "sale on stocks," rather than an alarm bell to exit markets before the worst has a chance to happen. At this juncture, it seems like only bad news is possible. Inflation is at unprecedented highs, the war in Ukraine doesn't seem to be close to an end, and COVID-19 could make a comeback at some point in the second half of 2022.

It's not a great situation to be in, as market investors look to fight the U.S. Federal Reserve and its hawkish monetary policy. The Fed's latest 75 bps hike has investors scrambling. With another 75 bps hike potentially in the cards next month, why would anyone want to stick around for more of a beating? Earnings don't seem to matter as much anymore, as stocks look to follow in the footsteps of a bear market.

TFSA Investors: Take advantage of a correction today

Though it seems like another beat-down is in the cards for July once the Fed is ready to deliver more rate hikes, I'd argue investors to focus on individual companies, rather than trying to bet on the Fed's rate-hike schedule. You see, great investors don't try to time markets or predict where the economy is heading next. They focus on buying wonderful firms at awesome prices. After a correction, there are a greater number of bargains than there were back in January.

So, if you've yet to invest that \$6,000 2022 TFSA contribution, now seems like a great time to go on the hunt for a deal.

Last week, the REITs took a turn for the worst. Yields have crept higher, and I think they're worth scooping up today.

Consider **Inovalis REIT** ([TSX:INO.UN](#)), one oversold REITs with huge distribution yields of 11.1% — no, that's not a typo! — at the time of writing.

Inovalis REIT: A massive yielder for venturesome passive-income investors

Inovalis REIT has a massive distribution yield that seems like it's got nowhere to go but the chopping block. Indeed, the payout could get cut in half and still be incredibly bountiful for TFSA passive-income investors. With a recession on the horizon, I don't think the European-focused office REIT is headed for hot water. Offices are tough owns during times like these, when remote and hybrid work looks to be the way of the future. Still, the European market is very different. As COVID goes into hibernation for the summer, many will be headed back to the office.

Though the office will never be the same, I think the stretched payout of Inovalis is relatively safe for now. While Inovalis's payout could fall under pressure, I think the odds that investors lock in the high yield is high, given how oversold shares have been in recent months.

No 11.1% yield will ever be 100% safe. However, of all the REITs with yields above 10%, I think Inovalis provides the best chance for those looking to lock in a rich payout alongside capital gains.

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