



Could This Underrated Canadian Gem Be the Next Hasbro, Inc.?

Description

There are many small-cap Canadian gems buried in the TSX that investors may be overlooking. You never know what you could find with a bit of digging; there are a tonne of promising Canadian small-cap stocks that could offer a chance at realizing huge returns over the long term. It's not easy to find the "next big thing." Such opportunities only come around a few times in an investor's lifetime, but when it does arrive, it's important to act once the opportunity presents itself.

Spin Master Corp. ([TSX:TOY](#)) is a Canadian play and entertainment company that has made a huge splash in the children's entertainment space over the last few years; it has Toy of the Year awards across several categories. The business is firing on all cylinders, but like many small-cap stocks, a lot of investors are unaware of the company and its explosive growth potential.

At the time of writing, Spin Master has a market cap just north of \$4 billion. You've probably never heard of the company, but if you have kids, or if you remember the toys from your childhood, then you've probably played with some of the great toys in Spin Master's vast portfolio. The company owns the Etch-a-Sketch, Hatchimals, PAW Patrol, Air Hogs, and many of today's hottest toys.

Although Spin Master is a small Canadian company, it has a global presence. And given how innovative and fun the company's toys are, I believe there's an explosive amount of growth that some investors may not be able to fathom.

The management team has a great vision, and the innovative toys coming out of its pipeline are really something to write home about. Hatchimals, one of Spin Master's most successful toys, saw such a huge demand that the management team was left scrambling last holiday season when the toy sold out faster than expected.

I believe the company could potentially be the next **Hasbro, Inc.** (NYSE:HAS). Like Hasbro, Spin Master is very good at creating new toys through its R&D as well as bolstering its portfolio of brands by acquiring smaller toy companies across various different segments.

You may be familiar with *Family Game Night* on Discovery Family, a TV show spawned by one of Hasbro's brands. Spin Master has also made the move to TV with its PAW Patrol brand, which is

currently in its fourth season.

Marketing can be tough in the toy industry, especially with many families cutting cable. TV programs are one of the best ways to get kids interested in brands, so the management team has also decided to air the show on streaming services such as **Netflix, Inc.**

Spin Master is quickly becoming a bigger competitor in the global children's entertainment market, and I believe Spin Master's pipeline of innovative products will continue to drive the stock higher over the long run.

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