3 Inflation-Beating Dividend Stocks With +8% Yields

Description

Canada's inflation rate took another step higher last month. In June, the consumer price index (CPI) rose 8.1%. That's the highest rating since 1983. Consumers and investors are struggling to deal with this inflationary wave. At this rate, you need to earn 8% more in income, dividends, or capital gains *just to preserve purchasing power.*

Unfortunately, most savings accounts and stocks offer significantly lower returns. However, some high-yield dividend stocks surpass the rate of inflation. Here are the top three inflation-beating income providers.

Dividend stock #1

Slate Grocery REIT (TSX:SGR.U) is the ultimate inflation and recession-resistant dividend stock. That's because the company manages real estate for grocery stores across the U.S. — a resilient business model. Slate's stock price is backed by the value of its hard assets while the dividend yield is 7.9% right now — roughly in line with the inflation rate.

The outlook is even brighter. Slate's assets are expected to retain their valuation because grocery stores are immune to the economic cycle. The dividend yield could expand, as the company raises rents for its tenants. Meanwhile, inflation is expected to subside, as the cost of fuel plummets and issues in the food supply chain are resolved.

Put simply, Slate Grocery can help investors beat inflation this year and generate wealth over the long term.

Dividend stock #2

Fiera Capital (TSX:FSZ) is another inflation-beating dividend stock. The private equity firm offers a 9% dividend yield. That makes it one of the best income stocks on the market.

However, this above-average dividend yield comes with some added risks. Fiera manages $174.5 billion that are deployed in real estate, commodity, private debt, and infrastructure deals. Rising interest rates and tight liquidity could have an impact on the valuation of these assets. Fiera could also struggle to retain capital if the market downturn continues and investors are spooked.

Put simply, Fiera's business model is at higher risk than a typical dividend stock. However, I believe the 9% dividend yield adequately compensates investors for this risk profile. Also, if the market turns asset prices climb higher in 2023, Fiera could deliver tremendous rewards for patient investors.

If you're a contrarian seeking inflation-beating returns, Fiera should certainly be on your watch list.

Dividend stock #3

Alaris Equity Partners Income Trust (TSX:AD.UN) is the final dividend stock pick on this list. Its 8% yield is nearly on par with the current inflation rate. However, the company could face a tough road ahead.

Alaris offers growth equity funding to mid and small-scale private businesses and derives its income from dividends on preferred stock. The model works well in a growing economy with low interest rates, but that dynamic has changed and its impact on Alaris is uncertain.

Nevertheless, the stock is trading at just five times earnings per share so the worst-case scenario could be priced in already. Keep an eye on this stock if you're trying to make a contrarian bet during this economic downturn.

CATEGORY

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TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:FSZ (Fiera Capital Corporation)
3. TSX:SGR.U (Slate Retail REIT)

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