



1 Top TSX Stock Investors Should Consider Right Now

Description

Alimentation Couche-Tard (TSX:ATD.B) continues to be one of my [top picks](#) on the TSX right now. Yes, this stock has underperformed as of late. Nevertheless, I believe that it remains an excellent option for investors based on various metrics.

It's hard for investors seeking value to ignore Couche-Tard's valuation today. Indeed, this stock is a bargain at this price. Furthermore, the company's growth-by-acquisition strategy will certainly appeal to growth investors.

Here's more on why I like this stock right now.

Ignore Couche-Tard's dividend yield; it's a growth play

For investors looking for growth at a reasonable price, Couche-Tard is an ideal option. Indeed, it's extremely difficult to find cheaper stocks that are of the same quality. The company's dividend yield is under 1% as of today, which certainly isn't attractive. Furthermore, Alimentation Couche-Tard announced dividend cuts two years back.

Yes, some investors might not want to take position in this stock after hearing this. That said, investors ought to note that this is less of an income play and more of a growth play. Hence, the dividend should be looked upon as a freebie. Nevertheless, I believe that there's room for investors to be optimistic today. Indeed, before announcing the cuts, this company had increased its dividend twice. Furthermore, since there's a lack of deal flow, Couche-Tard may be able to raise its yield further.

That said, today, I think that investors are banking on the company to grow by making more acquisitions. Thus, it appears that this stock is more suitable for investors who are seeking growth today.

Couche-Tard should continue to focus on strategic diversification

I believe that the market is mistreating this company right now. Undoubtedly, the failed acquisition of **Carrefour**, a French retailer, was a major blow. Indeed, this spooked the investors; I think that either the bid was too high or this strategic diversification was unexpected. Nevertheless, investors haven't responded kindly as of yet, which comes as a surprise to me. It seems that they did not take the company's move into retail that well, as there was a lot of resistance.

Nevertheless, like I've mentioned before, I think that it was an extremely prudent move made by the company. Indeed, investors need to take into account that the gas station business is likely to be in secular decline over the long term. Thus, it appears Couche-Tard's highly efficient management team is already looking to boost the company's future growth. I am convinced that this an excellent option for investors who have a long-term investment horizon.

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