Bracing for Market Volatility? Invest Like Warren Buffett in This Top TSX Stock

Description

In a recent article, I pointed out that Warren Buffett's "greed indicator" was at all-time highs. This indicator takes the total value of the U.S. stock market and divides by the size of the U.S. economy. On this metric, stocks are more overvalued than ever. This has led to some speculation the market is overdue for a serious correction or even a crash. When stocks are approximately 50% more richly priced than during the dot-com bubble crash, this is to be expected.

Okay, so what do we do? Is now the time to sell everything and go into cash?

Nope. I think we should follow in the footsteps of Warren Buffett and take a breather. Being "fearful when others are greedy" is different than panicking.

He's staying invested, and so should we

Warren Buffett isn't running for the hills. He isn't selling everything and waiting for a crash. The Oracle of Omaha remains invested and continues to look for value in every market.

I think fellow Fool contributor Joey Frenette hit the nail on the head on this point in a recent article. He wrote, "Nobody can time the markets — not Warren Buffett and certainly not the market strategists on television. With that in mind, investors should seek to grab the bargains that they do see in a market, regardless of what anybody else says the markets will do over the near term."

Yes, stocks are expensive today. For companies that have run too far too fast, trimming one's portfolio (as Buffett has done) may make sense. After all, nobody ever go hurt taking a profit.

Rebalancing one's portfolio into defensive companies and those that hold good value today is the way to go. This brings me to one of my top TSX picks for value investors.

This top TSX stock has great value today

I think one company Warren Buffett would like from a value perspective is **Alimentation Couche-Tard** (TSX:ATD.B).

Couche-Tard is an aggregator of gas stations and convenience stores. The company has grown via an acquisition model that has made Couche-Tard one of the global giants in this sector.

Given pessimism around the long-term outlook for gasoline sales, Couche-Tard stock has reflected value for some time. Some investors believe EV charging stations are the place to invest right now, and getting as far away from companies like Couche-Tard as possible is the way to go.

That said, I think there's a lot to like about this company's long-term growth prospects when we look at Couche-Tard's overall business. Couch-Tard's excellent gross margins come primarily from its convenience store business, which is where the company has been expanding aggressively in recent years. In fact, the company's recent offer for French grocer **Carrefour** that spooked the market was indicative of this shift toward a convenience store tilt in the company's business model.

I think Couche-Tard has a tremendous amount of long-term growth potential, despite the naysayers today. The company's incredibly cheap stock today (less than 16 times earnings, with a return on equity in excess of 25%) ought to make this a top pick for any long-term value investor today.

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