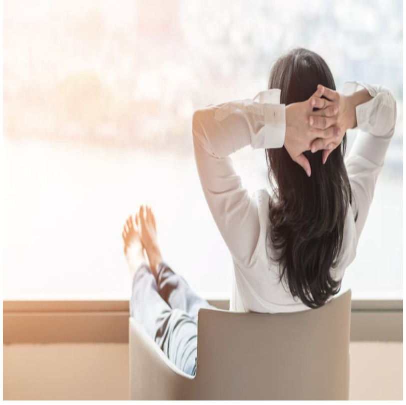

3 Hot Growth Stocks With Stellar Earnings

Description

Every investor has a different definition of what they consider a "good" business. Some consider future and growth-oriented businesses that dump all their earnings into research and expansions as good, while ohers look for businesses with stellar earnings and strong financials.

If you are from the second camp, there are three growth stocks that you should keep an eye on.

The "tire" company

Canadian Tire (TSX:CTC.A) is rooted deep in the fabric of the country and several local communities. It's a year short of being a century old and has a footprint that reflects its legacy. The company has 1,741 locations in the country, and about 41% of these are in Ontario alone. Its core business is retail, with retail stores, fuel stations, and other locations under a few popular banners.

Canadian Tire is not a growth stock per se, but it has shown uncharacteristic growth ever since the 2020 market crash. The stock grew over 138% from its market crash valuation and over 48% in the last 12 months. But the price-to-earnings is still quite stable, and the company is offering a modest 2.4% yield. The financials are strong, and the revenues are already growing beyond their pre-pandemic peaks.

An insurance company

Insurance companies and stocks, especially those as large and stable as **Intact Financial** (TSX:IFC), with its market capitalization of over $30 billion, are usually considered more for their stable dividends than capital growth.

IFC itself has a stellar dividend history and has earned the title of a Dividend Aristocrat by growing its payouts for 16 consecutive years. However, the current 1.9% yield doesn't make a very compelling argument from a dividend perspective.

IFC also comes with decent growth prospects. The 10-year compound annual growth rate (CAGR) of 15% is robust enough, and at its current valuation, IFC is a relatively attractive buy. Another point in IFC's favour is its strong financials. The revenues barely dipped in 2020, and in 2021, they have risen to new heights. Its prominent position in the property and casualty insurance market in North America makes it a compelling buy.

A REIT

If you are looking to add some international exposure to your portfolio in a relatively safe and profitable domain, **Granite REIT** (TSX:GRT.UN) is a growth stock worth considering. Granite's portfolio, while the bulk of it is concentrated in North America, is spread out over seven countries. It has a light industrial portfolio, a significant portion of which is exclusively positioned for e-commerce logistics and warehousing.

Granite is also one of the oldest Dividend Aristocrats in the real estate sector and has grown its payouts for 10 consecutive years. It's currently offering a decent 3.3% yield, coupled with a robust 10-year CAGR of 18.8%.

The portfolio is made up of 118 properties, and given the fact that almost all quarters in the last three years have been in green, the REIT operates a very profitable portfolio.

Foolish takeaway

One of the first things you learn about investing is that a company's financials are quite important. A financially weak company will become overpriced, and if it pays dividends, it might be unable to sustain its payouts if its financial condition keeps declining. So whether you are a dividend or growth investor, it's a good idea to keep an eye on the financials of the companies you are planning to buy.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)
2. TSX:GRT.UN (Granite Real Estate Investment Trust)
3. TSX:IFC (Intact Financial Corporation)

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