2 TSX Stocks That Could Make You Rich by Retirement

Description

It has been a tough year for **TSX** stocks. There is plenty of bad news for the stock market to digest. Yet, if history serves correctly, human ingenuity will prevail. As difficult as it is to imagine, this too shall pass.

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A great time to buy TSX stocks for retirement wealth

The good news is that stock prices have fallen, and valuations have significantly improved this year. That means that if you have capital to invest, your chances of higher returns over the longer term have significantly improved. Nobody knows what the TSX stock market will do in six months to a year.

Buy good companies at fair valuations and then hold them for years or even decades and you can do very well. If you are looking to build wealth for retirement, two TSX stocks you may want to consider owning are **Alimentation Couche-Tard** (TSX:ATD) and **Brookfield Asset Management** (TSX:BAM.A).

Alimentation Couche-Tard

Alimentation Couche-Tard owns an international portfolio of convenience stores and gas stations. It operates highly visible and well-known brands like Circle K, Couche-Tard, and Ingo. In contrast to the TSX, its stock is up 16% in 2022. Over the past 10 years, ATD stock has risen nearly 680% (or 22.8% annualized).

The company has grown by consolidating convenience store operators and implementing its smart branding strategy. Lately, acquisition growth has slowed, but Couche-Tard has been delivering strong internal growth.

It just announced strong second-quarter results. Revenues rose 18.7% to $16.9 billion and earnings per share increased 21.5% to $0.79. Strong fuel margins and modest merchandise sales growth helped drive the improvement. The company raised its quarterly dividend by 27% to $0.14 per share.

Likewise, it bought back over $200 million of stock in the quarter.

While this TSX stock is up this year, it looks fairly valued with a price-to-earnings ratio (P/E) of 17. This remains below its 10-year average P/E of 19.3. For investors with a longer time horizon, the convenience store chain looks like a decent buying opportunity today.

Brookfield Asset Management

Brookfield Asset Management is a premier alternative asset manager around the world. With over $750 billion of assets under management, Brookfield's investments span real estate, renewables, infrastructure, private equity, insurance, and debt.

Brookfield continues to aggressively pursue its growth plan. Notably, it is targeting $2 trillion of assets under management by 2027. Recently, Brookfield's CEO, Bruce Flatt, noted that it is on track to compound annualized distributable earnings by 25% in the coming five years. Undoubtedly, if it can do this, shareholders should stand to do very well.

This TSX stock is down 21.7% this year and trades at a valuation far below its historical average. BAM.A trades at a substantial 20% discount to its current net asset value (NAV) right now.

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To close this valuation gap, BAM is set to spin off a 25% stake in its asset management business. This is set to occur on December 9. Many analysts expect the divestiture to reveal a significant amount of value over time. Right now may be a great time to start, or add to, a position in this high-quality TSX stock.

CATEGORY

1. Investing
2. Stocks for Beginners

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2. TSX:BN (Brookfield)

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