



3 Growth Stocks I'd Buy With \$3,000 in November 2022

Description

Growth stocks have had a rough 2022 so far. However, some of them look attractive, despite macro challenges. Even if inflation remains a top worry for markets going forward, the following three TSX stocks could continue to outperform.

Tourmaline Oil

Canada's biggest natural gas producer **Tourmaline Oil** ([TSX:TOU](#)) has done all the right things in the last few years. Improving its scale and production, lucrative acquisitions, and paying off the debt have been immensely helpful in creating shareholder value lately. As a result, TOU stock has returned 100% this year and 800% since the pandemic.

The energy crisis in Europe has sent natural gas prices to record-high levels. Although Tourmaline has exposure to North American markets, the sentiment around higher gas prices has played out well for Tourmaline Oil's earnings. Not only has the company reported higher cash flow growth, but its balance sheet has also notably strengthened.

Tourmaline has paid a total dividend of \$6.5 per share in the last 12 months. That's a handsome 8% yield, including special dividends. A company pays a special dividend when it wants to gift shareholders with its windfall profits. Tourmaline has paid special [dividends](#) thrice since last year, suggesting its flourishing financial growth.

Tourmaline will likely see higher cash flows for the next few quarters due to gas price strength. Moreover, its improving balance sheet could allow more special dividends and ultimately more value for shareholders.

Vermilion Energy

It is time to look at energy stocks again. Higher oil prices and upcoming third-quarter (Q3) earnings will likely be key drivers for TSX energy names for the next few months. One attractive name ahead of this

earnings season is **Vermilion Energy** ([TSX:VET](#)).

Vermilion has a diversified asset base spread over North America, Europe, and Australia. It derives 30% of its earnings from Europe and will be a crucial growth driver in its Q3 2022 numbers. Europe saw a steep surge in energy prices this year, driven by supply woes due to the Russia-Ukraine war. Vermilion will be the only biggest beneficiary among [TSX energy stocks](#) in such a high-price environment.

VET stock has returned 100% this year, notably beating its peers. It could soar higher soon if the company posts solid quarterly performance. Plus, a potential dividend hike or upbeat cash flow guidance could also drive the stock higher.

Constellation Software

While tech stocks at large saw a bloodbath, **Constellation Software** ([TSX:CSU](#)) has been relatively firm this year. Despite its premium valuation, the stock has played well, losing only 10% of its market value in 2022.

Constellation caters to a large addressable market that includes both private and government customers. Its smaller vertical market software companies have leadership positions in their respective domains. As a result, its revenue growth and margin profile remain relatively strong in almost all kinds of economic cycles.

Constellation's revenues have increased by 21%, while net income has grown by 15%, compounded annually, in the last decade. Apart from its above-average growth, such consistent growth for the long term speaks for its business strength.

If the rate-hike cycle reverses in the next few quarters, CSU stock will likely soar higher, beating peers. Its unique business model, earnings-growth prospects, and expanding portfolio will likely create massive shareholder value.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:TOU (Tourmaline Oil Corp.)
4. TSX:VET (Vermilion Energy Inc.)

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