2 TSX Stocks Provide That Provide Tonnes of Consistent Growth

Description

With considerable losses during this recent bear market, most investors are looking for recovery stocks. This search for TSX stocks that have the best upside recovery potential tend to look in the growth sector. Indeed, this is the group of stocks that's been beaten up the hardest of late.

Of course, growth stocks can also be risky, especially during periods of inflation (and recessions). Thus, the question is, how will investors choose among the growth stocks to buy right now?

My strategy would be to pick top TSX growth stocks that shown consistent historical performance in terms of growth. These two stocks show precisely that. Among the top companies with robust business models and strong trends, these are consistent growers worth considering on dips.

Let's dive in.

Top growth-oriented TSX stocks: Constellation Software

Constellation Software (TSX:CSU) is the top pick on my list of growth-oriented TSX stocks to buy for a reason. This is a company with among the best historical track records of growth in Canada. Indeed, looking at the company's long-term chart, it's basically always up and to the right. Thus, this stock passes the eyeball test with flying colours.

Looking beneath the surface, there's a lot to like about Constellation's recent performance as well. The company's acquisition-focused model has continued to provide significant growth, with revenue in the first quarter of this year jumping 33%. That's no small increase and is noteworthy for any investor.

Now, the company's merger and acquisition strategy does require some significant debt to integrate its target companies. The company's total debt load of $1.88 billion as of June is significant. However, Constellation also has a cash hoard of $783 million, which brings its net debt to $1.1 billion.

With the company's earnings before interest, taxes, depreciation, and amortization covering its debt (net debt ratio of 1.1), this is a business that appears to be able to sustain further acquisitions over time. Notably, the cost of financing has increased. But for a company with a proven track record of generating positive return on investment with deals, there's a lot to like about the company's trajectory, given the still-fragmented nature of the software market today.

Restaurant Brands

Restaurant Brands (TSX:QSR) is a stock many may not necessarily think of a growth play. This more defensive fast-food purveyor is the parent company of Tim Hortons, Burger King, Popeyes Louisiana Kitchen, and Firehouse Subs. These banners have provided bumpy growth during the pandemic but are starting to come into their own.

This period of volatility tied to the pandemic is one that I would call transitory. The company's long-term growth trajectory remains robust. I think this will continue to be the case moving forward.

Indeed, this past quarter, Restaurant Brands reported very strong results. QSR stock jumped following earnings, with the company's same-store sales reporting 9.1% growth. For a company of this size, that's very impressive.

Compared to the competition, I think Restaurant Brands has much more growth upside over the long term. In combination with the stock's 3.7% dividend yield, there's plenty to like about the company's total return prospects.

This is my biggest holding by far, and for good reason. If there's one stock to own in this period of uncertainty, I think QSR is the way to go.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

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1. Business Insider
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