1 Unstoppable Canadian Growth Stock I'd Buy on the Way up

Description

The **TSX Index** and the broader basket of Canadian stocks have endured a considerable amount of volatility this month. September has historically been the month for volatility. And if you were to place a bet on when a market crash or correction would be, your odds would be pretty good if you picked September out of all months. With just a few more trading days to go in this turbulent month, you may be ready to breathe a collective sigh of relief. October is a month that's still not great from a historical perspective. Undoubtedly, the months surrounding September can be equally volatile.

September and October are challenging months to invest in: But don't let the bargains pass you by!

Despite recent weakness and September's historically lousy reputation, I think you should be a buyer of beaten-down Canadian stocks that go by your radar anyway. Over the long run, it's all about staying invested and less about trying to time your entry point. In the grander scheme of things, short-term entry points are far less meaningful than you'd think.

Of course, if you had a crystal ball, you could make a massive difference by buying at local bottoms in stocks. But you don't, and the attempt to time a bottom is a pursuit that may ironically be the riskiest for young investors who run the risk of staying on the sidelines with too much cash for too long. Higher inflation, like the type suffered in 2021, increases such risks. As such, investors should not let the bargains or "perfect pitches" go by without acting on them, if not with sizeable bets, with modest nibbles.

Aritzia: A Canadian stock

Aritzia (TSX:ATZ) is a Vancouver-based retailer of women's clothing. The stock has been on a mighty rally over this past year, with nearly 150% gains over the timespan. At first glance, shares of ATZ look ridiculously expensive. A price-to-earnings multiple north of 75 is pushing it, even in a market that attached a premium to truly high-quality growth companies that have been performing well amid pandemic-plagued conditions.

Still, I think Aritzia's unique growth story makes the high-momentum Canadian stock one that is not about to slowdown. The management is excellent, and they've executed across almost every front. And for that reason, I believe a 75 times earnings multiple is a more than fair premium for such an early-stage growth company that's demonstrated it has what it takes to be a truly wonderful business.

Coming out of this pandemic, I think Aritzia is a name that could prove that it's not nearly as expensive as it seems at $42 and change. It's that good of a company. And with a mere $4.7 billion market cap, the firm is still likely in its early stages. If Aritzia can continue executing, I wouldn't at all be surprised to see shares more than double over the next three years. Of course, as a discretionary retailer, the name could be sensitive to shifts in the economy and consumer sentiment.

If you believe the roaring 2020s is kicking off, though. Aritzia may very well shape up to be a massive winner that you won't want to sleep on. While I'd love to buy in on a pullback back to $30, I'm not against getting at least some skin in the game here. Just be ready to scale into a full position if market volatility continues into year-end.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date
2025/08/24
Date Created
2021/09/22
Author

joefrenette