The Top Canadian Stock to Buy in September 2021

Description

These days, the biggest risk to Canadian investors has been taking a raincheck on undervalued Canadian stocks in anticipation of a correction in the **TSX Index**. Some very smart people and investment banks have been calling for a pullback for quite some time now. And if you'd listened to them, you would have missed out on continued gains in one of the most robust market rallies in quite a while.

By being caught on the sidelines with too much cash, you'll feel the full impact of higher inflation. It may or may not be transitory, as the Fed seems to think. If it sticks around, the only thing you'll be guaranteed is that your cash will lose purchasing power at a quicker rate. Waiting for corrections before deploying cash to work in common stocks sounds prudent. But it's really not, especially given the heightened opportunity costs of stashing cash in a low-interest savings account, which offers you next to nothing on the return front.

Inflation hurts: Canadian stocks, not cash, are a great place to go in September 2021

Ironically, it's those who play it too cautiously by overweighting cash that could have the most to lose, with inflation in the troublesome 3-6% range (3-4% in Canada and 5-6% in the U.S.).

We'll learn more from Fed chair Jerome Powell himself during the Jackson Hole meeting. The meeting could take a hawkish turn, so do have some cash on the sidelines. But please don't overweight your portfolio with the intention of putting it during the next market "bottom." Such prudence is actually timing the market and is quite possibly one of the worst things a new investor can do if they plan to retire on or ahead of schedule.

Without further ado, consider the following name, which reeks of momentum, growth, and value.

Alimentation Couche-Tard: How to do M&A right!

Alimentation Couche-Tard (TSX:ATD.B) isn't only my favourite Quebec-based company; it's my top Canadian holding in my personal portfolio, and for good reason. The Canadian stock is a growth, value, and, most recently, a momentum play. Who says you can't have all three rolled into one?

The beloved Canadian convenience store kingpin that's historically grown via M&A is a king at creating synergies. Investors know that when the company makes a deal, value is very likely to be created, and that's why deal announcements have tended to act to move the needle higher in the name.

Given premiums paid for acquisitions and the integration risks brought on, acquirers tend to get punished, not rewarded, by investors. What separates Couche-Tard from other serial acquirers is that management is 100% about value creation, not impressing sell-side analysts covering the name.

Room to run for the top Canadian stock!

This week, Couche-Tard acquired 35 Porter's convenience stores just weeks after scooping up Wilsons Gas and Go! stores. As I'd predicted previously, Couche-Tard was likely to put its cash and credit to work on smaller, bite-sized deals with greater frequency. And that's exactly what looks to be panning out.

The momentum behind Couche-Tard stock, I think, is just getting started. The valuation leaves room to run, and as investors start taking the growth company seriously again, I wouldn't want to be left sitting on the sidelines, regardless of where the broader market heads into year-end. As a bonus, the convenience store giant has pricing power, which could help investors ground their portfolios in an inflationary environment.

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