



## 1 TSX Growth Stock With Immense Potential

### Description

Mid-cap growth stocks aren't everybody's cup of tea. They're wildly volatile and can be quite difficult to evaluate, given Mr. Market's tendency to price them with less efficiency, leaving them prone to extreme downside in the event of a correction. On the flip side, a mispricing to the downside may leave such a name prone to upside corrections (or upside spikes), as analysts and investors catch up with a name after the fact.

Indeed, higher risk means higher reward. But such names [aren't for the faint of heart](#). Still, for young, venturesome investors who have a portion of their portfolio they wouldn't mind putting in some of the riskier names for a shot at huge multi-bagger returns over the course of many years, such mid-cap growth stocks, albeit risky, can pay off big time, especially if one gets their long-term thesis right.

In this piece, we'll check out one of the best names that I believe is incredibly undervalued. Enter **Aritzia** ([TSX:ATZ](#)), one name that is up 182% over the past five years. While the up-and-coming mid-cap may or may not have such returns in store over the next five years, I still think that the upside is sizeable if the firm's management teams can execute the incredibly unique growth opportunity at hand.

After an epic climb, the stakes are high. As too is the stock's [valuation](#) at current levels. Still, I think the risky growth stock is worth getting behind, especially for those who have many years to wait for shares to rebound if an inevitable bump in the road comes along. Corrections, bear markets, and all the sort can be expected on route to much higher levels when it comes to fast-growing mid-caps.

Without further ado, let's have a closer look.

### Aritzia

Aritzia is a women's clothing retailer that could put Canada on the map. Many Canadians are familiar with the chain of stores and its brands, some of which also have their own retail stores separate from the flagship Aritzia stores (think TNA or Wilfred). As one of few firms that has pretty much perfected omnichannel retail, I believe the company has a unique opportunity to really make a mark, as it moves beyond just the Canadian market.

The U.S. push has been a great success. And as the company looks to expand its book, catering to male audiences as well via acquisitions or in-house designs, I believe the company has room to run. Personally, I think Aritzia could become a \$50 billion company one day. It could take years or decades, but I think the stock is undervalued, even with its 53 times earnings multiple.

The \$4.4 billion could be a multi-bagger, and I think the stock will be supported by continued earnings growth on the other side of this pandemic, as the firm can flex its muscles once malls reopen to full capacity.

## The bottom line on ATZ stock

Aritzia is one of the "risky" growth stocks that young investors may wish to get behind, as it continues seizing the growth opportunity at hand. Shares are expensive, but they deserve to be. The only question is, are shares as expensive as they could be, given the potential growth that could be in the cards in a post-COVID environment?

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