Forget Air Canada: Buy This TSX Growth Stock

Description

During the last few months, there has been a tonne of interest in **TSX** stocks like **Air Canada**. This makes sense, as the stock has lost more than two-thirds of its value since the start of the pandemic.

Because the stock is so cheap, savvy investors have been wondering if the stock is a buy at these low prices.

However, soon after starting research, it should become apparent that it's too difficult to make an investment. There is way too much uncertainty regarding how affected Air Canada will be. Also, there's considerable uncertainty about the duration of the pandemic.

Because of these uncertainties, even from a long-term perspective, it's very difficult to have a good idea of the long-term potential of a company.

Besides airline stocks, there are other industries, such as restaurants, hospitality, and retail, that have also been significantly affected. So, it's not surprising that most stocks in these industries are also trading ultra-cheap.

Why you should choose TSX stocks besides Air Canada

The airline industry is tough to be invested in, because it's so heavily impacted by the coronavirus.

Sure, restaurants have taken a big hit, and retail has seen a massive slowdown, but these will be able to rebound in some capacity, whereas airlines will be impacted for quite a while.

Sitting inside an airplane is one of the highest-risk areas to contract the coronavirus, according to medical experts.

Furthermore, countries are having a hard enough time containing coronavirus in their own borders, so we will likely continue to see border restrictions across the world. This will have a huge impact on travel until after this pandemic has come to an end.

This means it could be years before airlines get back to the record capacity they saw in 2019.

A TSX growth stock to buy instead

If you are interested in Air Canada because you think there could be big growth in the stock, you may be disappointed. Although this could easily materialize if there were positive news to act as a catalyst, at the moment, that seems unlikely.

Instead, consider buying a TSX growth stock like **Park Lawn** (TSX:PLC).

Park Lawn is in the death-care industry. The company owns funeral homes, crematoriums, cemeteries, and other businesses in its diverse portfolio.

Park Lawn is growing in three ways. First, it's grown rapidly through acquisition. In 2013, the company owned just six cemeteries in Toronto. Today, it has a massive portfolio across Canada and much of the United States.

The second way Park Lawn is growing is through organic growth. With an aging population, death care (similar to health care) will see a significant tailwind for years. Park Lawn knows this and has been positioning itself to take advantage of this organic growth.

Lastly, the company is growing through scale. It continues to target improved margins. It also has been vertically integrating the business. This is extremely significant, because it promotes cross-selling and higher sales as well as better efficiency.

Park Lawn's rapid growth resulted in the stock having a hefty premium. However, during the market crash, a lot of that premium was eroded. What's appealing to investors, however, is that Park Lawn operates in a highly defensive industry.

The company saw a slight impact on revenues from coronavirus due to rules around social gatherings impacting funerals. In general, though, factors like cemetery sales will be unaffected in the long run.

So, with the TSX stock still trading roughly 25% off its 52-week high, it offers investors an excellent entry point.

Bottom line

While the pandemic continues to progress and uncertainty remains high, I would advise investors to forget high-risk TSX stocks like Air Canada.

Instead, stick with high-quality growth stocks, and you will be rewarded handsomely.

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1. TSX:PLC (Park Lawn Corporation)

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