2 Clothing Stocks That Can Bolster Your Retirement Portfolio

Description

The S&P/TSX Composite Index got off to another rocky start on August 13. A week after Canadian markets were roiled by the ongoing spat with Saudi Arabia, the Turkish lira crisis injected more anxiety into global markets.

Last week, I'd focused on socioeconomic trends within Canada that could impact those looking ahead to retirement. Ongoing geopolitical trends are also a concern, but that does not mean investors should pigeonhole themselves and retreat to low-risk income plays. Today, we are going to look at two stocks in the clothing sector that offer top-shelf growth and income, respectively.

Canada Goose Holdings (TSX:GOOS)(NYSE:GOOS)

Canada Goose stock has dropped more than $20 in value from its all-time high as of close on August 13. Shares surged above the $90 mark after the company released its fiscal 2018 fourth-quarter and full-year results on June 15. The stock is still up over 80% in 2018 so far. Canada Goose is up over 300% from its initial public offering price of $17 back in March 2017.

The explosive growth of the Canada Goose brand in domestic and international markets has given the company much of its shine. More impressive has been the balance it has struck in a challenging period for retailers. Last year, Canada Goose leadership laid out its intention to bring direct-to-consumer revenue to 50% of its total. In its 2017 annual report, the company said that a jacket sold through its e-commerce channel provides two to four times more operating income.

For the full year in fiscal 2018, direct-to-consumer revenue rose 121.3% from FY 2017 to $255 million. This represented 43.1% of revenue compared to 28.1% in the prior year. Canada Goose has done a terrific job executing its strategic vision so far and has laid out a promising expansion into Asia-based markets. The stock has become even more attractive after shares have exhaled in July and August.

Gildan Activewear (TSX:GIL)(NYSE:GIL)

Gildan Activewear is a Montreal-based manufacturer of basic apparel. Shares are down 2.4% in 2018 so far, but the stock spiked following the release of its second-quarter results.

Gildan reported adjusted diluted earnings per share of $0.52 in the second quarter, which was up 6% from the prior year. The company reported organic net sales growth of 7%, and international sales shot up 35% compared to Q2 2017. In the second quarter, Gildan generated $98 million in free cash flow and expects to generate $425 million for the full year. It originally posted full-year guidance of over $400 million.

The jump in net sales was powered by a 17.3% increase in activewear sales. This jump was due to an increase in shipments to global lifestyle brand customers and improved shipments of "imprintable products." International sales saw all sectors perform well.

The board of directors announced a dividend of $0.112 per share, which represents a 1.3% dividend yield. Although Gildan does not offer the explosive growth seen at Canada Goose thus far, the stock provides an attractive mix of long-term capital growth and a modest dividend.

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