



Canadians: 2 of the Best Stocks to Watch Today

Description

The Canadian stock market is finally getting its moment to [outshine](#) its bigger brother, the **S&P 500**, after many years of lacklustre performance. Indeed, higher energy prices and strength in the financials sector have helped keep the **S&P/TSX Index** buoyed, while the major indexes south of the border sank.

Undoubtedly, this is not the kind of outperformance that investors desired. And unfortunately, with all of the horrific news surrounding the invasion of Ukraine, there's a chance that the TSX's year of outperformance could be in the grey or even slightly in the red. It's really hard to tell what the next course is for markets, but for those who want to take a step back to focus on value or "profitable growth at somewhat reasonable prices," the case for buying Canadian has never been better.

In fact, American investors reading this piece may be enticed to swap some greenbacks for loonies as they look to capitalize on what I see as higher [relative value](#) in the north! Arguably, such names have not gotten nearly as much hype from retail investors. As investors consider value above all else (especially sales growth!), I expect names like **Alimentation Couche-Tard** ([TSX:ATD](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) could be the new class of winners.

Alimentation Couche-Tard

Couche-Tard is the epitome of a "growth at a reasonable price" type of stock. The company is not exciting in the slightest, at least on the surface. It's a convenience store giant that's grown primarily via M&A activity. Of late, though, the pace of acquisitions and dispositions has slowed. With a shift of focus on adapting to the new age of convenience retail and a bit more effort placed on improving organic growth (same-store sales), many investors may stand to misunderstand the company.

One thing is clear: management has a knack for creating value from its acquisitions. The pace of acquisitions has gone down, likely due to stretched valuations. Though Couche had not made the headlines of late nearly as much as it used to when it was wheeling and dealing on a somewhat regular basis, it's worth noting that the balance sheet has improved such that it could take advantage of a bargain if it saw fit.

With markets plunging, I think Couche-Tard could have a shot to really get a great bang for its buck. In the meantime, investors seem confused as to what will happen to the firm's sales once EVs become mainstream. Given progress in EV-mature markets, I think concerns are overblown, and ATD stock may be a relative bargain in a market environment that cares more about value and less about "sexy" stories or promises of growth.

Bank of Montreal

Bank of Montreal is another boring stock you won't hear mentioned around the water cooler. It's a big bank that I think has one of the more underrated managers out there. The Bank of the West deal, I think, could bolster the firm's growth prospects as it looks to cash in on what could be a multi-year run for the banks.

Indeed, higher rates and a still-robust economy could paint a "Goldilocks" type of picture. Though BMO stock has outpaced some of its rivals, the stock is still relatively cheap at just 12.4 times trailing earnings. With a 3.7% dividend yield and a recent 25% dividend hike, I think BMO could find itself being one of the "sexy" stocks for an era of rising rates and resilient economic growth.

BMO has risen out of the COVID crash in a big way. I think it's still just getting started.

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