Top 10 Growth Stocks in Canada for December 2022

Description

We asked our freelance writer investors to share their best growth stock ideas for the rest of 2022. Here's what they said.

[Just beginning your investing journey? Check out our guide on how to start investing in Canada.]

Top TSX Growth Stocks for December 2022 (Smallest to Largest)

1. **WELL Health Technologies**, $670.8 million
2. **Sierra Wireless**, $1.1 billion
3. **Cargojet**, $2.3 billion
4. **Topicus.com**, $5.7 billion
5. **TELUS International**, $7.2 billion
6. **GFL Environmental**, $13.1 billion
7. **Constellation Software**, $44.8 billion
8. **Alimentation Couche-Tard**, $61.9 billion
9. **Thomson Reuters**, $73.7 billion
10. **Canadian Pacific Railway,** $101.4 billion

(MARKET CAP AS OF November 29, 2022)

Why We Love These Stocks for Canadian Investors

WELL Health Technologies

What it does: WELL Health Technologies is a digital health company connecting medical professionals and patients. It also has an electronic medical records platform.

By Amy Legate-Wolfe: If there's a stock that didn't deserve to drop like it did, in my opinion it's **WELL Health Technologies** (TSX:WELL). And yet drop it has over the past few years, all due to circumstances outside its control. The company became essential during the pandemic, providing online connections between patients and medical professionals. But when the tech sector and pandemic stocks dropped, they took WELL Health with them.

And that's exactly why I think it can rebound significantly out of this downturn. The company continues to ring in record-setting performance quarter after quarter. It's been expanding at a rapid pace, becoming Canada's largest outpatient clinic. As it continues to expand through both organic growth and acquisitions, it won't be long before growth-minded investors catch on and the stock starts climbing.

Today (at least for now), you can pick up WELL Health stock trading down 43% year-to-date. Yet analysts think its shares could more than double, so don't wait too long.

Fool contributor Amy Legate-Wolfe owns shares of WELL Health Technologies.

Sierra Wireless

What it does: Sierra Wireless develops vital networking components such as routers.

By Andrew Button: My top growth stock for December is **Sierra Wireless** (TSX:SW), largely because it's still actually growing. You can't say that for every growth stock out there: Many large tech companies lost their previously high growth rates when interest rates started rising and customers slowed their spending on tech services. Yet through it all, Sierra is still growing. In its most recent quarter, SW's revenue increased 101% and its net loss was reduced by three quarters. All things considered, it was a pretty strong showing.

I think the company's success will continue. It manufactures routers as well as smart modules for the Internet of Things (IOT, a tech term that refers to interconnected devices). Demand for such devices should keep on growing, lifting Sierra Wireless' stock with it.

Fool contributor Andrew Button has no position in any of the stocks mentioned.

Cargojet

What it does: The company provides time-sensitive overnight air cargo services across Canada. (We can neither confirm nor deny that it counts Santa among its customers.)

By Ambrose O'Callaghan: **Cargojet** (TSX:CJT) was one of the TSX's top performers in the first year of the COVID-19 pandemic. The stock has faded in 2021 and 2022, so now looks like a smart time to snatch it up at a big discount.

The air cargo services market is poised for solid growth over the course of this decade. In the third quarter of fiscal 2022, this company delivered total revenue of $232 million — up from $189 million in the previous year. Meanwhile, it reported net income of $83.4 million, compared with a net loss of $12.9 million in Q3 FY2021. The company has rebounded nicely in the year-to-date period, posting revenue growth of 36% and big jumps in net earnings.

This growth stock had a favourable price-to-earnings ratio of 7.9 at the time of this writing. It also offers a modest quarterly dividend of $0.286 per share. Cargojet looks like a screaming buy as we approach the final weeks of a tumultuous 2022.

Fool contributor Ambrose O'Callaghan has no position in any of the stocks mentioned. The Motley Fool has positions in and recommends Cargojet.

Topicus.com

What it does: Topicus.com develops, operates, and acquires vertical market software businesses across Europe.

By Robin Brown: **Topicus.com** (TSXV:TOI) is in the early innings of a very long-term growth story. It was spun-out of the highly acclaimed **Constellation Software** franchise with an explicit focus on European software businesses.

Europe is an attractive market for niche business acquisitions because of its diversity of cultures, languages, borders, and regulatory structures. There are thousands of unique businesses that Topicus.com can pursue. A recession in Europe could enable more acquisitions at attractive valuations.

The company just announced a strong quarter in which revenue and cash from operations each increased 29%. Topicus.com also has a smart organic growth strategy, so it can win via acquisitions *and* business development. Its stock is down about 32% year-to-date and its valuation looks reasonable today.

Fool contributor Robin Brown owns shares of Topicus.com. The Motley Fool has positions in and recommends Topicus.com.

TELUS International

What it does: The company designs, builds, and delivers end-to-end digital customer experience solutions for global and disruptive brands across five key verticals.

By Kay Ng: **TELUS International** (TSX:TIXT) stock has had a significant pullback, creating an attractive entry point for Canadian investors seeking a solid growth stock with double-digit revenue *and* earnings growth.

Since 2005, it has acquired 10 companies, including its latest, WillowTree, which is expected to close in a couple of months. Virginia-based WillowTree will greatly expand TIXT's financial services with prominent clients like **Mastercard** (NYSE:MA) and **Manulife** (TSX:MFC). And there's little overlap in TIXT's and WillowTree's client bases, so the number of its customers keeps growing.

