3 Dividend Stocks That Are Prepared for Inflation

Description

When it comes to investment advice, there are few names as well-trusted as Warren Buffett's, and his advice about investing when inflation rates are high is quite relevant nowadays. The inflation rate is higher than it has been in decades, and Buffett advises against investing in certain kinds of business during periods of high inflation.

In contrast, some businesses perform well despite high inflation. One example would be the real estate business. Commodity businesses like energy/oil are also a good option.

Armed with that information, there are three dividend stocks that might be better prepared for inflation than their peers that you should consider investing in.

A healthcare REIT

NorthWest Health Properties REIT (TSX:NWH.UN) is a smart dividend investment, regardless of inflation but being part of the real estate sector gives it more points in that arena. Since the REIT focuses on a geographically diverse portfolio of health care assets, an evergreen business/industry, you can reasonably be sure about the sustainability of dividends *and* capital preservation.

And that's a notion endorsed by the performance of the NorthWest stock, especially during the last six or seven years. The REIT has seen its value go up, slowly and with dips, but it has prevailed. It also showed its resilience after the 2020 crash, and the stock was back to its pre-pandemic peak in less than two years. It's currently offering a juicy 5.7% yield.

An energy company

Since it's engaged more in natural gas than oil, **TC Energy** (TSX:TRP)(NYSE:TRP) is a relatively safe investment asset even within the energy sector, which has suffered from some powerful headwinds during the last decade. That's one of the reasons why TC Energy was one of the fewenergy companies that managed to grow past the 2015 crash.

Another layer of protection the company has is its business model – energy transportation. The vast network of natural gas transportation across North America helps meet the energy needs of a sizeable portion of the total population of the region.

The energy giant is currently offering a decent 5.1% yield, but that's not all it offers. If you are planning to hold this energy company in your portfolio for several years, you may experience decent capital appreciation as well.

A sweet investment

Rogers Sugar (TSX:RSI) is the largest refined sugar company in the country, and this competitive advantage is why it is a dividend stock that's prepared for inflation. As the largest producer of its kind, Rogers likely has a lot of control over its niche market, and even if it has to raise prices of its products slightly (to offset the negative impact of inflation on its production cost), the sales might not take too much of a hit.

The stock is currently on the rise and has grown almost 8% in the last two weeks alone, which is inartistically rapid considering the stock's history. And if it's a trend in the making, you may get some capital appreciation on top of the 5.7% yield and Rogers' sustainable dividends.

Foolish takeaway

Thanks to their above-average yields, the three dividend stocks can be promising additions to your portfolio regardless of the market conditions. But their business models and the sectors they are in make them suitable investments from an inflation perspective as well. That's especially true for TC Energy which is also a long-standing aristocrat.

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1. Dividend Stocks
2. Energy Stocks
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2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:RSI (Rogers Sugar Inc.)
4. TSX:TRP (TC Energy Corporation)

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