



## Why This Stock May Have Just Become the Best Growth Stock on the TSX

### Description

**Stars Group** (TSX:TSG)(NASDAQ:TSGI) was already a great-looking growth stock before last week's news. On Wednesday, however, we learned that Fox was acquiring a 4.99% stake in the business, turning it into an even hotter buy.

### Here's why it's a game changer

There are more than a few reasons investors should be excited about this deal for Stars Group. For one, the company was already achieving strong growth rates, and its [most recent quarter](#) saw sales rise by 80% (which was aided by a big acquisition). The deal with Fox will create even more opportunities.

The two companies are going to launch Fox Bet sometime this year, which will allow customers two place types of bets: a free one as well as one that will involve real money. Fox Sports is already home to a lot of sporting events and has a lot of eyeballs on it; adding a betting option for that platform would be a great way to capture more customers and have more people using Stars Group's betting products.

In addition, Stars Group will be able to use certain Fox Sports trademarks for 25 years. Being able to use the trademarks will help legitimize Stars Group's products and will make it easier to attract new customers as well.

Either way you look at it, the investment by Fox will have a big impact on Stars Group, and it's sure to unlock significant growth for years to come. Fox is a big name when it comes to sports, and the two companies could prove to be very strong partners.

### The deal could prove to be even bigger

While under the deal Fox owns a shade under 5%, it has the option to increase its stake in Stars Group's U.S. business to as much as 50%. Stars Group is already very successful in the world of poker with its PokerStars brand being a big name in the industry. However, the segment of the

business that has much more growth potential is sports betting, particularly in the U.S., where states are just now being able to allow it after the federal government [legalized](#) it last year.

Should Fox increase its stake into Stars Group, it'll simply make the stock even more attractive because having a big company like Fox even more invested in its success is going to mean even more opportunities to consolidate, grow, and create newer and better products for customers.

## Bottom line

I was very bullish on Stars Group before this deal, believing that its share price was undervalued and that there was a lot of growth in store for the company now that sports betting was becoming legal in many states.

With the Fox deal, the stock is an even hotter buy. It'll likely take years before we see the growth that the companies can accomplish together and the innovations they might come up with. There's no denying the potential here and why investors should be excited about the stock's long-term prospects.

If I didn't already own Stars Group, I'd certainly be buying it today, especially after the stock gave back some gains in trading on Friday after getting a big boost in share price the day before as a result of this news.

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