TFSA Investors: $6,000 Invested in These 2 Stocks Could Make You a Fortune in 15 Years

Description

TFSA investors that have yet to invest their 2020 contribution now have an opportunity to pay less to get more after the coronavirus market crash. So, if you've got an extra $6,000 lying around, you may want to consider initiating a position in the following companies that could stand to make you a small TFSA fortune over the next decade and beyond.

Without further ado, consider **Alimentation Couche-Tard** (TSX:ATD.B) and **Dollarama** (TSX:DOL), two defensive growth stocks that look severely undervalued given their ability to grow even through the worst of times.

Alimentation Couche-Tard: A defensive growth king that's perfected the growth-by-acquisition strategy

Couche-Tard is the epitome of M&A done right. The global convenience store kingpin doesn't make acquisitions for the sake of keeping analysts on the Street happy. Couche CEO Brian Hannasch and company are all about creating long-term shareholder value from every acquisition and are willing to sit on their hands until the perfect opportunity rolls their way.

I like to see Couche as the **Berkshire Hathaway** of the convenience store industry. Couche's brilliant management team has a knack for creating value from every acquisition they make. The price has to be right, and significant synergies have to be possible relative to the integration risks taken on, or Couche isn't going to sign on the dotted line.

The results of Couche's M&A track record speak for themselves. The company has grown its top- and bottom-line numbers at a sustained double-digit rate over the last decade, and I suspect similar high-ROIC growth (Couche averaged a 14.4% ROIC over the previous five years, while posting high double-digit sales growth) over the next decade, as the company looks to double net profits in five years.

After years of focusing on organic growth, we may see Couche return to acquisition mode, as it looks to expand its footprint into new markets.

You see, acquisitions don't create value per se.

They can destroy value if the acquirer pays too high a multiple. That's a major reason why the stock of an acquirer tends to sell-off on news of an acquisition. With Couche, which has proven it can create value via acquisitions, the stock tends to rally on news of acquisitions, and that's because Couche has the magic formula that few firms have when it comes to M&A.

Couche is one of few firms that can not only grow at a rapid rate, but it can grow profitability while maintaining a high ROIC.

Dollarama: Discount retailer at a compelling discount for TFSA investors

Dollarama is another defensive growth king that's endured tough times amid the coronavirus crisis. The discount retailer has been through its fair share of headwinds. While there's less of a runway to grow further in Canada, I see a compelling outlet within the Latin American market thanks to the firm's majority stake (barely majority at 50.1%) in Dollar City.

Moreover, I see an opportunity to grow comps within the Canadian market, as management looks to improve upon the in-store experience while keeping a stellar value proposition.

Fellow Fool Matt Smith applauded Dollarama's "robust fundamentals" that will hold up in the face of a pandemic: "Dollarama's solid balance sheet will further shield it from the difficult operating environment that exists for retailers," said Smith. "More importantly, by the end of March 2020, Dollarama had significantly boosted its liquidity. It announced that it had $490 million of cash on hand and a $135 million credit facility."

Smith sees Dollarama rising again once the pandemic is over, and I think he's right on the money.

While it's uncertain as to whether Dollar City will pay meaningful dividends over the medium term, I am a fan of the risk/reward tradeoff with shares trading at just over 18 times forward earnings. I think TFSA investors should consider buying today with the intention of holding for decades while the company navigates the rough waters en route to its next growth frontier.

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Date
2025/08/20
Date Created
2020/04/14
Author
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