



2 Phenomenal Growth Stocks That Could Become the Next Big Thing

Description

It can be quite difficult for a Canadian growth investor to find the next big thing, especially since most of the high-flying growth names are on the NASDAQ exchange. I believe there are plenty of opportunities trading on the TSX that Canadians should strongly consider today.

Small-cap growth stocks have the potential to offer top-notch returns over the long term when compared to mega caps, but you have to be careful. Small-cap stocks usually have less trading volume, and this could mean volatility and a higher degree of headline risk associated with an investment.

You don't have to take a huge amount of risk to get a piece of a great small-cap business if you properly do your homework and find wonderful businesses with great growth prospects and durable competitive advantages. If you're a disciplined long-term investor that isn't afraid of a bit of volatility, then you should probably consider these great Canadian growth names that many investors may be overlooking.

Spin Master Corp. ([TSX:TOY](#)) and **Boyd Group Income Fund** (TSX:BYD.UN) are two great growth plays with market caps below \$5 billion. Barely anybody has been talking about them. Could either one of these be the next great addition to your portfolio?

Spin Master Corp.

You may have never heard of the company, but if you have kids or if you're a kid at heart, then you've probably heard of Hatchimals or Paw Patrol. These are just two fantastic brands owned by Spin Master — a children's entertainment company with a solid long-term growth strategy.

Spin Master is an innovative company with a great vision, and the management team knows how to execute. The company is growing fast organically and through acquisitions with a strong portfolio of great brands and a global demographic.

The company has a solid balance sheet and year-over-year revenue increases in the double-digits. With a price-to-earnings multiple of 29.46, I believe Spin Master is cheap when you consider its

promising long-term growth prospects.

Boyd Group Income Fund

Despite being labeled as an income fund, Boyd doesn't really offer much in the way of income with a mere 0.51% yield. Investors in the fund are actually in it for the huge amount of capital appreciation over the years.

Boyd owns and operates auto body and auto glass repair facilities with locations in Canada as well as the U.S.

Boyd has been making many successful acquisitions with synergistic opportunities, and earnings have gone up over the years. As long as accidents happen, Boyd is going to have a lot of business. And unless self-driving cars eliminate accidents completely, Boyd is going to continue to be a top performer.

Boyd is now up nearly 18% since my [original recommendation](#) just one month ago. The stock soared following its acquisition of Assured Automotive, which will give Boyd a greater presence in Ontario.

Takeaway

Both Spin Master and Boyd are terrific small-cap businesses that are growing earnings at a very fast rate. I would urge investors add both of these stocks to their watchlist. If I had to recommend one of the over, I'd opt for Spin Master because of incredibly innovative toys that may be coming out of its pipeline.

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