3 Top TSX Stocks to Watch Heading Into Year-End

Description

In this piece, we'll have a closer look at three top **TSX** stocks that I think could stand to be significant movers into year-end. With the TSX ready to make up for lost time heading into a seasonally-strong last two months, the following names, I believe, have the stage set for an epic end to 2021. Furthermore, each firm may see its bull runs continue into 2022. While they have already started heating up in recent weeks, I still think there's room to run, as they have a chance to release some potentially better-than-expected results.

In any case, consider women's fashion retailer **Aritzia** (TSX:ATZ), **Royal Bank of Canada** (TSX:RY)(NYSE:RY), and **Manulife Financial (**TSX:MFC)(NYSE:MFC).

Aritzia

Aritzia is an upscale Canadian retailer that's made a substantial splash south of the border with its expansion. Indeed, the U.S. push is just scratching the surface of a growth outlet that could fuel many years' worth of incredible gains. After rallying 95% year to date, shares of ATZ are anything but cheap, especially after yet another solid quarter.

Despite the seemingly hefty valuation (shares trade at 54 times trailing earnings at writing), I do think that given the growth story that the name should arguably be worth far more than a mere 3.8 times sales. The recent run is well-supported by the firm's growth. As such, I don't think ATZ and its long-term growth profile are fully factored here. Aritzia is an excellent business that analysts seem to underestimate, with four straight quarters of meaningful bottom-line beats.

As the discretionary trade picks up again, I wouldn't hesitate to pick up a few shares of a growth company that may very well emerge to become the next biggest Canadian retail brand since **Lululemon**. The $4.3 billion Aritzia is still a mid-cap, but if it can continue executing, it has an incredibly long growth runway.

Royal Bank of Canada

When it comes to Canadian banks, the Royal Bank of Canada is true royalty. With dividend hikes likely to come flowing in over the coming weeks and months for the financials, which now have permission to resume payout raises and share buybacks, count on the banks to lead a charge to the upside for the broader indices.

Royal Bank is the epitome of quality. With shares trading at around 12.5 times trailing earnings, the name is not cheap, but it doesn't deserve to be cheap after the relative outperformance through a turbulent 2020. Up 26% year to date, I think RY stock is a magnificent core holding that investors may wish to top up here, even at all-time highs. The Canadian banks are incredibly resilient. With macro conditions finally beginning to tilt on their side, the stage could be set for a multi-year leg higher after years of consolidation and volatility.

Manulife Financial

Speaking of dividend hikes, Manulife wasted no time when it was granted permission to hike its payout. Less than a day after regulators gave Manulife the ability to raise its payout, the company announced a generous 18% dividend hike. Undoubtedly, the quick move speaks to the confidence of management ahead of an improving macro environment. Shares rose 1.5% on Friday following the solid news.

At 7.1 times earnings, MFC stock remains a deep value play. With one of the most exciting growth profiles in the Canadian insurance space, investors with a long-term horizon should place the firm on their watchlist and look to top up their positions on any meaningful pullbacks. The stock is stuck in a multi-year rut after failing to break the $22 level on three occasions. I think the next test will be passed, as things are finally looking up for the financial company that's seen its fair share of setbacks over the years.

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:ATZ (Aritzia Inc.)
4. TSX:MFC (Manulife Financial Corporation)
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