



## 3 Quality Stocks to Buy Amid Soaring Inflation

### Description

Investors tend to stray away from [growth stocks](#) and move to value stocks during periods of high inflation. However, there are exceptions to this usual sentiment. Rising inflation won't stall the growth of **Hardwoods Distribution** (TSX:HDI), **Hydro One Limited** (TSX:HO), and **Quarterhill** (TSX:QTRH).

You can take positions in the three quality stocks as their business outlooks aren't as hazy or cloudy compared to other companies. Despite the current complex environment, they have growth drivers that can propel the stock and deliver [superior returns to would-be investors](#).

### Industrial

Hardwoods Distribution should be in your buy list, given the federal government's focus on housing programs and housing construction over the next five years. The \$803.14 million company supplies specialty building products in North America.

Management expects robust demand for its products and favourable selling prices in 2022, supported by strong fundamentals in end markets. The new federal budget in Canada calls for the creation of 100,000 houses in five years to address the massive housing shortage and the affordability crisis.

Likewise, leading indicators for the residential construction market in the U.S. remain very positive. Besides the strategic focus on acquisitions in core markets, management believes its platform is well-positioned to capture market share. It expects organic and acquisitions-based growth going forward.

Investors can earn two ways, from price appreciation and dividends. At \$33.89 per share, the dividend yield is 1.40%. Market analysts' 12-month average price target is \$72.18, or a 113% return potential.

### Utility

Hydro One is the largest electricity transmission and distribution provider in Ontario. The Ontario Energy Board will amend its transmission license as ordered by the Minister of Energy early this month.

This \$21 billion company will develop four new transmission lines in addition to one previous transmission designation.

Mark Poweska, Hydro One President and CEO, said, "With our long history of building transmission projects and our transmission reliability record, our resilient electricity network will meet the incredible growth in the region and attract new investments."

Current Hydro One investors are up 7.93% year to date. At \$35.23 per share, this large-cap utility stock pays a decent 3.01% dividend. More importantly, you'd be investing in a recession-proof stock given Hydro One's highly regulated utility assets.

## Technology

TSX's [technology sector](#) continues to lag the 11 primary sectors thus far in 2022. Quarterhill underperforms year-to-date (-9.10%), although a breakout is imminent. The share price of \$2.44 is a good entry point considering the \$4.25 (+74.2%) high price target of analysts covering QTRH. Your overall return should be higher as this tech stock also pays a 2.17% dividend.

The \$277.87 million company operates in the intelligent transportation system (ITS) industry and provides tolling and enforcement solutions. Wi-LAN, its subsidiary, is a leader in intellectual property licensing. Its most recent patent license agreements are with Kyocera and **Apple**.

Quarterhill President and CEO Bret Kidd said after the full-year 2021, "We believe there has never been a better time to be in ITS." Because of multiple market tailwinds, the need for ITS, and user-funded infrastructure, expect a 15% CAGR for the industry in the coming years.

## Business growth

One stock each from the industrial, utility, and technology sectors is a buying opportunity. Rising inflation won't stall their business growth.

### CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:H (Hydro One Limited)
3. TSX:QTRH (Quarterhill Inc.)

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