



A Cheap Dividend Growth Stock to Start Your TFSA Retirement Fund in 2020

Description

2020 is shaping up to be another ridiculously volatile year with the looming U.S. election. But for Foolish investors, another surge in volatility is just an opportunity to discover mispriced stocks in depths of the **TSX index**.

As more attention is focused on less meaningful big picture events, I'd look to individual companies making significant strides that may not be fully appreciated by the market. Consider **Alimentation Couche-Tard** (TSX:ATD.B), a convenience store kingpin with the urge to merge.

The company has been doing a lot of things right at the company-specific level, but such progress has largely been ignored as investors seem to be grouping stocks together with little consideration for how individual companies themselves have been faring recently.

As Couche-Tard continues bolstering its same-store sales growth (SSSG) numbers while expanding its international footprint, high double-digit earnings growth numbers are to be expected as management looks to meet its goal of doubling profitability over the next five years.

In short, Couche-Tard has been firing on all cylinders, and I don't believe an economic downturn will be able to stop CEO Brian Hannasch and company from achieving its ambitious goals. Management continues to demonstrate that it's capable of delivering massive returns on invested capital and via very creative ways for a company that's typically been known as old-fashioned, low-tech, or boring.

Getting creative with comps-driving efforts

SSSG is a top performance metric to gauge how retailers are doing. And Couche-Tard has recently been impressing thanks to new food offerings in select stores and better catering to local tastes.

Couche-Tard hasn't just been giving customers what they want, however. They're reaching through to customers in an interactive way through engaging promos such as Circle K's "Rock Paper Prizes" contest, which has since been rebooted to include NHL stars from various Canadian teams.

Hockey-crazy customers can now play rock, paper, scissors against the likeliness of Bo Horvat or Brad Marchand, and win daily prizes like hotdogs, chips, Frosters, buy-one-get-one (BOGO) deals, and various other high-margin items, along with a chance to win a trip to the NHL all-star game.

The goal of the promo is to get customers in stores to redeem their free items and entice them with other products while they're in the store. Getting customers through the door is half the battle, and the contest is one of the most engaging and creative SSSG-driving initiatives I've seen, not to mention the contest itself is quite addicting and amusing!

A perfect stock to buy as we head into recession

As one of the few consumer staples on the TSX, Couche-Tard is a recession-resilient stock that can zig while the markets zag. The stock is inversely correlated to the broader markets with a negative beta of -0.23. Moreover, the dividend (currently yielding just 0.6%) can grow by double-digits, even amid tough economic times.

Fellow Fool [Kay Ng](#) praised Couche-Tard as a dividend stock to protect a portfolio from a recession, also highlighting the fact that the company had averaged 22% in dividend growth each year over the last 12 years.

Now that shares have corrected, I'd look to initiate a sizeable position before Couche-Tard has the opportunity to pull the curtain on results that could exceed expectations by a country mile.

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Date

2025/08/15

Date Created

2019/10/11

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