Got $250? Here’s a Smart Market Bargain for Your RRSP

Description

You don’t need a fortune to start investing. All you need is the right mindset and a willingness to embrace a bit of near-term choppiness for a shot at substantial long-term gains. While a small sum such as $250 may seem like an insignificant amount for investors to put into the markets, I do think new investors looking to dip their toe in should start with any amount they can.

The act of dipping a toe into the financial market waters is the first step towards building a comfortable RRSP (Registered Retirement Savings Plan) nest egg. Further, with the advent of low-to-no commission trading, those pesky trading commissions won’t eat into your principal like they used to.

So, if you’re paying no (or less than $4.99) in trading commissions, it might make sense to be a buyer with your $250 on hand. Yes, it’s a small amount. But think of it as a starter position that you could add to consistently over the coming years and even decades!

It’s all about easing into the markets, rather than plowing into them with a huge sum all at once. For new investors, starting small is worthwhile. Treat it as a learning experience.

Though it may be tempting to speculate on penny stocks or other small-caps, I’d argue that it makes sense to reach for the cheapest winners. Now, courageous investors should take risks while they’re young, as long as they know the difference between speculation and investment.

With growth on the retreat, I’m a big fan of the profitable growth companies that have been dragged into the gutter alongside most everything else.

Consider shares of **Aritzia** (TSX:ATZ), one profitable growth stock that’s worthy of your first equity purchase.

Aritzia

Aritzia is a Canadian retailer that’s done a terrific job of bringing out the best in its brand. It’s a vertically integrated woman’s clothing retailer that’s really started to snowball its brand affinity. Higher brand power means greater margins.

Although Aritzia isn't yet considered the must-have luxury brand among the affluent, I do think it's achieved brand power comparable to the likes of **Lululemon**. Lululemon is a Canadian retail success story. And Aritzia may not be so far behind, as its managers continue to execute on their expansion and omnichannel push. The company is not only consistently growing its sales, its also increasing its physical store count and it's e-commerce presence.

Aritzia stock plunged around 45% from peak to trough before recovering to $43.70 — where shares sit today. Powering the rebound was a stellar earnings beat. Aritzia has come in ahead of expectations on EPS (earnings-per-share) for four straight quarters.

Revenue has been choppy, but as the firm continues to build upon its Veblen-like nature (goods that tend to see increased demand when prices surge), count me as among the unsurprised if the firm ends up thriving in the looming recession. Especially when factoring in Aritzia's remarkable ability to manage supply chain challenges, which it demonstrated in recent quarters.

At 29.4 times trailing price-to-earnings (P/E) and a 38.2% return on equity (ROE), Aritzia seems to be a baby thrown out with the bathwater amid the market's growth slump.

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joefrenette