The Top Consumer Stocks to Buy With $100

Description

Amid the uncertain macroeconomic environment, consumer stocks could prove resilient and add stability to your portfolio. For instance, shares of companies selling consumables are less volatile and are poised to generate healthy returns due to the steady demand. It's worth highlighting that the shares of the top consumer companies outperformed the **S&P/TSX Composite Index** in 2022. The outperformance reflects the defensive nature of their business and ability to grow sales and earnings, even in a challenging macro backdrop.

Against this backdrop, let's look at three stocks you can buy for less than $100 and beat the benchmark index.

Dollarama

Dollarama (TSX:DOL) operates discount retail stores and is one of the top consumer companies. Its low fixed price points and wide variety of consumable products bode well for growth. For instance, Dollarama's revenue has grown at a CAGR (compound annual growth rate) of 11% since 2011. Moreover, its earnings increased at a CAGR of 17% during the same period.

This momentum has sustained in fiscal 2023, despite economic headwinds. In Q3 (third quarter), Dollarama's sales jumped 14.9%, while its EPS (earnings per share) recorded growth of 14.8%. The company's compelling value on everyday products continues to support its financials. Given the strong sales and earnings growth, Dollarama stock gained over 25% in 2022 and outperformed the broader markets.

Looking ahead, its value pricing strategy, vast offerings, large store base, and growing international footprint could continue to drive its top and bottom lines. Moreover, Dollarama will likely enhance its shareholders' returns through higher dividend payments.

Alimentation Couche-Tard

Like Dollarama, **Alimentation Couche-Tard** (TSX:ATD) is another resilient Canadian stock in consumer stock worth investing in. Its defensive business, extensive store base, and ability to grow sales and earnings amid all market conditions make it a solid long-term pick.

In the past decade, Couche-Tard's top line grew at a CAGR of 11%. Meanwhile, its EPS increased at a CAGR of 20%. Thanks to the growing earnings base, Couche-Tard boosted its shareholders' returns by growing its dividend at a CAGR of 24.7% in the past decade.

Couche-Tard's value pricing, strong domestic footprint, strategic acquisitions, and growing presence in the U.S. bode well for future growth. Moreover, consistent growth in earnings and solid balance will likely support its operating performance and stock price.

Aritzia

The presence of **Aritzia** (TSX:ATZ) stock on this list might surprise you. Though the company doesn't own a defensive business, its solid sales and earnings growth make it an attractive investment in the consumer sector. Thanks to its robust sales and profitability, Aritzia stock has created significant wealth for its shareholders and exceeded the S&P/TSX Composite Index in the past five years.

The strong demand for its offerings, full-price selling, the opening of new boutiques, and expansion in the U.S. are likely to drive its sales and earnings. Meanwhile, entry into new categories and strengthening of the e-commerce segment will likely accelerate its growth rate.

Aritzia sees its sales and earnings growing at a double-digit rate over the next five years. The visibility over its sales and profit growth would drive its share price higher.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:ATZ (Aritzia Inc.)
3. TSX:DOL (Dollarama Inc.)

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