2 Defensive Growth Picks That Are Cheap Today

Description

The stock market has been full of surprises in 2020 and 2021. The advent of Reddit-fueled meme stocks saw several seemingly beaten-down companies exhibit hyper growth to beat expectations inexplicably. The valuations for most of these meme stocks are dangerously high and fueled by little more than rallies created by droves of retail investors pulling short-squeeze moves.

As tempting as the meme stocks might be, the risks associated with these stocks might be too high. I will discuss two defensive stocks that present a safer way to grow your wealth through reliable returns to help you find better alternatives to meme stocks.

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) is a good pick if you are looking for a growth stock trading for a reasonable price on the stock market. Restaurant Brands International boasts impressive long-term growth throughout its history. The fast-food industry giant has three huge names under its belt, namely Tim Hortons, Burger King, and Popeyes Louisiana Kitchen.

Tim Hortons has been a thorn in the company's growth due to pandemic-induced restrictions creating problems for the restaurant chain. However, RBI's management has been making operational adjustments to offset the problems and bring Tim Hortons back on track to ensure that the company's growth profile remains strong for years to come.

Popeyes Louisiana Kitchen and Burger King have given RBI no problems on that end. The restaurant chains have exhibited excellent growth and continue to perform well. With significant expansion underway in growth markets worldwide, RBI looks well positioned to continue delivering impressive shareholder returns.

Spin Master

Spin Master (TSX:TOY) is another defensive growth stock to consider adding to your portfolio. The toy manufacturing company does not seem like the most exciting prospect for investors. However, the company's product range and growth potential paint a completely different picture.

Spin Master has innovated the toy space more than any of its closest competitors, and its recent move towards digital gaming is proving to be an excellent move for the company. Spin Master has grown its revenue fourfold in its digital gaming segment. While the overall growth rate for the company might be small, it boasts sustainable growth rates.

Long-term investors might do well with picking up shares of the toymaker today. The increasingly digitized economy presents an exciting outlook for its growth due to its digital gaming segment, making it an attractive pick to consider.

Foolish takeaway

Meme stocks have had a few strong rallies this year. Many argue that the fad will result in devastating losses for investors who have poured capital into these risky assets. Some might argue that meme stocks aren't going away. You could consider investing in meme stocks if you are bullish on them.

Restaurant Brands International stock and Spin Master stock present much safer alternatives if you are looking for defensive stocks that also offer substantial upside potential for your portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)
3. TSX:TOY (Spin Master)

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