# RESP Investors: Send Your Kids to College With These 2 Stocks

## Description

Unfortunately, with the way things are going, kids of this generation will have no choice but to pursue post-secondary education in order to be competitive in tomorrow's job market.

Thankfully, the government has created the RESP program to help parents cope with the ever-increasing costs of college or university. For those of you with an RESP, below are two excellent stocks: an earnings-generating machine and a stable dividend grower to turbocharge your portfolio for your children's' future.



**Hop on the Couche Tard growth train**

First up we have **Alimentation Couche Tard Inc.** (TSX:ATD.B). Chances are that you're already familiar with this company due to the ubiquitous Mac's convenience stores (also known as Couche-Tard in Quebec), which are scattered across the majority of Canadian provinces.

But Couche Tard is not just a Canadian icon; the company derives 68% of its revenues from the U.S. and 20.8% of its revenues from Europe through its thousands of gas stations and convenience stores under the Circle K, Statoil, and Ingo brands.

Couche Tard is also one of the fastest-growing companies in Canada with the company closing four major acquisitions this past year alone.

act-performance
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*Couche Tard's share performance has left its peers in the dust (Source: company filings).*

The acquisition spree has largely been accretive, which is a testament to management's negotiation and forecasting skills, and it has paid off via a 24% increase in EBITDA between FY 2015 and FY 2016 from $1.875 billion to $2.332 billion. Moreover, same-store merchandise revenues have grown across all three geographic segments over the same period with the U.S., Europe, and Canada seeing gains of 4.6%, 2.8%, and 2.9%, respectively.

act-growth

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*Couche Tard's strong financial performance (Source: company filings).*



But every stock has an Achilles' Heel, and for Couche Tard, it's rising oil prices.

**Gas margins are a cause of concern**

When oil prices were at their cyclical lows, Couche Tard benefited greatly from abnormal margins from its thousands of gas stations across North America. Recently, however, margins have begun to contract as oil prices have finally started to rebound above $50/bbl. In order to protect against future margin contraction and get a higher payout than just the .59% yield, it would be wise to buy an oil name alongside Couche Tard.

**Hedging with the best-in-class oil name**

But we're not going to go after any old, over-leveraged oil name. No, what we need is an oil company with a record of dividend growth, a strong balance sheet, and industry-leading operational metrics. This is where **Vermilion Energy Inc.** (TSX:VET)(NYSE:VET) comes in.

vet-div

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*Vermilion's safe and sound dividend (Source: company filings).*

Vermilion is an oil and gas producer with assets in Canada, the U.S., and Europe. Vermilion stands out from its peers right off the bat due to its 4.6% yield, which the company has never cut–not even when oil hit sub-$30/bbl lows earlier this year.

The reason it can have such a stable dividend is due to its excellent balance sheet and below-average debt. Vermilion also possesses one of the best netbacks and recycle ratios in the business, meaning as oil prices climb, Vermilion's margins will increase and generate large returns on its capital investments.



vet-recycle-ratio

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*Vermilion's best-in-class recycle ratio (Source: company filings).*

What else needs to be said?

Having Couche Tard and Vermilion in your portfolio means you'll have one of the fastest-growing stocks in Canada and be hedged against higher oil prices with probably the best income stock in the energy sector. So take a look at these two complementary names; your kids will thank you down the line when you can pay for college.

**CATEGORY**

1. Dividend Stocks

2. Energy Stocks
3. Investing

**TICKERS GLOBAL**

1. NYSE:VET (Vermilion Energy)
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