



Young Investors: 2 Small-Caps Stock That Could Become Major Multi-Baggers

Description

If you're a young investor who's got extra cash to put to work, then you may want to consider Canadian small-cap stocks. While small caps may be riskier (on average) compared to your average blue-chip name, the additional upside is well worth the added risk, especially if you've got an extremely long investment horizon to ride out volatile times.

Also, by embracing small-cap stocks, your chances of selecting a multi-bagger are exponentially higher than with established mega-caps. It's a lot easier to go from \$500 million to \$5 billion than it is to go from \$50 billion to \$500 billion, after all.

Without further ado, here are two small-cap names that today's young investors may want to consider picking up today.

Park Lawn Corp. ([TSX:PLC](#))

Park Lawn is the only publicly traded TSX company that provides investors with exposure to the death care and funeral industry.

It's easy to overlook the name because of the low-tech, [morbid nature](#) of the business, but, ironically, Park Lawn stock may be one of the best ways to keep your portfolio alive and well come the next major economic downturn. Deaths will always happen, regardless of how well the economy is fairing, and that means a consistent stream of cash flows for Park Lawn through thick and thin.

As a growth-by-acquisition story, the company has the opportunity to deliver outstanding earnings growth numbers over the next decade and beyond, as it moves to consolidate the North American death industry, which remains pretty fragmented.

Spin Master Corp. ([TSX:TOY](#))

Spin Master is a Canadian-born toy company that's been leveraging [innovative, new technology](#) to gain traction on the competition. The company has gained international attention following the release of its Hatchimal phygital (physical-digital) toy a few years ago. Hatchimals was an interactive

blockbuster hit that was unlike anything most kids (or adults) have ever witnessed before, so it's not a mystery why the product flew off shelves in the days following its release.

While many may believe that Hatchimals is a one-hit wonder, I think investors ought to consider the fact that management has innovation in its veins and is not shying away from creative concepts that have never been done before. I like to think Spin Master is a tech company that happens to make toys, and with ROE numbers that have been well north of 37%, I think investors have a relatively low-risk company that could become a colossal multi-bagger over the next decade.

At the time of writing, the stock trades at a 23.4 forward P/E, which is just absurd given the potential for decades worth of high double-digit EPS growth numbers.

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