



## 1 Top Canadian Growth Stock to Watch Following Earnings

### Description

[Growth](#) and value investing are two very different investment styles for investors. While value stocks tend to outperform over the long run, over the past decade, this has not been the case. Accordingly, the search for the best growth stock to add to a given portfolio has been on for quite some time.

The thing is, there are so many great options out there. Among the top Canadian growth stocks I think are worth watching right now is **TMX Group** ([TSX:X](#)). Here's why.

### Solid results boost this company's outlook

TMX Group certainly had some positive results to point to long-term upside potential. The company's most recent results showed profits rise 22% to \$87.9 million in Q4. Adjusted profit per share increased from \$1.43 per share to \$1.77 per diluted share this past quarter. These bottom-line results were driven by strong revenue performance, which was up 15% on a year-over-year basis.

One of the things I like about TMX is this company's bottom-line growth relative to its revenue growth. TMX is growing earnings faster than revenues, signaling margin expansion. This has allowed the company to announce a dividend raise of 8% to its quarterly distribution. Currently, TMX [yields 2.5%](#) for investors, giving this growth stock an intriguing income component as well.

Strong financials are always a key factor long-term investors should consider. As the parent company of the TSX, TMX Group has very stable cash flows that have actually soared during these volatile pandemic times.

Yes, there are some who think that trading volumes may slow in a bear market. Accordingly, this company's price-to-earnings ratio around 22 times earnings is attractive. Thus, TMX group is a company that not only represents a great growth stock but is also an income and value play as well.

### A growth stock that benefits from increased financialization

As mentioned, this Toronto-based company is responsible for the proper functioning of the TSX. The company operates markets, clearinghouses, and exchanges for capital markets in Canada and globally. As financialization, or the shift toward financial services, continues to take off, I think TMX is a great way to play this secular trend.

This company's growth prospects remain strong, and TMX remains focused on growing its market share domestically. Those bullish on Canada's position in global financial markets may want to consider this exchange operator right now.

## Bottom line

The major takeaway I have when looking at TMX is that this is a growth stock with very defensive attributes. This company isn't overly expensive and has strong growth catalysts supporting its valuation. Additionally, this company provides dividend income, which furthers its investment thesis for those more on the value end of the spectrum.

All in all, TMX is a solid long-term pick for conservative long-term investors looking for a top growth stock right now.

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**Date**

2025/08/12

**Date Created**

2022/02/16

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