2 Top Defensive Growth Stocks to Buy to Battle Rising Rates

Description

Surging inflation has led to expectations of rising rates. In fact, these expectations have begun to pick up, with many economists now predicting as many as seven rate hikes this year. For those looking to battle inflation, defensive growth stocks may be a great place to hide.

On the TSX, here are two of my top picks as far as defensive growth stocks go right now.

Top defensive growth stocks: Restaurant Brands

Restaurant Brands (TSX:QSR)(NYSE:QSR) is an Ontario-based company which happens to be the fifth-largest fast-food restaurant operator in the world. This company's multinational operations continue to provide great growth upside, particularly in emerging markets.

Accordingly, from a growth investor's perspective, Restaurant Brands is a great choice. The company's business model provides the potential for asset-light growth — something many long-term investors like.

However, this company's business model is also extremely defensive. Given the nature of the fast-food business, Restaurant Brands's cash flows are extremely stable. This allows the company to pay out a consistent (and growing) dividend, currently yielding 3.7%. As far as defensive growth stocks that pay a dividend this juicy, it's hard to find comparables.

Accordingly, those concerned about inflation may want to consider defensive growth stocks like Restaurant Brands right now. Fast food is unlikely to go out of style, and Restaurant Brands's stable of world-class banners certainly makes this stock an enticing investment right now.

Bank of Nova Scotia

Another top inflation-beating, defensive growth stock I like is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). As one of Canada's largest banks, Scotiabank continues to hold a top spot in many investor portfolios. However, in this current environment, there's a lot more to like about Scotiabank stock from a defensive growth perspective.

That's because this stock actually benefits from rising interest rates. As interest rates rise, so too do net interest margins for the bank. Now, rising rates could cool the economy, driving mixed results moving forward. However, at least in the quarters to come, most experts think this stock has more room to run.

Like Restaurant Brands, Scotiabank's business model is extremely defensive. This company's lending portfolio is also diversified geographically, as well as across various business segments. As one of the more diversified Canadian lenders, Scotiabank actually has a strong position in Latin American markets — something I think is great from a long-term growth perspective.

Both Scotiabank and Restaurant Brands could provide excellent defensive growth right now for long-term investors, despite where these stocks trade presently. I remain bullish on both these stocks and think investors ought to consider these defensive options in this present environment.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. chrismacdonald
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/08/21

Date Created

2022/02/19

Author

chrismacdonald