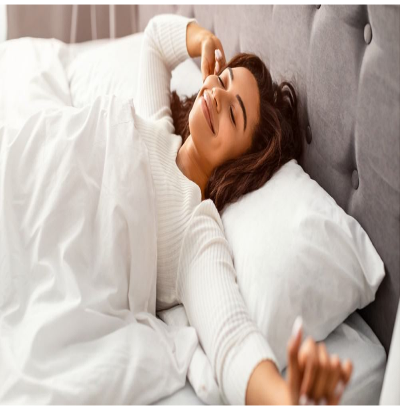

These Stocks Make Me Yawn: They Also Make Money

Description

After last year's brutal selloff in hyper-growth stocks, Canadian investors should be inclined to give the boring (but beautiful) stocks another look. Indeed, boring stocks aren't going to make you rich, with the types of euphoric run-ups we saw in 2020 and 2021. At the same time, shares are less likely to implode in such a hurry as hyper-growth plays did through most of 2022. Indeed, tech has shown life thus far in 2023. But it's unclear as to what the next course will be for the many names that have become tougher to evaluate in a world where high rates are the new normal.

What goes up over a concise period of time can come down in an equally, if not sharper, timeframe. Gravity has returned to Bay and Wall Street. With that in mind, it's a better idea to look to value stocks that have fundamentals to keep them afloat. By fundamentals, I mean profitability prospects in the present, not "sexy" growth stories or promises of market dominance 10-20 years from now. It's hard to tell the future, after all!

In this piece, we'll have a closer look at two boring stocks with impressive growth prospects over the near to medium term. Even with the recession considered, I consider both names to be a great value at today's levels.

Consider **Dollarama** (TSX:DOL) and **Alimentation Couche-Tard** (TSX:ATD).

Dollarama

Dollarama is the dollar store we, as Canadians, all know and love to shop at amid inflationary pressures. Undoubtedly, everybody has felt the pinch of inflation. As Warren Buffett once put it, "inflation swindles almost everybody." What separates Dollarama from the pack is its ability to manage inflationary pressures.

Further, Dollarama may be one of the few companies that actually isn't feeling the pinch as hard as many peers. Amid rapid price rises, Dollarama has been a safe haven to save money. Consumers are in search of price certainty, and Dollarama can still provide it, even with the odd price hike thrown into the equation.

As inflation fades and a recession looks to take its place, look for Dollarama to keep on rolling. The company is slowly but steadily expanding across the nation, all while it improves the in-store experience and value proposition.

Dollar stores may be boring, but slow and steady wins the retirement race, in my books. In that regard, Dollarama is a great long-term holding for any young investor. The stock goes for 30.6 times trailing price to earnings, which is pretty fair, given Dollarama's defensive growth profile and its inflation-fighting abilities.

Alimentation Couche-Tard

Couche-Tard is a convenience store firm that offers less in the way of price certainty versus Dollarama. But at the end of the day, it offers convenience.

In essence, Couche-Tard saves consumers time, and, sometimes, money, with the odd sale or promotion. In recent years, Couche-Tard has really improved its merchandise mix, with private-label brands helping inflation-hit consumers save a buck or two.

Looking ahead, I'd look for Couche to improve the in-store experience, with a focus on merchandising. Meanwhile, the company may be inclined to finally scoop up a rival at a discount now that the winds of recession have worked their course. At around $61 and change, I view Couche as a boring growth stock that could lead to outsized gains in 2023.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:DOL (Dollarama Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date
2025/08/13
Date Created
2023/02/10
Author
joefrenette