



3 Inflation-Proof Canadian Stocks to Buy Now

Description

The **TSX** continues to climb past all-time highs over the past few months, and it looks like a major economic recovery is here to stay. COVID-19 cases have dropped significantly across the country, and vaccinations are well underway. So while this is all good news, it looks like inflation is also set to rise as well.

But before I get into inflation-proof Canadian stocks to buy today, buying stocks, is a great way to offset inflation. By taking a long-term position in strong stocks, a 2% increase in inflation doesn't matter when you're making a trailing increase of 7% year after year.

To really secure those funds against inflation, however, you'll need to find those strong Canadian stocks to buy. So here are three solid options.

Utilities

One of the best industries to invest in against the rise in inflation is [through utilities](#). These companies have strong growth strategies across the board, and **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is no exception. The company's revenue continues to rise as it acquires companies, increases revenue, and buys up even more.

Shares in Algonquin are up 420% in the last decade for a compound annual growth rate (CAGR) of 18% in that time. It also offers a stable 3.7% dividend yield, another great point to consider against inflation. As the company continues to grow and put cash toward this dividend, that makes this a strong company to consider buying and holdings for decades. Talk about fighting back against inflation.

Energy

Now if you had asked me whether the energy sector was a good battle against inflation five years ago, I'd say no. Share prices in companies like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) traded at all-time highs. Even three years ago I'd still have said no, as those share prices plummeted in that time. But today, it's

a far different tale.

With prices reaching substantial lows with the pandemic cutting production, today it's the slow climb back from the brink. That means there are substantial gains to make in this relatively stable industry. Especially with pipelines. Pipeline companies like Enbridge stock provide long-term contracts that will see decades of growth. So revenue and dividend growth remain stable. The company offers an unheard-of 7.19% dividend yield right now, and share growth of 12.63% in the last year.

On top of that, shares are up 125% in the last decade for a compound annual growth rate (CAGR) of 8.44%. Talk about Canadian stocks to buy with inflation in our midst.

Top 60 ETF

Now if you want to take advantage of the growth seen on the **TSX** today, you'll want to get in on that action directly. You can do that by investing in exchange-traded funds (ETFs) that focus on the top 60 holdings of the **TSX**. A great option I would buy up in bulk to hedge against inflation would be **Horizons SP/TSX 60 Index ETF** ([TSX:HXT](#)).

Why this and not other top 60 ETFs? One reason: data. The company doesn't simply have a slew of managers looking at the top 60 stocks and using their gut. Rather, it uses artificial intelligence based on data to make its top choices. That's why it's been doing so well under the circumstances of the pandemic. Shares are up an incredible 32.5% in the last year, and 103% in the last decade providing a CAGR of 7.34%.

While it's likely you'll see a drop just like other stocks during a market crash, long-term holders will see [far more gains](#) than losses. And with energy and utilities backing you up, you'll have the perfect portfolio to fight off inflation.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
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3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:HXT (Horizons S&p/tsx 60 Index ETF)

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