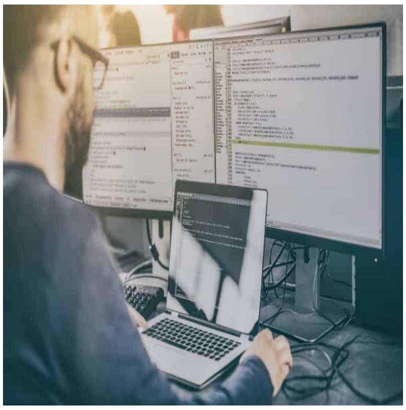

Warren Buffett: Hold Steady and Buy the Dips

Description

Warren Buffett didn't just wake up one morning and was suddenly the greatest investor of all-time. He had to work for that distinction over decades.

His investment style is one I consider to be timeless. Focusing on long-term value, while taking into consideration the moat (durable competitive advantage) of his investments is a winning strategy. Holding these stocks and not selling — that's harder for many investors to do.

Indeed, with stocks priced where they are right now, investors may be tempted to take their profits and run. However, that's not the Foolish way to invest.

By allowing for compounding to take place, one needs to be patient. Locating great companies at a reasonable price? That's more difficult.

In this article, I'm going to talk about why I think **Alimentation Couche-Tard** (TSX:ATD.B) fits this profile.

Couche-Tard's value is supplemented by great growth prospects

For a growth-by-acquisition company, Couche-Tard is incredibly cheap right now. The stock trades at a mere 15 times earnings, despite a solid growth profile.

Indeed, I think this company is one of the best capital allocators in Canada.

However, Couche-Tard's stock price took a hit recently on the announced acquisition offer of French retailer **Carrefour**. It seems the market is still digesting the failed offer. Some may believe there's a small chance French regulators could be persuaded to do the deal.

Others may be concerned about the potential for Couche-Tard to be moving away from its bread-and-butter business model. Indeed, Couche-Tard is a convenience store and gas station operator. This move would have significantly changed the company's composition. A tilt toward traditional retail vs. convenience has been frowned upon.

However, I think this offer indicates some positive catalysts investors should consider. Couche-Tard realizes it needs to transform its business model for long-term growth. Gas stations are great today, but growth in the EV market may make Couche-Tard a tough sell for ESG investors.

Additionally, given how successful Couche-Tard has been in improving the margins and returns of its acquired convenience store chains, this move makes sense. I would think Couche-Tard's convenience store business model would translate nicely into retail. It appears the market begs to differ.

Bottom line

Investors looking for growth at a reasonable price ought to consider Couche-Tard right now. The company has built a competitive advantage around its business model. Accordingly, this company has been able to generate outsized profitable growth for investors for decades. I'd encourage all investors to check out the long-term stock price chart of Couche-Tard for an illustration on this point.

This is a stock that has traded sideways for some time, providing a nice entry point for "Buffettesque" investors.

CATEGORY

1. Dividend Stocks
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1. growth
2. growth stocks
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1. TSX:ATD (Alimentation Couche-Tard Inc.)

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2025/07/06
Date Created
2021/02/20
Author
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