“Unstoppable” TSX Winners That Recently Soared to a New All-time High

Description

It’s not doom and gloom for all stocks out there!

In spite of the lowered aggregate appetite for equities after a tumultuous past few months, there still exists a class of winners that have not only held their ground during the current correction (or first innings of a bear market) we’re in, but have also managed to bolt past all-time highs at a time when many stocks are already in deep bear territory.

It’s these top performer stocks that investors may want to own for relief as positive returns become harder to come by. So, without further ado, here are two top performers that I’d encourage you to think about buying today if you’ve got TFSA funds to put to work or in a month from now, when you’ll have the opportunity to contribute $6,000 to your TFSA portfolio.

Alimentation Couche-Tarde (TSX:ATD.B)

Now that the markets are retreating, Couche-Tard stock has come out of hibernation, soaring 30% since its summer bottom, and recently breaking through its September 2016 all-time high.

There’s no question that Couche-Tard has been a frustrating stock to own as it fluctuated in its consolidation channel, but now that the company has broken out of this “limbo” thanks in part to two incredible quarters, the stock looks like it could make up for lost time as we head into 2019.

From a technical and fundamental perspective, Couche-Tard is a must-own right now despite the fears of many that a bear market is around the corner.

The long-term resistance breakout is a bullish indicator. Add that with the impeccable same-store sales growth (SSSG) numbers, synergies juiced from its CST Brands and Holiday deals, and the recovery from a hurricane-plagued start to the year, and you’ve got a formula for an unstoppable rally.

Why won’t the recent weakness in the markets derail Couche-Tard stock?

The stock has a negative five-year beta, meaning that Couche-Tard is negatively correlated with the

TSX. And as the TSX corrected, Couche-Tard surged, as if shareholders didn't get the memo that stocks in aggregate were supposed to be selling off for any given day.

Gildan Activewear (TSX:GIL)(NYSE:GIL)

Like Couche-Tard, Gildan is another stock that's been consolidating in a channel over the past few years. As you'd imagine, the company has a ridiculously low five-year beta of 0.42, implying that the stock trades in its "own world" compared to your average stock whose Beta is closer to one.

Gildan stock recently surged past its July 2015 all-time high thanks in part to news that it won a major private label contract for men's underwear. The underwear deal was the talk of the town and not the third-quarter results, which were nothing to write home about.

Q3 2018 gross margins were fairly weak, and management's lowered guidance was definitely a cause for concern, but the dents in Gildan's armour for the quarter weren't enough to derail the underwear story.

Gildan is breaking out, and it's about time! The low-beta play is cheap and may be able to help keep your portfolio's head above water should 2019 be another nasty year.

Foolish takeaway

Couche-Tard and Gildan are breaking out after years in limbo. Both stocks are pretty undervalued right here and could be compelling bets if you're looking to reduce your portfolio's correlation to the broader market. If I had to pick one, I'd go with Couche-Tard because it has far more growth in the tank and I think management will have a few tricks up its sleeve for 2019.

Stay hungry. Stay Foolish.

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