September to Remember: 2 TSX Stocks I'm Hoping to Buy on a Dip

Description

After one of the best August months for the stock market in recent memory, September, historically the worst month for the equity markets, is shaping up to be a month to remember. With tech stocks leading the latest downward charge, I think investors should get ready to go shopping, as Mr. Market is likely to throw some perfect pitches — the likes of which haven't been seen since March.

Whenever you own shares of a company and you root for shares to go down in price so you can pick up more, you're in the mindset of an investment legend like Warren Buffett. **Alimentation Couche-Tard** (TSX:ATD.B) and **Bank of Montreal** (TSX:BMO)(NYSE:BMO) are two magnificent businesses that I'll be looking to buy more of should this September dip evolve into a correction or a crash.

There's no question that the stock market has been dragged lower by tech heavyweights. As the tides turn, value names like Couche-Tard and BMO stand to be taken unjustly taken down, and its such names I'll be ready to pounce on if we're in for a September to remember.

Without further ado, let's have a closer look at each TSX bargain to see which, if any, is worthy of your portfolio amid this market road bump. Both firms recently clocked in better-than-expected earnings and are in a position to continue exhibiting strength, regardless of what mood Mr. Market will be in tomorrow, next week, or next month.

Couche-Tard

Convenience store kingpin and M&A superstar Couche-Tard recently blew away the numbers, sparking a short-lived rally back to $46 and change. The big beat came a day before the broader markets fell into a downward spiral, breaking the promising win streak it had set for itself.

Management remains on track to double its profitability in five years. With ample liquidity, the company is on the hunt for its next elephant. Once it scoops it up, likely amid this crisis, Couche will break out, given its track record for unlocking tremendous value from every deal it makes.

For a company that recently beat the consensus by a staggering 75%, I find it absolutely ridiculous that the stock is back on the retreat alongside the broader markets and think contrarians have an opportunity to pay three quarters to get a dollar, so to speak.

The pandemic-resilient retailer trades at just 0.8 times book value and 14.8 times trailing earnings, both of which are just absurd considering the low-risk double-digit earnings growth you'll stand to get from the name. I think Couche is beyond undervalued and hope shares retreat further, so I'll be able to buy even more shares of one of my favourite defensive growth stocks on the entire **TSX Index**.

Bank of Montreal

Bank of Montreal is another premium blue chip that blew away the numbers in its latest quarter. Unlike Couche, which blew away the numbers, BMO bounced sharply on better-than-feared numbers.

For a bank that had led the downward charge back in February and March, I thought the chances of such a needle-moving beat was high. With shares retreating alongside the tech-heavy U.S. indices alongside an injection of bearish sentiment following Warren Buffett's bank stock sales, I'd say now is the perfect time to get in on a Dividend Aristocrat with a nearly 200-year-old dividend while it's trading at book value.

BMO is my favourite bank for your buck, and if shares continue to retreat after its strong third quarter, I'll be stepping in to build my contrarian position. BMO's adjusted return on tangible common equity was clocked in at 11%, which is stellar considering the macro headwinds the bank was up against. With the CET1 ratio on the mend (11.6% up from 11% quarter over quarter), I think BMO stock has a considerable margin of safety at this critical market crossroads.

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