



Couche-Tard: 1 of the Best TSX Stocks to Buy for the Rest of 2022

Description

The growth trade is no more, with rising rates deflating many of the bubbles out there. While there's no telling how high the Fed or Bank of Canada will raise rates over the next two years, I think that inflation leaves them no choice but to hike rates, even if it means jeopardizing employment growth enjoyed in the years rising out of the COVID recession.

Undoubtedly, inflation is not good for anyone. Though a recession could be in the cards as soon as 2023, investors need not fear, as not all growth stocks are made the same. Some can better dodge and weave through the hits of rate hikes and inflation. Finally, should a worst-case outcome in stagflation happen, the following “stealthy” growth stocks seem like great buys, as they’re all-weather types of investments — the types that Warren Buffett likes to hold forever, and the ones that don’t tend to blow up in investors’ faces.

Though we’re not yet in a bear market for the TSX Index or S&P 500, it certainly seems like it for some self-guided stock pickers. Many stocks are down well over 40% from their highs. Most such companies either have management troubles or are simply caught on the wrong side of the growth-to-value rotation. In this piece, we’ll look at one top TSX earnings growth stock with a modest multiple.

Alimentation Couche-Tard: A buy at near all-time highs

Alimentation Couche-Tard ([TSX:ATD](#)) is a convenience store giant with a management team that deserves a round of applause. Despite its growth-by-acquisition background, the firm has been mostly quiet as its cash pile swelled in size over the years. What’s the reason for the silence? Though two big-league acquisitions fell through, a major reason Couche hasn’t been nearly as active on the acquisition front is likely due to a lack of bargains.

Couche-Tard is all about bagging the biggest bargains. If there are no synergies to be had, management is not afraid to sit on its hands. That’s respectable, especially given how euphoric markets were in the back half of 2020. Its patience could pay off in a big way, as the market sags lower in this vicious selloff that’s spread from tech to almost everything.

Couche has steadily risen to new highs, as most other stocks crashed. How? It has a healthy balance sheet and will be ready to take advantage of bargains in the convenience store or grocery space as they come along. Further, the company hasn't been sleeping as it waits for the right deal to pounce on. The firm has bolstered inorganic growth with the inclusion of fresh food, among many other intriguing merchandise, including private-label offerings.

Bottom line

Couche-Tard has really smart people running the show. It's not a mystery as to why the stock has [rallied](#) in the face of a market pullback. As [valuations](#) improve across the sector, look for the convenience store giant to start acquiring again. It has a tonne of liquidity, but management isn't itching to put it to work unless there are synergies to be had.

Couche-Tard is the epitome of a wonderful business in my books.

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