At $27.02 per share at writing, TELUS International trades for about 17 times this year's estimated earnings, a reasonable multiple for a solid business that's growing well.

Fool contributor Kay Ng owns shares of Manulife, Mastercard, and TELUS International. *The Motley Fool recommends TELUS International.*

GFL Environmental

What it does: GFL is one of the largest environmental services companies in Canada, providing essential services such as nonhazardous solid waste management, infrastructure and soil remediation, and liquid waste management.

By Daniel Da Costa: Buying a high-quality growth stock that also offers defensive qualities is an ideal investment in this uncertain market environment, especially with the potential for a recession looming. That's why my top growth stock to buy in December is **GFL Environmental** (TSX:GFL).

Not only are GFL's operations essential and, therefore, defensive, but the growth stock has also sold off throughout the year along with the rest of the market. Therefore, it's offering you an excellent opportunity to buy the stock now while it's cheap.

In addition to having the potential to grow organically, GFL is also constantly growing by acquisition. So while the stock trades around 11 times its forward earnings before interest, taxes, depreciation and amortization (EBITDA), it's a deal today and one of the best growth investments you can buy now.

Fool contributor Daniel Da Costa has no position in any of the stocks mentioned.

Constellation Software

What it does: Constellation Software operates and consolidates vertical market software businesses around the world.

By Jed Lloren: If you're looking for a growth stock to add to your portfolio, **Constellation Software** (TSX:CSU) should be at the top of your list. Ever since its initial price offering, very few stocks have managed to keep pace with this winner. Over the past 16 years, Constellation Software stock has generated more than 11,000% in returns! That represents a compound annual growth rate of at least 33.5%.

The secret to its success is the company's smart capital allocation strategy. Using a proven business model, Constellation Software has been able to successfully acquire hundreds of vertical market businesses and turn them into exceptional business units. With the company finally targeting large VMS businesses (vendor management systems) for acquisition, I believe the sky's the limit with Constellation Software.

Fool contributor Jed Lloren owns shares of Constellation Software. The Motley Fool recommends Constellation Software.

Alimentation Couche-Tard

What it does: Couche-Tard is one of the largest operators of convenience stores and gas stations on the planet.

By Demetris Afxentiou: My top growth stock for December is **Alimentation Couche-Tard** (TSX:ATD). The gas station and convenience store retailer has a network of 14,000 locations across two-dozen countries.

Despite that incredible reach, Couche-Tard continues to take an aggressive stance on expansion through its well-funded war chest. In fact, many stock-watchers think the company is overdue for an acquisition.

Yet M&A isn't the only path to growth. Couche-Tard is building out a 200-site EV network across North America. That network, which follows the success of a similar model in Europe, should be online within two years.

Despite that solid growth potential, Couche-Tard is trading for a quite reasonable P/E of around 17, making it a solid option for any long-term investor.

Fool contributor Demetris Afxentiou has no position in any of the stocks mentioned. The Motley Fool has positions in and recommends Alimentation Couche-Tard.

Thomson Reuters

What it does: Thomson Reuters is the world's leading provider of news and information-based tools to professionals.

By Stephanie Bedard-Chateauneuf: My best growth stock in Canada for December is **Thomson Reuters** (TSX:TRI). The company got its start in the publishing industry, but it has since transformed itself into one of the most successful "answer" companies in the world by capitalising on its reputation and extensive resources.

It provides data and information solutions to a wide range of industries, and it assists stakeholders in making well-informed decisions.

TRI's legal, tax and accounting, and news and media clientele are its three most important customer pools.

The company has developed or acquired a number of products and brands over the years, and the solutions and services it provides fall under a variety of those products and brands.

Fool contributor Stephanie Bedard-Chateauneuf has no position in any of the stocks mentioned.

Canadian Pacific Railway

What it does: Canadian Pacific Railway operates a transcontinental freight railway in Canada and the United States.

By Tony Dong: Few TSX-listed companies have as strong of an economic moat as Canadian Pacific Railway does. Together with its counterpart, **Canadian National Railway** (TSX:CNR), the two hold a duopoly over the rail industry. Currently, air cargo and truck transportation cannot match the efficiency, economy of scale, and cost-advantages that CP delivers.

You might not immediately think of a railroad as a growth stock, but I think it is today for the following reasons: strong and wide operating and profit margins, outstanding recent quarterly year-over-year revenue growth of 19%, and a 35.5% year-over-year increase in quarterly earnings per share. Historically, CP has outperformed the broader TSX, and I expect it to stay on that track.

Fool contributor Tony Dong has no positions in any of the companies mentioned. The Motley Fool recommends Canadian National Railway.

How to Invest in Growth Stocks in Canada

If you're new to investing, please read our beginner's investing guide. It will walk you through all the basics, including how much of your money is prudent to invest and how to find out which kind of stocks are right for you.

Growth stocks in particular can be riskier than other investments, though they can also come with more potential reward. You'll need to decide how much risk you're willing to take on as you consider the many Canadian stocks available.

Our writers are excited about each of the stocks on this list, but they're probably not *all* up your alley. Start with the investment ideas that speak to you — and feel free to ignore the ones that don't.

Good luck and Fool on!

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POST TAG

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2. growth stocks

TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:CJT (Cargojet Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CSU (Constellation Software Inc.)
5. TSX:GFL (GFL Environmental)
6. TSX:SW (Sierra Wireless)
7. TSX:TIXT (Telus International)
8. TSX:TRI (Thomson Reuters)
9. TSX:WELL (WELL Health Technologies Corp.)
10. TSXV:TOI (Topicus.Com Inc.)

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