



Retirees: 2 Steady Eddies to Provide Passive Income on the Cheap

Description

Retired value investors need to understand that making it through hard times is part of the “deal” with investing. Investing isn’t always about scoring gains. Sometimes, there’s a bear market that brings in quite a bit of pain. The key is to swim through a bear market to stay afloat as you would through a rough patch of waters. Indeed, investing isn’t just watching the price of a hot stock rise. It’s about uncovering value and solid dividends where many may not think to look!

The good news is that the volatile environment has propped up yields in the equity and REIT space. Indeed, bonds and GICs have much larger yields. However, longer term, I do view risk-on assets as offering the most long-term return for those looking to strike a balance between receiving passive income today and appreciation over the coming years.

By bailing at the first signs of recession, you could miss out on a sharp recovery. True, this bear market has been in a slow-motion fall. However, that doesn’t mean the recovery will also be long and dragged out. In fact, the bottom and a relief rally could come and go without giving you time to get back into the markets had you left amid the chaos. By staying invested, you don’t have to worry about when you’ll get back. And by buying slowly on weakness, you’ll improve the cost basis across the names you hit the buy button on.

The dangers of getting too cautious amid a bear market

In this piece, we’ll consider two steady Eddie income stocks that retirees should look to stash atop their buy watchlists. Currently, **SmartCentres REIT** ([TSX:SRU.UN](#)) and **Telus** ([TSX:T](#)) are great dividend payers at attractive multiples for retirees seeking value and yield.

SmartCentres REIT

SmartCentres REIT is one of my favourite REITs. Sure, a retail REIT is arguably one of the least exciting places for real estate investors. That said, I view SmartCentres as one of the best-run mall REITs out there. Not only does it house some resilient (and recession-resilient) tenants that tend to do well in most seasons, management is looking to diversify into residential in a big way.

Indeed, Smart has also been inching into residential (residential REITs tend to be more attractive than boring, old retail). I don't think the market has yet appreciated the REIT's move into mixed-used property types. Even without diversifying beyond retail, I view Smart as a very capable passive income play that retirees can lean on through mild and moderate recessions.

Smart's 6.5% dividend yield is juicy. And the five times trailing price-to-earnings multiple is tough to pass up, even amid bearish conditions.

Telus

Telus is a high-yield telecom stock that's my preferred way to play Canada's telecom scene. The stock's current 5.05% dividend yield is bountiful. But it's hardly the largest in the industry! In any case, Telus has one of the best mixes in the industry. With no media assets and an intense focus on providing customers with the best experience and network, I think Telus is a top dog that could nibble away at its peers' market share over the next few years.

After dipping into a bear market (now off just shy of 19%), I think Telus is a misunderstood name. Its dividend and growth profile make for a great long-term holding in retiree portfolios. Today, the stock goes for 19.3 times trailing P/E. Not at all expensive for what you'll get.

With a 0.62 beta (below one means less volatile than the TSX), Telus stock is a terrific name to batten down the hatches in a [TFSA](#) or [RRSP](#).

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
2. TSX:T (TELUS)

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1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
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