2 Beaten-Up All-Star Stocks for Your RRSP

Description

RRSP investors do not have it easy this time of year, with the S&P 500 suffering its worst start to a year since 1939. Indeed, a recession seems unavoidable at this juncture, at least in the United States. Here in Canada, high commodity prices should keep the economy robust enough to take a couple of double or even triple rate hikes straight on the chin without wobbling.

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Given such economic resilience, the Bank of Canada needs to act sooner rather than later. We've all heard about the front-loaded rate hikes to curb inflation in its tracks. While rate hikes are coming, inflation is still running as we speak. Undoubtedly, inflation is a massive thorn in the side of everybody, and the sooner it's eliminated, the better.

Not all companies are built to fare well in an inflationary world where growth is slowing. Firms with pricing power and defensive characteristics, I believe, are among the best bets at a time like this. For RRSP investors looking to reduce their risk, I think many cheap defensive dividend stocks are your best bet. So, with volatility and inflation "swindling" the wealth of everybody, RRSP investors may wish to pick up the following two TSX stocks today.

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) may have three of the most popular fast-food brands on the planet (Burger King, Tim Hortons, and Popeyes Louisiana Kitchen), but the stock has been stuck in a funk. Moreover, QSR shares have vastly underperformed the peer group over the past three years. Undoubtedly, management didn't do a great job of positioning the firm to thrive in a pandemic. Tim Hortons and Burger King may have fallen behind the times.

Still, moving forward, I'm a firm believer in the power of a strong brand. Though 3G Capital hasn't made the most of the brands, I think that the brands will end up powering sales, as we continue to move out of pandemic conditions.

With a beefed-up drive-thru, delivery, and mobile presence, I think it's a mistake to pass up on QSR stock at these levels. Shares boast a dividend yield just shy of 4% alongside a modest multiple.

Further, fast food is a top defensive that can fare even better when times get tough. Amid inflation and a potential recession, QSR stock seems like one of the few glimmers of value out there today that can finish the year in the green.

National Bank of Canada

National Bank of Canada (TSX:NA) has been hit with hard times of late, recently plunging into correction alongside the broader Big Six basket. As the bank continues to expand beyond the east coast, I see a revenue-growth opportunity. Add rate hikes into the mix, and I think the recent cooling in shares is more of a buying opportunity than a cause for concern.

The bank has proven itself as a pesky underdog with disruptive capabilities. Doing away with commissions makes me believe than National Bank is willing to be a first mover. Undoubtedly, competitors will pivot accordingly, but I see a window for the bank to gain share over the incumbents. We've witnessed some rival banks reducing their trading commissions, but ultimately, doing away with them altogether may be the only way to beckon in younger investors who are more willing to make the jump. With a 3.9% yield and a 9.5 times earnings multiple, NA stock is a bargain in my books.

CATEGORY

1. Investing

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3. TSX:QSR (Restaurant Brands International Inc.)

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