



2 Profitable Growth Stocks to Beat Inflation

Description

With growth stocks nosediving yet again on Friday over a red-hot U.S. inflation number and geopolitical tensions, 2022 has become that much choppier. Undoubtedly, growth stocks took the brunt of the damage yet again as rates surged past the 2% mark. Tensions between Ukraine and Russia sent rates below 2%, but tech stocks continued crumbling under the growing number of things to worry about. Indeed, geopolitical tensions and the threat of Russia invading Ukraine has sent oil prices surging.

Whether or not rates continue to make a move toward 2.5% remains to be seen. Regardless, investors have more to fear than just rate hikes at this juncture. With inflation at 7.5% in the States (a 40-year high), cash isn't a great place to hide from the recent bout of market volatility. With the Fed ready and willing to hit the rate hike button for the first time in years, many investors are wary of putting too much money on risk assets. Undoubtedly, it feels as though 2022 has investors between a rock and a hard place. Bonds are incredibly unrewarding, and the list of macro concerns just seems to grow with time.

Profitable growth stocks over speculative growers to fight inflation

Like it or not, inflation may yet to have peaked in Canada or the United States. That alone should entice investors to consider some of the market bargains that others continue to ditch as market volatility continues blasting off.

In this piece, we'll look at two intriguing profitable growth stocks that could help you stay above inflation, even as central banks fall behind the curve. As rates continue their ascent, I believe growth stocks will continue to take punches to the chin. Eventually, they'll be knocked down and will have a chance to get back up again. But until there's more clarity on the Fed front, I don't think bottom-fishing in unprofitable speculative tech is a great idea. Instead, look to firms actually producing enviable profits. In times like this, profits, not "promises" of future cash flows matter most.

Restaurant Brands International

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) holds three strong fast-food icons under its umbrella in Tim Hortons, Burger King and Popeye's Louisiana Kitchen. The fourth brand, Firehouse Subs, which QSR picked up several months ago amid COVID pressures is a relative unknown for many. Indeed, the sandwich brand has minimal overlap with the other chains in QSR, with sky-high expansion [opportunities](#). Could Firehouse Subs be the next Popeye's? It could. Regardless, Restaurant Brands didn't have to pay that much (US\$1 billion) for the chain, which I think management could grow to become a household name.

With COVID pressures continuing to weigh, I'd look to take a [contrarian](#) position here. The company is still wildly profitable and will become even more profitable on the other side of this pandemic. With a juicy 3.8% dividend yield, investors could stay ahead of inflation over the next year or so.

National Bank of Canada

National Bank of Canada ([TSX:NA](#)) is a Big Six underdog that really outperformed during 2020. In the latest quarter, though, all was forgotten, and investors punished the number six bank for its lacklustre results. The long-term fundamentals and macro picture are still strong, though. At 11.5 times trailing earnings, I'm more inclined to give National Bank the benefit of the doubt, given its ambitious growth plan that could help it catch up to its rivals.

With rates ready to rise, National Bank is entering a new, perhaps more prosperous era. With a 3.4% yield and a modest multiple, NA stock may be one of the profitable companies you want to own as rate hikes loom.

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