



This Is the Stock You'll Want to Own for the Holiday Season

Description

The holidays are quickly approaching. That means it's time to add shares of top seasonal favourites like **Spin Master Corp.** ([TSX:TOY](#)) to your portfolio, as consumers around the world prepare to purchase the company's new lineup of toys over the next month to put under the Christmas tree for their kids.

Toy companies are cyclical names that are incredibly seasonal. Have a look at **Hasbro Inc.** ([NASDAQ:HAS](#)) as an example. You'll see the stock surge in the months following the holiday season because of the run-up in sales for the quarter. So, in other words, the fourth quarter, which includes the holidays, is like playoff time for toy companies. The company can really showcase the power of its offerings, as kids from around the world create their Christmas lists for Santa.

The holiday season that could have been

Last year, Hatchimals was the first pick on the Christmas lists of many children thanks to Spin Master's incredible technological innovations behind the toy. The tech impressed parents and children alike, and as a result, demand was off the charts, and Spin Master couldn't keep up. Unfortunately, many Hatchimals were malfunctioning, and that ruined the holidays for many children and Spin Master shareholders, who were expecting a quarter that could have launched shares into the stratosphere.

Could the 2017 holiday season be one for the record books?

Unfortunately, with new tech, glitches happen, and the glitches were obvious in the first version of Hatchimals. I believe management learned a great deal from the debacle, and I think the 2017 holidays will be the holiday season that investors were hoping for last year. The company has a revamped line of Hatchimals, Hatchimals Surprise, Hatchimals CollEggitbles, and a new Luvabeau doll.

Luvabeau could be another Toy of the Year candidate, and when combined with a stronger lineup of Hatchimals, I think the holiday season could create an off-the-charts rally once the company reports its holiday numbers in the early part of 2018.

Many pundits are skeptical of the hype surrounding Hatchimals. Some think it's a short-lived fad, but I

think it's still a [must-have toy](#) for kids around the world because of the unique experience the innovative toy offers. I think Hatchimals (like many blockbuster toys before it) is a powerful brand with staying power whose success will be exacerbated by the toys collectibility. There are now many different kinds of Hatchimals, and you can bet that kids will probably want to collect them all! That means parents may need to spend a bit more this year, especially the ones who bought defective Hatchimals last holiday season.

Bottom line

In addition to having a solid portfolio of toys that'll likely continue to be hits with kids, the company is also slated to enjoy terrific margins thanks to the innovative tech behind their physical-digital toys. The brands have pricing power, and I think investors should strongly consider initiating a position in Spin Master today before the holiday season arrives.

Shares of Spin Master trade at a mere 28.74 price-to-earnings multiple, which is an [absurdly low price to pay](#) for such an incredible company with an extremely strong growth profile.

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

Category

1. Investing

Date

2025/07/02

Date Created

2017/11/27

Author

joefrenette

default watermark