



## Looking for a Safe Gamble? Roll the Dice with This Stock

### Description

Every investor knows that investing is like gambling, with the exception that the investor has the house edge over time and is expected to win as long as economic growth continues higher in the long-term.

Increasing one's house edge is the name of the game when it comes to investing. When investing in companies like **Great Canadian Gaming Corporation** (TSX:GC), investors will be engaging in both figuratively and literally.

As the country's largest casino operator, Great Canadian is a company that exhibits traits that long-term investors (who like moats) will enjoy. Having a monopoly on regional gaming throughout the country, and in particular a 22-year monopoly on gaming in the Toronto area, investors have continued to pile into Great Canadian's stock price in recent months, with the company hitting a new all-time high on what seems to be a daily basis recently.

Despite seeing its [share price skyrocket](#), shares of Great Canadian currently trade at fundamentally sound levels. The company's forward price to earnings ratio (P/E ratio) sits at a reasonable 19.5, putting this stock at a comfortable level when compared to other growth stocks and the company's direct peers. Cash flow growth is expected to drive its valuation multiples down in the next 12-24 months, and I anticipate further price appreciation to continue given the rather large moat Great Canadian has been able to negotiate via its deal with the Ontario Lottery and Gaming Corporation I highlighted in a [previous article](#).

For investors who indeed knew when to "hold 'em," a return of more than 10% in the span of three quarters would have been the reward – certainly not as great as other investment opportunities on the TSX, but by and large, a decent investment given the relative under-performance of the TSX recently.

Great Canadian has done a good job in recent years of building a portfolio of assets that have the ability to be leveraged to a greater degree over time. The company has mandated investments in renovating existing casinos, and expanding the options available to customers while attempting to grow market share and participate in an upward growth trend in this sector – one that many analysts believe is under-served in Canada as a whole, and the Toronto area in particular.

### **Bottom line**

Great Canadian's fundamentals remain strong despite recent price appreciation, and given the large moat the company has been granted in the Toronto area, the opportunity for outsized returns remain. While additional regulatory scrutiny related to some of the company's B.C. operations remains a risk, the long-term outlook (10-20 years) for Great Canadian remains strong, and this is a company I would recommend long-term growth-oriented investors take a look at.

Stay Foolish, my friends.

### **CATEGORY**

1. Investing

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Investing

### **Date**

2025/08/01

### **Date Created**

2018/05/07

### **Author**

chrismacdonald

default watermark

default watermark