Is Air Canada (TSX:AC) the Best Growth Stock on the TSX?

Description

Air Canada (TSX:AC)(TSX:AC.B) is considered the fifth-largest airline in North America. The four larger ones are from the U.S., and all of them are struggling. Like its across-the-border cousins, Air Canada is still trading at nearly a 60% discount. And that's *after* the stock bounced back from its rock-bottom $12 price in March.

Many investors are still unsure about tying their capital to an airline laden with the weight of the pandemic. But for some, it presents an amazing opportunity to buy one of the best growth stocks on the TSX at a killer discount. It's hard to find the combination of previous growth and the steep discount that Air Canada offers, but it's a good idea to compare it against similar steady growth stocks that offer a sizeable discount.

A transport company

TFI Transportation (TSX:TFII) is a Montreal based transport and logistics company. It owns over 380 facilities and the country's largest for-hire fleet of 2,209 straight trucks, 6,578 tractors, and 26,581 trailers. As one of the prominent names in North America, the company has grown a steady consumer base. It operates in 80 North American cities and has several operating companies under its banner.

Just like airlines, transportation and logistics business has suffered a severe loss of business due to the pandemic. The company is currently trading at a 30% discount, which has brought the price down to $33 per share. Before the crash, the company grew its share price by over 103% in the past four years. It's also a Dividend Aristocrat. It grew its dividends by about 53% since 2016.

A software company

Software companies found it easier to transition to a work-from-home model than most other sectors. Still, despite the operational flexibility, software companies suffered a loss of demand and clientele, just like other companies did. Along with its sector, **Open Text** (TSX:OTEX)(NASDAQ:OTEX) has suffered the loss of market value as well. It's still trading at an almost 21% discount for a price of $33 per share.

OTEX is anotherAristocrat, with seven years of payout increases under its belt. It's even more generous with its payout increases. Since 2016, the company has increased its payouts by 74%. It also increased its share price by 90% in the same time frame, offering much steadier growth than TFI transportation. Currently, it offers a modest yield of 1.98%.

Foolish takeaway

The prospects of Air Canada recovering and the time it would take for it to recover are debatable. But there is little doubt about the growth prospects of the company. If your risk tolerance allows you to add Air Canada in your portfolio, you might want to load up on this deeply discounted growth machine. Or you might want to consider less-risky Dividend Aristocrats mentioned above.

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1. Dividend Stocks
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2. TSX:AC (Air Canada)
3. TSX:OTEX (Open Text Corporation)
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