



Worried About Inflation? Real Assets Are a Proven Hedge

Description

Not all investors necessarily aim to beat the market every year. Quite a good number of investors aim to at least earn returns greater than the rate of increase in inflation. If you're one of those individuals, it would be wise to add real assets into your portfolio. These have been found to produce a substantial [hedge against inflation](#).

In this article, I will provide two examples of real assets that should be up for consideration by all Canadian investors.

These assets generate massive amounts of cash flow

Real assets are often described as those that generate cash flow. Assets that fall within this classification are utilities, real estate, infrastructure, and private equity. In all honesty, I could have written this entire article focusing on [each of the subsidiaries](#) within the **Brookfield Asset Management** umbrella. However, I will focus on my favourite within that network and provide a second example as well.

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) is my favourite company that operates within the Brookfield umbrella. It is a leader in global renewable energy generation and distribution. As of this writing, Brookfield Renewable operates 5,301 power-generating facilities in North America, South America, Europe, India, and China. All told, Brookfield Renewable's facilities are capable of generating over 19,000 megawatts of energy. Its portfolio consists of hydro, wind, solar, storage, and other renewable technologies.

In the most recent quarter, Brookfield completed a merger with TerraForm Power on an all-stock basis. The merger further enhances the company's position as one of the global leaders in renewable energy generation. I am confident that Brookfield Renewable will continue to add to its portfolio and keep growing as future adoption of renewable energy increases moving forward.

Real estate investment trusts are a popular real asset investment

Canadian investors are well known for their affinity to dividend-paying stocks. This makes REITs a very popular investment among Canadians. While certain retail REITs are more popular among the Canadian investing crowd, I believe **Canadian Apartment Properties** ([TSX:CAR.UN](#)) stands out among its peers.

As its name suggests, Canadian Apartment Properties focuses on residential property. The company owns about 56,800 suites in Canada. This includes townhomes and manufactured housing sites. In addition, the company owns nearly 5,600 suites in the Netherlands. Canadian Apartment Properties also manages 60,900 suites in Canada and the Netherlands as well as 3,700 suites in Ireland as of the end of Q2 2020.

The reason I find residential REITs more reliable than those that focus on the retail industry is mainly because of the COVID-19 pandemic. Because of the lockdowns, many businesses have had to shut down permanently. This means that retail REIT customers have been declining significantly this year. In contrast, people will still require housing, no matter the economic outlook.

Canadian Apartment Properties also owns a significant number of student housing complexes. Some cities that feature property of this type owned by the company are London, Toronto, Montreal, and Quebec City. Since students have continued to return to the city in which they attend school, this segment of the company's business should continue to prosper.

Foolish takeaway

Real assets can provide an excellent hedge against inflation. There are many possible investments in this asset type. My two favourite industries to target are renewable energy and residential REITs. Within these two industries, Brookfield Renewable Partners and Canadian Apartment Properties stand out as leaders among their peers.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. brookfield
2. brookfield renewable partner
3. clean energy
4. dividend
5. dividend stock
6. investing
7. market
8. real estate

9. recession proof
10. REITs
11. renewable energy
12. utilities
13. yield

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. brookfield
2. brookfield renewable partner
3. clean energy
4. dividend
5. dividend stock
6. investing
7. market
8. real estate
9. recession proof
10. REITs
11. renewable energy
12. utilities
13. yield

Date

2025/08/14

Date Created

2020/09/24

Author

jedlloren

default watermark

default watermark