



## Why Spin Master Corp. Is a Great Play for Young Investors

### Description

It's never too early to start investing. Young investors have time on their sides, and the smartest move to unlock the most from the power of compounding is to open an investment account and buy stocks today. Sure, bonds are safer, but you're probably not going to generate much more than the rate of inflation, and while you're young, you can afford to take more risks since retirement is decades away.

If you're a young investor reading this, then you're already ahead in the game because odds are, you already have a portfolio or individually selected stocks, or you're at least interested in picking your own stocks because you're still reading! I believe one of the best ways to invest while you're young is to take risks and own shares of high-growth stocks. While you can afford to take risks, you can't afford to speculate, no matter how young you are. Speculation is too much like gambling, and you could find yourself in a hole in a hurry.

As a young investor, you should find a business with promising long-term growth prospects that you can understand. Warren Buffett originally came up with the concept of a "circle of competence," which individual investors should always stay within. A major reason why Warren Buffett, one of the greatest investors of all time, was so successful was that he bought what he knew and stayed away from what he didn't understand. You don't need a huge circle of competence; it can be small, but if you stay within it, odds are you'll be very successful with your investments.

One top growth play that many investors tend to overlook is **Spin Master Corp.** ([TSX:TOY](#)), which is a well-run business in the industry of toys, games, and children's entertainment. The innovative R&D team has a knack for coming up with hot toys that are hits with children of all ages. The company has a strong portfolio of original and acquired brands.

Children's entertainment is a simple business, but predicting what the next hottest toy will be is no easy feat. Spin Master outdid itself when the management team couldn't predict or prepare for the huge success that Hatchimals was last holiday season. Going forward, I believe the company will find similar success in its toys coming out of the pipeline.

Spin Master has an impressive 38.8% return on equity and a fantastic 27.9% return on invested capital

over the last 12 months, and its earnings have grown by a huge amount over the last few years. The company has many growth prospects that will fuel earnings growth over the next few years. Although the company doesn't pay a dividend, a great deal of stock price appreciation can be expected as earnings continue to soar over the long term.

The company is feeling the downside effects of seasonality right now, but we could see huge upward movements as we head into the latter half of the year, which is usually the stronger half for the company.

If you're a young investor who's hungry for growth, then buy shares of Spin Master today and hang on to them for the next decade for top-notch capital appreciation.

Stay smart. Stay hungry. Stay Foolish.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. TSX:TOY (Spin Master)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

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1. Investing

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