



My #1 Passive Income Pick to Buy Right Now

Description

The recent bout of market volatility could [drag](#) through year's end as investors grow jittery over the Fed's (and Bank of Canada's) next move. A surprise upside rate hike could be in the cards in order to drag inflation back down to more manageable levels. Currently, it seems unlikely that the 2% inflation days are coming back anytime soon. Once inflation is unleashed, it can really be difficult to reel it in again. Though rate hikes and various fiscal policies will help in the fight against high inflation, investors should expect above-average levels of price increases to stick around for at least another two years.

Stubbornly high inflation can last for many years. And it's important for investors to do what they can to preserve their purchasing power. It's no easy task, with the equity markets swooning in both directions. Volatility remains off the charts in both directions, making timing entries and exits very difficult.

Even the most seasoned of traders will have a tough time getting in and out, given the magnitude of moves in either direction. The good news is that you don't need to be an expert trader to resist the blow of higher inflation. A long-term investment horizon (preferably 10 years or more) and low-cost passive income plays are all you'll need to navigate through the inflationary waters.

By year's end, it's hoped that inflation will fall below 7%. However, 4-6% inflation could become the new norm we'll have to deal with. Sure, we can live with 5% inflation, with 5%-yielding dividend stocks to help you absorb the shock. That said, many passive income investors will need to increase their allocation of riskier assets to score a positive real return.

CT REIT: A top high-yielder for a low price

In the REIT (real estate investment trust) space, there are plenty of compelling bargains that offer swollen yields at a fairly low price of admission.

Here's one that's on my buy radar. Consider shares of **CT REIT** ([TSX:CRT.UN](#)), the Canadian retail REIT that was spun off from **Canadian Tire** nearly a decade ago. The REIT yields a rich 5.3% that's well covered by resilient funds from operations. Undoubtedly, I noted that CT REIT was a stabler and more bountiful way to play the strength of Canadian Tire without the volatility associated with retail

sales.

With a recession on the horizon, the consumer may be putting away their wallets for good when it comes to discretionary goods. In any case, Canadian Tire is a liquid retailer, with over \$720 million in cash as of the end of the June 2022 quarter. With such a strong balance sheet, the firm is unlikely to miss a month's rent, even if it means sales are to grind to a drastic slowdown.

CT REIT isn't the most exciting passive income play in the world, but with a mere 2.4 times price-to-book (P/B) multiple, it's definitely [a low-cost way](#) to gain exposure to a robust retail distribution network that can help you through the last waves of inflation. Shares are fresh off a 9% correction. I'd look to average into a position today, while market sentiment runs out of steam.

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