



1 Canadian Growth Play for Young Investors

Description

The sooner you get started with investing, the more money you can unlock from the power of compounding over the years. You've probably heard people say that young investors can afford to take more risks, because they're decades away from retirement and can simply earn the money back if things don't work out.

I don't think this rule of thumb should be followed by all young investors, especially for new investors who are coming straight out of college. Everybody is different, after all. Excessive market volatility could scare beginners away from the markets for good, so it's probably a good idea to take a risk-averse approach if you're just starting out, at least until you become comfortable with volatility. I believe it's a good idea to start a small portfolio and add to it over time rather than jumping in the deep end by putting all of your cash into stocks.

If you are a young investor and you're fairly comfortable with volatility, then growth stocks are a pretty great way to generate long-term returns. Growth stocks may come off as "riskier" than stalwarts with stable dividends, but it doesn't have to be that way. I believe you can find growth without taking on too much additional risk if you really do your homework.

Here's one stock I believe is a solid long-term play for young Canadian growth investors.

Spin Master Corp. ([TSX:TOY](#)) is a children's entertainment company that has been firing on all cylinder of late. The company has been growing well organically and through strategic acquisitions to further solidify its strong portfolio of toys and game brands.

One thing that really stands out to me about this company is the innovation of its R&D segment, which I believe will be a driver of organic growth for many years to come. The management team has a great vision, and they've shown that a bit of innovation can go a really long way. The company has several Toy of the Year awards under its belt.

Spin Master knows how to spark interest in kids, and we've seen this with Hatchimals, a phygital (physical and digital) bird-like toy which hatches out of an egg when nurtured. It's a really interesting concept, and kids couldn't get enough of the toy in the last holiday season; Hatchimals sold out

ridiculously fast, and many parents couldn't get their hands on one before Christmas.

Originally, the Hatchimals toy was meant for girls aged six to eight, but the toy ended up being a sensation among a much wider range of boys and girls. The demand was too much for Spin Master to deal with initially, but as we head into the next holiday season, I believe Spin Master will be ready with enough supply to match the gigantic demand and that the stock will spin above and beyond.

The stock may seem expensive with a 30.37 price-to-earnings multiple, but I believe it's a great value considering the impressive growth prospects that are likely to send the stock much higher over the course of the long term.

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