



## Got \$300? 2 Simple TSX Stocks to Buy Right Now

### Description

One of the market myths is the September Effect; it's the month when stocks deliver the weakest returns. But for some investors, it's more of market psychology than an anomaly. The **TSX** has been on a roller-coaster ride since late February 2022, and because of several factors, the downward pressure on stocks continues this month.

However, despite the volatility, [smart investors](#) will not turn away from the market but will stay invested. You can do the same in a challenging investment landscape by keeping your strategy plain and simple.

Assuming you have \$300 to invest right now, consider investing in **North West Company** ([TSX:NWC](#)) and **Dollarama** ([TSX:DOL](#)). Besides the [lower-risk profiles](#), both stocks are beating the market year to date.

### Consumer staple

NWC shareholders of record, as of September 30, 2022, will receive higher dividends (2.7%-per-share increase) effective October 14, 2022. The board of directors announced the hike after the company reported its financial results for the second quarter (Q2) fiscal 2022. Its president and chief executive officer (CEO) Dan McConnell said, "Our business remains strong, especially when compared to pre-pandemic sales and earnings levels."

The \$1.61 billion company is a retailer of food and everyday products and services. NWC caters to hard-to-reach rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific, and the Caribbean. In the three months ended July 31, 2022, consolidated sales increased 2.4% to \$578.9 million versus Q2 fiscal 2021.

Although net earnings and earnings from operations declined 23.5% and 21.2% year over year, McConnell said the quarterly results reflect the continuation of cycling through the significant COVID-19-related sales and earnings gains over the past two years.

McConnell added, "Our customers are shifting their purchasing to adapt to the reality of lower

government income support and higher inflation.” He assured that management will remain focused on providing the essential, everyday products and services that meet customers’ needs.

NWC is also suitable for long-term investors. Its total return in 20.02 years is 3,063.91%, with a compound annual growth rate (CAGR) of 18.83%. If you invest today, the share price is \$33.60 (+0.22% year to date), while the dividend yield is 4.3%.

## Consumer discretionary

Dollarama is a top performer in the consumer discretionary sector. At \$80.59 per share, current investors enjoy a 27.59% year-to-date gain in addition to the modest but safe 0.26% dividend. This \$23.35 billion value retailer offers consumable products, general merchandise, and seasonal items (in-store and online).

In Q2 fiscal 2023 (three months ended July 31, 2022), sales and comparable sales increased 18.2% and 13.2%, respectively, versus the same quarter in fiscal 2022. The bottom line, or net earnings, increased 32.3% year over year to \$193.48 million. Notably, operating income climbed 30.3% to \$287.4 million from a year ago.

Neil Rossy, Dollarama’s president and CEO, said, “Our strong performance in the first half of fiscal 2023 reflects a sustained consumer response to our unique value proposition, especially for everyday essentials.” He also noted that Canadians are adapting to the high-inflation environment.

Management is rebuilding its inventory to ensure that Dollarama’s conveniently located stores are well stocked for customers in the second half of fiscal 2023.

## Consumer defensive

NWC and Dollarama are sound yet simple investments. Your \$300 position in these two consumer-defensive stocks could go a long way.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:NWC (The North West Company Inc.)

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