



## Turn \$6,000 Into \$10,000 in 2 Years With My Top Value Pick for December

### Description

Young TFSA investors should always seek to take [calculated risks](#) when it makes sense. That doesn't mean speculating on the price of Bitcoin or a pie-in-the-sky growth stock, though. Doing so drastically increases the odds that you could lose your shirt should you end up being the one that holds the bag in a game of greater fools (that's based on the greater fool theory, not us here at The Motley Fool!).

Instead of seeking out the ["sexy" play](#) at any given time, I'd encourage investors to look to the areas of the market that most other investors have given up on, as that's where the deepest value may be at any given instance. At the same time, you don't want to reach out to catch a falling knife in an industry that's in secular decline, such as the fossil fuel industry. Warren Buffett's old cigar-butt approach to picking stocks doesn't result in optimal results over the long run.

### Take a page out of Warren Buffett's playbook

If you want to beat the markets while tilting the risk/reward trade-off in your favour, you should seek wonderful businesses with solid long-term track records that have been temporarily thrown in the bargain bin. As the great Warren Buffett once said, it's better to buy a wonderful business at a fair price than it is to buy a fair business at a wonderful price.

This piece will have a look at top Canadian stock in the latter camp. The name is currently out of favour today, despite still having stellar long-term fundamentals that are as strong as ever. While investors draw too much focus on broader market trends such as the recent vaccine-driven rotation out of defensives, stock pickers like you have a chance to scoop up the name at what I believe to be a considerable discount to its intrinsic value.

### A wonderful business at a wonderful price

Without further ado, consider **Alimentation Couche-Tard** (TSX:ATD.B), a bruised but robust stock that can help improve your odds of turning your \$6,000 TFSA contribution into \$15,000 within the next three years or less, as we inch closer to a post-COVID world.

Couche-Tard is a rare breed, indeed. It's a defensive growth stock that's both recession and pandemic resilient. With a handful of remarkably effective vaccines on the cusp of rolling out, investors have turned their attention to the COVID recovery plays while ditching the defensives, including the likes of the top-performer Couche-Tard.

The defensives just aren't sexy as they used to be amid the latest increase in the risk appetite. As you may know, a bear market is never too far away. Oftentimes, the bear rears its ugly head when investors least expect it, driving up the price of admission to such defensive growth names as Couche-Tard. If you're lacking in defensive growth positions or want a stock that's priced at a severe discount to its intrinsic value, I'd buy Couche following its mixed post-earnings reaction.

## **Alimentation Couche-Tard: Earnings fly above expectations, but the rotation out of defensives halted its rally**

The company clocked in a stellar quarter, handsomely beating the Street on the bottom line. Despite this, the stock pulled back modestly post-earnings, because investors seem overly focused on the broader market rotation that's opened up compelling bargains within the unloved defensives.

At 13.3 times trailing earnings, Couche looks like a steal. The latest quarter, I believe, came for free. As we head into December, Couche-Tard stock is my top pick before the risk rotation has a chance to exhaust itself.

## **Foolish takeaway**

If you seek to turn your \$6,000 TFSA contribution into \$10,000 in two years, you'll need to average an annual return just shy of 35%. Couche is well on its way to doubling its profitability in five years, and its stock still suggests that investors think it's a far-fetched target that will not be reached. I'd say the target will be hit, and the stock could be in for a combination of blowout quarters and multiple expansion en route to \$70.

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