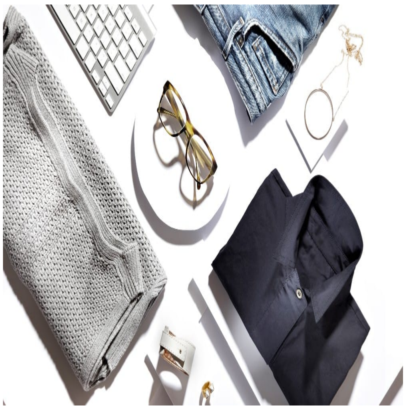

Forget Meme Stocks: Consider This Top TSX Retail Stock Instead

Description

As we head into June, it's important to reflect on how meme stocks have performed this year. With recent momentum picking up in the meme stock space, investors are increasingly gravitating toward retail plays.

However, some meme stocks are better than others, and many retailers haven't been included in the recent meme stock rallies other retail-oriented stocks have seen.

One such company I think continues to fly under the radar in this respect is Canadian retailer **Aritzia** (TSX:ATZ). Accordingly, here's why I think this stock is an intriguing buy today.

Aritzia: Dressing up for the reopening

For those betting on a pandemic reopening thesis for specific stocks, Aritzia should be near the top of the list.

One of the leading retailers in Canada, with a growing presence in the U.S., this women's apparel player is seeing impressive growth of late. During the pandemic, the growth (or lack thereof) retailers have been able to show is indicative of the quality of the company's brands, and Aritzia has passed with flying colors.

The company's move toward enhancing its existing omnichannel and e-commerce capabilities has paid off. Shareholders in Aritzia have seen growth at a time when many other retailers are struggling to stay open. And with a growing product pipeline and a strategic expansion underway, Aritzia looks like a solid long-term pick in this environment.

Contrary to its retail peers, Aritzia is actually looking to bolster its U.S. footprint this year. The company's betting on an impressive reopening thesis, planning to open six to eight new stores by year-end. This footprint growth means the company's management team is about as bullish as any investor on the state of the future. That's good news for shareholders.

Earnings quality driving investment

As mentioned, Aritzia's been one of those unique retailers that have seen sales hold steady during the pandemic. Total revenue was down only 2.9% year over year, despite the company being forced to close nearly 40% of its stores during the pandemic.

Why?

Well, mainly due to the company's e-commerce division. This past quarter saw Aritzia's e-commerce revenue jump 88% year over year. The company's been able to take advantage of a growing warehousing and distribution business. As Aritzia continues its shift toward being a true omnichannel retailer, Aritzia stands to benefit from margin expansion over the long term. Accordingly, this company is one of the few retailers that's well-positioned to make lemonade out of lemons here.

Bottom line

The pandemic has really separated the wheat from the chaff.

Great retailers with excellent brands like Aritzia have found a way to not only perform but also excel in this environment. Additionally, a shift that was already underway into e-commerce was accelerated by this pandemic.

Those who believe that Aritzia can continue to outperform long term have a great company in Aritzia. Indeed, this is one of those rare retail stocks worth a look at today as few other meme stocks are.

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