



Turn Your \$6,000 Annual TFSA Contributions Into \$78,000 With This 1 Blue-Chip Growth Stock

Description

I'm going to talk about how a \$6,000 investment in this one stock in October 2009 would have led to a \$78,000 value as of today, assuming all dividends were reinvested into stock. That equates to a monster 1,200% return over the past 10 years.

By any metric, this is top tier stock price performance. What's more, I'm going to tell you why this company [is about to deliver another similar decade](#) and investors who feel they have missed the boat on this one need not worry at all.

The catalysts for high growth have never been this plenty for **Alimentation Couche-Tard** (TSX:ATD.B), one of the world's best purveyors of convenience and fuel through a network of almost 20,000 stores worldwide.

Many people think that Couche-Tard is in the convenience store business and equates its brand to two AM fuel-ups at the "middle of nowhere" gas stations in random locations.

I'm here to tell you that Couche-Tard [is very much in the people business](#) and it's shown that it can continue to innovate to ensure its millions of customers don't just pull up at a gas station for fuel, but they actually stay for an entire meal and more.

Cannabis as the next big growth engine

My focus today is the cannabis sector, which is something that people don't associate with Couche-Tard today, but I guarantee you that the cannabis sector presents one of the biggest growth opportunities ever for the company.

People actually thought that electric vehicle charging stations would be the next big area of growth for the company, but that hasn't quite materialized.

As an investor, I worry when companies look at capital-intensive ways to grow because I just can't help

but feel that squeezing out a few more cents in net margin from every hot dog sale is a much less risky way to churn earnings growth globally.

However, the cannabis sector presents an exciting, viable and most important, “capital-light” way to create significant growth not only in Canada, but also in the U.S. and Europe in the areas where cannabis is already a legal product.

So, how would this actually work? Would Couche-Tard just stock up on a bunch of cannabis products right where it sells cigarettes? Nope, that’s not really the way to do it, at least not at the moment.

The company first needs to study the market, understand consumer trends, get their hands on top-notch consumer data on this topic and create expertise and skills in how to market cannabis appropriately, responsibly and in a long-term profitable way.

That’s easier said than done, however, which is why Couche-Tard was smart enough to turn to a strategic partner to help it better understand the industry.

Enter Fire And Flower Holdings

This is why they inked a financial and strategic investment partnership with **Fire and Flower Holdings** ([TSX:FAF](#)), one of Canada’s preeminent cannabis retailers.

Couche-Tard’s initial \$26 million investment in the summer of 2019 would initially give it rights to 10% of Fire & Flower’s equity, with the potential to increase its stake to 50.1% (majority control) in return for a total of about \$380 million in growth capital.

Fire and Flower is a different sort of cannabis stock because it has two strategic advantages over its competitors. The first is that it has some fantastic names in the Board of Directors, which is extremely important at this early stage to steer the ship in the right direction.

Don Wright is a Canadian corporate titan, who was formerly the CEO of TD Securities and a Deputy Chairman of TD Bank. Don serves as the Lead Director and he is only one example of the caliber of folks that are calling the shots at the top.

The second strategic advantage that Fire and Flower is focused on technology through its Hifyre digital retail and analytics platform. The Company has bagged more than 50,000 digitally-engaged customers in its first year and there is every indication that it can scale to a million digital customers in a couple of years.

The final verdict

The next big growth spurt for Couche-Tard will likely come from global cannabis sales. If history is any indication, I am looking for another insanely huge 1,200% return over the next 10 years. Smart investors will do well to accumulate shares under \$40 for a very happy decade of returns.

CATEGORY

1. Cannabis Stocks

2. Dividend Stocks
3. Investing
4. Top TSX Stocks

TICKERS GLOBAL

1. TSX:FAF (Fire & Flower)

PARTNER-FEEDS

1. Business Insider
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Date

2025/08/18

Date Created

2019/10/30

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