



## 2 Top Stocks for the Holiday Season

### Description

The holidays are just around the corner, and investors are wondering which names are likely to benefit.

The first place people often look is the gift retailers, but other names in the retail space might be safer picks.

Here are the reasons why I think investors should consider **Dollarama Inc.** ([TSX:DOL](#)) and **Metro Inc.** ([TSX:MRU](#)).

#### Dollarama

The Canadian economy is looking a bit shaky right now, and consumers are starting to tighten their belts as they head into the holiday shopping season.

One store that is sure to benefit is Dollarama.

If you walk into any of the company's outlets at this time of year, you will see every possible decoration one could imagine, and all items are available at extremely attractive prices.

Canadians love to decorate for the holidays, and the budget goes a lot further at Dollarama than it does at some other retailers.

The great thing about all this seasonal traffic is that people tend to pick up other items once they enter the store, such as chips and chocolates needed for the parties and stockings.

The items are cheap, but what about the stock?

At 35 times earnings, Dollarama certainly isn't on sale, but the name is a solid holiday bet and one that is worth holding. Investors who put Dollarama in their stockings five years ago are sitting on a 500% gain.

#### Metro

Metro operates more than 600 grocery stores in Quebec and Ontario under the brand names of Metro, Super C, and Food Basics. The company has the full spectrum of consumers covered, from the high-end spenders to the discount shoppers.

The holiday season means big meals and family gatherings, and that tends to add a lot of extra items to the shopping list. As with Dollarama, Metro sees a nice surge in snack sales and those items normally carry decent margins.

Metro also owns 250 pharmacies that do well as the winter season arrives.

Management is focused on controlling costs and finding ways to bring more people into the stores. Fiscal Q4 earnings came in 13.9% higher than the same period last year, and investors should see the strong results continue.

Investors who gave themselves Metro's stock as a gift five years ago have watched the investment grow 150%.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:MRU (Metro Inc.)

## Category

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