



## 3 Ways to Get Rich From Inflation

### Description

Have you been trying to buy some [lumber](#) lately? Yeah, ouch. That's inflation. As the world slowly exits the COVID-19 pandemic, people and businesses are finally spending again. Ultra-low interest rates, historically high savings rates, and massive monetary stimulus just mean there is a lot of extra money floating around. Yet, global supply chains, which were largely halted during the pandemic, are now struggling to catch up.

### Some equities are a great hedge against inflation

Whether this is just temporary or perhaps a longer-term trend, certain equities are not a bad place to put your money. Certainly, they are better than GICs or long-term bonds. If you want to battle the effects of inflation on [your stock portfolio](#), here are three Canadian stocks you might want to think about.

### A global infrastructure stock

I like **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) in this kind of environment. It owns a wide range of assets across the globe, including pipelines, NGL export terminals, railroads, ports, and cell towers.

This is the perfect stock set to benefit from short-term inflation. BIP's assets are largely contracted or regulated. Yet, around 75% of its cash flows are inflation-indexed. If inflation goes up, so do its streams of cash flow.

Likewise, as the economy heats up, BIP will garner higher margins from rising volumes. This is especially so in its transportation and energy segments. This Canadian stock pays a 3.8% dividend today, but it is a master of dividend growth. As a result, you can expect your dividend yield to overcome the effects of inflation as well.

## Real estate has historically been a good bet against inflation

Real estate is another fantastic hedge against inflation. Hot economies mean the value of hard assets like property often rise. I particularly like residential real estate stocks in this environment. **Canadian Apartment REIT** ([TSX:CAR.UN](#)) is one of the largest real estate investment trusts (REITs) in Canada.

Multi-family real estate has been incredibly hot in 2021. Institutional buyers looking for high-yielding assets are paying all-time-high valuations for these assets. Consequently, Canadian Apartment's properties continue to increase in value.

This Canadian stock is set to do very well as the pandemic subsides and the border opens. Immigration, student housing, and business housing should lead to strong occupancy gains. Lastly, as economic fundamentals shift, management can regularly increase rental rates to compensate for a rising costs.

This REIT has a great management platform, a strong balance sheet, and ample liquidity to keep growing its portfolio. Today, it pays a 2.5% dividend. However, it has consistently raised its payout for years. The stock has dipped and looks like a good buy today.

## A leading cyclical stock

A more cyclical inflation stock to look at is **Hardwoods Distribution** (TSX:HDI). It is one of the largest distributors of architectural building products in the U.S. and Canada. Considering the housing market has been going crazy across North America, it is not hard to see why this stock is succeeding.

Yet, for years, management has quietly been building this business organically and through acquisition. Now it has a lot of operating leverage with economies of scale, a strong sales force, and broad range of products. In 2020, despite the pandemic, it achieved record-setting EBITDA and free cash flow returns.

This year looks just as good or better. As demand continues to increase, Hardwoods is able to raise prices in accord with rising costs. As a result, its margins are actually increasing. If you want one top cyclical stock, this is a great quality bet to battle inflation.

### CATEGORY

1. Investing
2. Stocks for Beginners

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:ADEN (Adentra)

3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

#### **PARTNER-FEEDS**

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

#### **Category**

1. Investing
2. Stocks for Beginners

#### **Tags**

1. Editor's Choice

#### **Date**

2025/06/28

#### **Date Created**

2021/05/25

#### **Author**

robbybrown

default watermark

default watermark