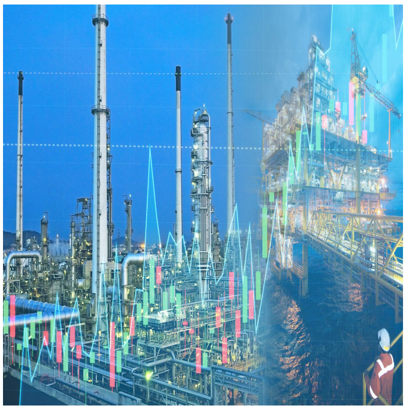

TFSA: 3 Amazingly Cheap Infrastructure Stocks (With >5% Yield) to Buy Now

Description

Wouldn't it be amazing if your money could grow along with inflation, easing the pressure of rising prices? Canada saw its worst inflation in 40 years as the inflation rate soared to 7.6% in July, with gasoline and grocery prices up 35% and 9.9% year over year, respectively. Inflation depletes your savings as the value of money falls. The only way to beat inflation is to earn more and preserve the value of money.

Investing in stocks through the Tax-Free Savings Account (TFSA) can help you preserve the value of money and use it tax-free whenever needed. Stocks grow in sync with the economy as they give you a share in the commercial activity that drives economic growth.

Three cheap stocks to buy in September

In this inflationary environment, here are three stocks you can buy at a cheaper rate in September.

- **BCE** (TSX:BCE)(NYSE:BCE) – 5.76%
- **TC Energy** (TSX:TRP)(NYSE:TRP) – 5.7%
- **RioCan REIT** (TSX:REI-UN) – 5.07%

BCE

The strength of an infrastructure company is a wide reach. The telecom giant BCE started a three-year capital acceleration program in 2020 to expand its fibre and 5G infrastructure. 5G is the fifth generation wireless communication technology with low latency that brings broadband-like internet to mobile devices. BCE aims to reach out to rural and remote communities, where competition is low. Its 2022 capital expenditure is expected to reach $5 billion, bringing its three-year total to $14 billion.

BCE has started reaping early rewards from its 5G rollout, with its second-quarter revenue and adjusted EBITDA up 3.8% and 4.6%, respectively. Its free cash flow surged by 7.1%. Once the infrastructure is in place, it will set the stage for 5G-enabled services like smart cities, autonomous cars, and other mission-critical applications. Unleashing the true potential of 5G will take at least a deacde, which could turn into decade-long growth for BCE.

BCE stock fell 13% from its April high in a bearish market. But this stock could grow in an economic recovery as its capital expenditures start showing results. This is a stock to buy now and lock in an annual dividend yield of 5.7% to benefit from the recovery in growth.

TC Energy stock

Another infrastructure company, TC Energy's share price slipped 14% from its June high as oil prices began to ease due to the recessionary environment. June saw the peak of the inflation rate beyond which consumers preferred to reduce demand due to unaffordability. But the stock may not have to wait long for a recovery as North America's natural gas exports see a huge jump because Europe is looking for alternatives to Russian gas. All pipeline companies are accelerating their natural gas projects.

However, TC Energy's plan to increase the capacity of the Gas Transmission Northwest (GTN) pipeline faces opposition from three states due to environmental concerns. The stock could see some selling, but it won't impact dividends that come from existing projects. Moreover, TC Energy has several projects under construction that could help it grow dividends for many years. Thus, any dip is an opportunity to lock in higher dividend yields.

RioCan REIT

Another company to take a beating from the weak economy is Canada's retail REIT RioCan. This REIT cut dividends during the pandemic as its occupancy rate fell significantly. However, RioCan's occupancy returned to the pre-pandemic level of 97.2%, and its net operating income from the same property surged 6.2% as higher inflation increased the leasing spread to 10.5%.

The REIT aims to maintain its distribution at $1.02 (a 5.07% annual yield at the time of writing the article). The REIT's stock price is trading 25% below its pre-pandemic level even though its fundamentals have recovered. The stock could see upside in a strong economy and continue to pay over a 5% distribution yield in a weak economy.

Investor takeaway

Buying infrastructure stocks can help you secure regular dividends for a lifetime. They diversify your portfolio into a different asset class. The above three stocks provide a 5% yield in a bear market and growth in a recovery market. They can hedge the portfolio risk of high-growth stocks and protect the value of your money with dividends.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:REI.UN (RioCan Real Estate Investment Trust)
5. TSX:TRP (TC Energy Corporation)

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