



2 TSX Stocks for Long-Term Wealth Creation

Description

Are you planning to invest in equities and are confused about which stocks to buy? Here are a couple of TSX stocks that should do well in the long term.

Aritzia

Investors with patience to endure the short-term volatility should consider investing in **Aritzia** ([TSX:ATZ](#)) stock for substantial gains in the long run. Aritzia's power-packed financial performances in the past and strong future growth catalysts make it a perfect investment for wealth creation.

Take its revenue growth as an example, which has increased at a CAGR of 17% since fiscal 2010. Besides strong revenue growth, Aritzia's adjusted EBITDA and adjusted net income have grown at a CAGR of 14% and 15%, respectively, since fiscal 2017.

In the [most recent quarter](#), Aritzia's comparable sales increased by 8.9%, marking 22 consecutive quarters of positive growth. Meanwhile, on a three-year-stacked basis, Aritzia's comparable sales registered an increase of 24%. Aritzia's net revenues and adjusted net income rose by about 6% and 16% during the same period, reflecting growth across all regions and channels.

While traffic at its boutiques could stay low owing to the COVID-19 outbreak, its e-commerce channel sales are likely to mark exceptional growth. Management projects a 150% increase in its e-commerce sales in the first quarter of the current fiscal year. However, e-commerce sales won't be able to offset the decline in store sales.

Aritzia's challenges are short term and transitory, while its long-term growth prospects remain strong. Aritzia should continue to benefit from its exclusivity and loyal patronage. Meanwhile, the expansion of boutiques, primarily in the U.S., and acceleration in the e-commerce business should support its future growth.

Not only are its revenues expected to increase, but Aritzia's margins are also likely to benefit from cost efficiencies and price restructuring initiatives. Aritzia's financial position remains strong, with ample liquidity and no short-term debt maturity.

Aritzia stock has increased by about 20% [since I recommended it on May 12](#). However, Aritzia has a lot of power left and is likely to generate stellar returns in the long term.

Jamieson Wellness

Jamieson Wellness ([TSX:JWEL](#)) is my top stock pick for June. JWEL stock performed exceptionally well with COVID-19 pandemic having no impact on it. Jamieson stock is up about 25% so far this year and has increased by 67% in one year, outperforming the broader markets by a significant margin.

Jamieson Wellness, being the leading manufacturer and distributor of health and wellness products, is benefiting from increased demand. Further, the demand for its vitamins, minerals and supplements is likely to sustain in the long run, providing strong support for future growth.

Besides the favourable industry trend, Jamieson Wellness should gain from product innovation and international expansion, primarily in the U.S. and China.

Investors should note that Jamieson Wellness stock trades at a higher valuation multiple. However, its premium valuation is warranted, thanks to the exceptional growth in the past and future growth potential.

Jamieson Wellness's revenue growth rate is accelerating. For instance, its top line increased at a CAGR of 7.4% in the last 20 years. Meanwhile, revenues have grown at a CAGR of 11.6% over the previous four years. In the most recent quarter, Jamieson's top line marked an increase of 16.5%, which is encouraging.

With higher revenues and operational efficiencies, Jamieson Wellness's margins are likely to expand in the coming quarters and support the upside in its stock.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:JWEL (Jamieson Wellness Inc.)

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