New Investors: 2 Stocks to Buy Today for Years of Growth

Description

It's easy to get a bit excited, as the markets start acting constructive again. Year-to-date gains are continuing to hold up, although the momentum behind this relief rally has started to fade a tad. Regardless, new investors must look through to the next three years for growth, rather than chasing gains to be had over the next few months. Like it or not, a recession is ahead, and earnings may still be weighed down.

Just because headwinds are moving in, though, does not mean there's no money to be made with some of the more resilient companies out there. After a rough 2022, expectations have been lowered. In some cases, quite substantially. With such low expectations could accompany an "easier" time delivering quarterly results that are better than feared.

In an environment where many are aware of the risks, expectations tend to be low. Sometimes, expectations are too low such that the risk/reward scenario is still good for new investors looking to dip a toe in the choppy market waters.

In this piece, we'll look at two stocks that seem to have growth profiles unlikely to be derailed by a 2023 recession. Consider shares of **Alimentation Couche-Tard** (TSX:ATD) and **Barrick Gold** (TSX:ABX).

Alimentation Couche-Tard

Alimentation Couche-Tard is a convenience retail consolidator that's been remarkably resilient through the recent wave of headwinds. Undoubtedly, inflation and economic worries have weighed heavily on consumer wallets. Still, it's clear that convenience remains a top priority for many. Further, Couche-Tard has done a great job of improving its merchandising mix over the years. Private-label brands, in particular, have helped consumers fight off inflation.

As electric vehicles (EVs) hit the roads in increasing numbers over the next decade, look for Couche-Tard to continue improving upon its same-store sales growth, with the inclusion of fresh and hot food to get more foot traffic in doors.

Sure, fuel sales could begin to gradually wind down over the next 10-20 years. However, Couche has plenty of time to adapt, as higher-margin merchandise looks to gradually contribute to a growing slice of the overall earnings pie. Add the potential inclusion of cannabis sales and potential acquisition opportunities, and it’s tough to pass up on the name, even as it flirts with new highs.

At 17.1 times trailing price to earnings (P/E), Couche-Tard stock may still be discounted relative to its long-term growth. Nobody knows what comes next for Couche on the mergers and acquisitions front. Regardless, investors can have faith that every dollar will go to good use, given management’s value-oriented focus.

Barrick Gold

Barrick Gold may not have the same kind of long-term momentum behind it as Couche. However, it does offer a great entry point for investors following its latest 10% correction.

Indeed, gold has pulled back meaningfully, weighing on the top miners like Barrick. For those who lack exposure to gold, I think now is as good a time as any to punch your ticket into a quality miner like Barrick.

It’s hard to tell where gold (and Barrick, which tends to amplify gold price moves) will end up. Regardless, I’m a fan of the 3% dividend yield and the low 0.15 beta (meaning shares are less volatile than market averages). At a 16.5 times trailing P/E multiple, Barrick shines as a terrific hedge for those who acknowledge today’s hefty slate of market uncertainties.

CATEGORY

1. Investing

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

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