Worried About Inflation? Buy These Top 2 TSX Income Stocks

Description

Inflation concerns certainly haven't been great for growth stocks of late. Indeed, many investors are seeing a lot of red right now, particularly those with growth-heavy portfolios.

However, investors need not fear. There happens to be a tonne of high-quality options offering diversification for investors worried about inflation driving interest rates higher. In this article, I'm going to discuss why **WPT Industrial REIT** (TSX:WIR.U) and **Fortis** (TSX:FTS)(NYSE:FTS) are two great options for investors in this regard.

So, let's get to it.

WPT Industrial REIT

As far as diversification goes, alternative asset classes like real estate have been go-to sectors for a long time. Yes, real estate is sensitive to interest rates in some respects. Lower rates are typically better for the valuation of REIT's underlying asset values.

However, the income these REITs provide helps stabilize returns over the long haul. And with rising inflation generally good for assets broadly, real estate is a great way to play this catalyst.

In this space, WPT remains my top pick for long-term investors. This is because I view the company's underlying portfolio of industrial real estate as inherently defensive, with great growth attributes. Industrial assets tend to be warehouses and distribution centres. These real estate components are essential to the functioning of e-commerce and the overall economic footprint of retail in general.

Indeed, those bullish on the post-pandemic recovery can't get more sensitivity to this trade in the real estate space than with industrial real estate. And WPT's U.S. portfolio of assets is among the best in its peer group. This is a company with a nearly 100% occupancy ratio, excellent long-term NOI growth prospects, and a high proportion of blue-chip tenants. What more can investors ask for?

Fortis

As far as long-term defensive holdings go, Fortis continues to be one of my top picks.

This utilities play provides investors with extremely stable and growing cash flows over time. The company's regulated utilities business is the key driver of these consistent cash flows. Indeed, even if the economy sputters at some point, Fortis's cash flows aren't likely to be disrupted. This is a company literally keeping the lights on for millions of Canadians and Americans. Until we all collectively turn our lights off and stop heating our houses, Fortis will make money.

This is also a company with a dividend that's simply unreal. Fortis's 3.7% dividend yield isn't really what investors should focus on. I mean, this is a pretty decent yield in and of itself.

Rather, the company's dividend-growth track record is what separates Fortis from the pack. The company has raised its dividend each and every year for nearly five decades. I challenge investors to find a more stable, consistent growth play with this kind of dividend growth on the market today.

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