



## 2 Top TSX Retail Stocks to Buy in November 2022

### Description

Finding the right mix of growth and income-producing stocks can be frustrating for some investors. One segment that [new investors](#) often struggle with is [retail](#). Fortunately, there are many options to choose from, including these two top TSX retail stocks to buy this month.

### A growing portfolio of brands, a juicy dividend, and strong growth

**Canadian Tire** ([TSX:CTC.A](#)) is a retail stock that is well-known to all Canadians. Apart from its namesake retail store, the company has acquired several other retail brands over the years. In fact, Canadian Tire also has a growing financial services arm, as well as a stake in a growing [REIT](#). In short, the retailer is a well-diversified, multi-channel retailer with loads of long-term potential.

Speaking of multi-channel, Canadian Tire's lucrative e-commerce platform has become the envy of brick-and-mortar retailers across the country. That marriage of retail and technology extends to in-store traffic as well. Canadian Tire has found innovative ways to use technology as an aid in the buying process. Examples of this include using a driving simulator to try out new tires in different weather conditions and running on a treadmill to find shoes with the best support.

But what makes Canadian Tire one of the top TSX retail stocks to buy in November?

Like most of the market, Canadian Tire has seen its stock price dip in 2022. As of the time of this writing, the stock has dropped 15%. Thanks in part to that dip, Canadian Tire's P/E (price-to-earnings ratio) is just 8.66, meaning that the stock trades at a huge discount.

If that's not enough, Canadian Tire has seen its dividend yield swell. The current yield comes in at a juicy 3.86%, adding one more reason to buy this stock in November.

Finally, let's not forget that we're into the holiday shopping period, which is the make-or-break time for retailers. And this is the first holiday shopping season in two years whereby there are no closures.

## Everything you need at a fixed price, even growth!

Retailers are well-known for being some of the most volatile investments. Apart from the cyclical business cycle that follows the calendar, traditional retailers are in fierce competition with online retailers.

Fortunately, there's a stable retail segment for investors to consider that is often dismissed by most. Dollar stores, such as **Dollarama** ([TSX:DOL](#)) hold huge long-term potential for investors, especially in this volatile market.

Dollarama is the largest dollar store chain in Canada. In addition to its 1,400-store network that spreads across every province, Dollarama also has a growing presence in several Latin American countries under its Dollar City brand.

Dollarama has a simple yet lucrative business model. The company sells goods at several fixed price points. Those fixed prices lead up to \$4, and the retailer often bundles several lower-priced items under a single price.

More importantly, that value-focused model makes the retailer an appealing option during all business cycles. During periods when inflation is high and budgets are stretched, Dollarama appeals to shoppers looking to save by opting for more frugal options. It's of no surprise then that Dollarama posted sales growth of 18% year-over-year in the most recent quarter.

The recession-resistant nature of its business model is just one reason why Dollarama is up over 25% year-to-date, while the market is down nearly 10%.

Even better, that growth is set to continue, if not accelerate further as we head into the holiday shopping season and the market continues to wobble toward a possible recession in 2023.

## Will you buy one of the top TSX retail stocks?

Both Dollarama and Canadian Tire are top TSX retail stocks to buy. They're both leaders in their respective segments and offer investors some defensive appeal in a broader slowdown.

In short, while no stock is without risk, in my opinion, both Dollarama and Canadian Tire are great options to consider as a small part of a larger, [well-diversified portfolio](#).

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)
2. TSX:DOL (Dollarama Inc.)

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