



TFSA Investors: 2 Rising Stocks with Big Upside Potential

Description

Canadian investors are searching for top-quality stocks to hold inside their [TFSA portfolios](#).

People employ a variety of methods when picking stocks, and one popular strategy involves buying great businesses after they have undergone a correction and are once again moving higher.

Let's take a look at two Canadian companies that are market leaders and have recently picked up a nice tailwind.

Alimentation Couche-Tard (TSX:ATD.B)

Alimentation Couche-Tard is a Quebec-based operator of service stations and convenience stores. While that might not sound like a very exciting investment, these businesses generate healthy margins, and Alimentation Couche-Tard has become a global leader in the market.

Through its aggressive acquisition strategy, the company now owns nearly 10,000 convenience stores throughout North America, of which roughly 8,700 are also gas stations. The company has 2,700 locations in Europe. In addition, Alimentation Couche-Tard has licensing agreements in 16 other countries, where operators run 2,000 stores under the company's Circle C brand.

Management continues to seek acquisition opportunities, especially in the U.S., where the market remains fragmented and is in a consolidation phase. As such, investors should see steady growth.

Alimentation Couche-Tard just reported strong results for its most recent quarter. Diluted net earnings per share came in at \$0.81, compared to \$0.64 in the same period last year.

The stock has recovered some lost ground after a dip in the first half of 2018, rising from \$52 in May to the current price of \$66 per share, and more gains should be on the way.

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#))

Bank of Montreal appears to be in a sweet spot in the Canadian banking sector.

The company recently reported strong results for fiscal Q3 2018. Adjusted net income came in at \$1.565 billion, representing a 14% gain over the same period last year. Adjusted earnings per share increased 16% and adjusted return on equity improved to 15% compared to 13.3% in Q3 2017.

Bank of Montreal is strong on the commercial side of the business in Canada, and the company has a large U.S. presence, which is supporting much of the growth. In fact, adjusted net income in the American operations jumped 36% in the quarter on a year-over-year basis.

Canadian personal and commercial adjusted net income increased 5%, wealth management saw a 6% gain, and capital markets net income rose 7%.

On the risk side, Bank of Montreal has less exposure to the Canadian residential housing market than some of its peers, making it a safer bet if you think house prices are in for a rough ride in the coming years.

The dividend is rock solid and provides a [yield](#) of 3.6%.

Bank of Montreal has rallied from \$95 per share to the current price of \$107. At 13.3 times trailing earnings, it isn't on sale, but you get a top-quality name that should continue to perform well as rising interest rates in Canada and the U.S. boost net interest margins.

The bottom line

Alimentation Couche-Tard and Bank of Montreal are strong companies with growing businesses, and the current tailwind behind both stocks should take the share prices higher. If you are looking for buy-and-hold picks for a TFSA portfolio, these names deserve to be on your radar.

CATEGORY

1. Bank Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Investing
3. Stocks for Beginners

Date

2025/08/10

Date Created

2018/09/07

Author

aswalker

default watermark

default watermark