



## 1 Incredible TSX Bargain to Protect Wealth From Inflation

### Description

There are plenty of great TSX [bargains](#), even in this [hot market](#) that almost every pundit on the Street seems to hate. Even though it seems prudent to wait for a correction before making your next big stock market purchase, you should never discount the insidious impact of inflation. Canadian inflation soared above 4% for the first time in nearly 20 years. Undoubtedly, the eroding effects on cash held in savings accounts have increased.

For how long? Central banks are inclined to believe that inflation will be transitory. If it is, savers need not worry too much. But what if they're wrong and inflation hits 5% and stays there for a while or perhaps a lot longer? Then investors need to have a game plan on how they intend to adapt to an inflationary environment. Nobody wants to talk about the environment of the 1970s. It was tough on investors and savers. While it's quite the stretch to compare the early 2020s to the 1970s, one must always be prepared to deal with potential bear-case scenarios.

## Protecting wealth from inflation with cheap dividend stocks on the TSX

That means not having as much of an allocation to cash or risk-free assets such as bonds as you would have when inflation was tame at or below the 2% mark. In this piece, we'll have a look at one of the best TSX stocks that are suitable for beginners looking for a relatively defensive way to protect one's wealth from the effects of inflation.

Without further ado, let's have a closer look at the name, and you can decide for yourself if it'd serve as an excellent complement to your existing portfolio well, as inflation runs rampant.

Consider **Hydro One** ([TSX:H](#)), which sport yields of 3.5%, at the time of writing.

### Hydro One

Hydro One is probably the closest thing to a monopoly you'll find these days. The company's operating cash flow stream is highly regulated. Although the barriers to entry provide the firm with a wide wall surrounding its operating cash flow stream, the degree of regulation has also made it tough to grow.

Still, Hydro One isn't going to cater to a majority of investors in today's market, where the appetite for speculation is high. Everyone seeks the sexy stock that promises enormous gains over the near term. You won't find that with Hydro One. What you will get is a wonderful business at a somewhat reasonable price.

The stock has a low beta and is unlikely to fall as fast as the broader markets in the next correction. With a steady payout and unchallengeable assets, Hydro One is one of the names to stash in your TFSA with wealth that would have otherwise been put in a sub-1% savings account. Sure, a 3.5% yield isn't too remarkable, nor is the growth profile. But given its stability versus fixed-income securities, Hydro One is a heck of a bargain on a relative basis.

Of course, no stock is guaranteed to hold its value come the next big market crash. At just 2.5 times sales, with a 0.2 beta, though, the odds are high that shares will outperform come the next bearish event that almost everyone thinks will be in the cards by year-end.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:H (Hydro One Limited)

## PARTNER-FEEDS

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

## PP NOTIFY USER

1. joefrenette
2. kduncombe

## Category

1. Investing

## Date

2025/08/18

## Date Created

2021/09/20

**Author**

joefrenette

default watermark

default watermark