



## This Potential Millionaire-Maker TSX Stock Is Hiding Right Under Your Nose

### Description

I'm pretty certain we're in a bear market right now, but you shouldn't be afraid because if you've got enough cash on the sidelines, you've got bear spray in hand, and will have your way when the bear rears its ugly head. It's inevitable that the bear is eventually going to awake from his decade-long hibernation, and there's no better time than now. So, as Mr. Market rips that band-aid off, you should be ready to nibble away at stocks, incrementally on the way down.

The average bear market is measured in months, not years, so you'll want to divvy up your cash reserves and grant yourself an allowance each month over the next 16 months, or every time the **S&P 500** drops by an additional 5%.

This systematic way of dip-buying will allow you to profit profoundly once the markets inevitably rebound, and will ensure that you're not left empty-handed should this current bear market be one of the greatest generational buying opportunities in recent memory.

By spreading your buying activities over the next few months, your cost basis will likely be closer to the market bottom than some random moment you decide to plop down a lump sum after the market drops by X%.

Now that you've got a game plan as we venture deeper into the wilderness, for which there will most certainly be bears, you can keep cool and scavenge for bargains across the TSX. If you've yet to do any sort of buying, you may want to consider looking at growth stocks, most of which are already in deep bear territory and will come roaring back once the bear returns to his cave.

### Spin some risk-adjusted returns into y our portfolio!

Of all the growth names on the TSX at this juncture, I believe **Spin Master** ([TSX:TOY](#)) stock looks to be the biggest discount to its intrinsic value.

The under-the-radar toy-maker has been smacked with temporary issues (closing down of U.S. Toys "R" Us locations) that when combined with the recent tech wreck have resulted in a severely overblown amount of pessimism causing what I think is a stock that's unsustainably undervalued and overdue for

a significant upside correction once Mr. Market has the opportunity to come to his senses.

As a relatively small company with a \$4 billion market cap, I believe most investors are misunderstanding the long-term growth story that's to be had due to a lack of coverage from analysts and the mainstream financial media. However, that's a good thing, as this lack of coverage allows for a higher degree of market efficiency and a greater chance of obtaining excess risk-adjusted returns (or alpha).

For those unfamiliar with Spin Master, it's an innovative toy company that's behind the blockbuster sensation in Hatchimals. Like a top-performing pharmaceutical company, Spin Master always has its pipeline full of potential hits that could result in massive upside surprises. Unlike pharma plays, however, Spin Master doesn't need to fork out tonnes of cash on a potential product that won't ever hit the market.

Over the last three years, Spin Master has clocked in 29.4% in top-line growth, and 59.6% in net income growth. While the bankruptcy of [Toys "R" Us](#) undoubtedly left Spin Master in a tight position, it'll just be a matter of time before other retailers fill in the gap, as Spin Master doubles-down on its e-commerce initiatives while expanding its worldwide footprint.

In 2019, Spin Master will make a massive push into international markets, and with its [incredible portfolio of IP](#) (Paw Patrol, Hatchimals, etc.), the company could experience sustained high double-digit EPS growth numbers over the near future.

### **The Foolish bottom line**

For a company with such incredible near to medium-term catalysts, you'd expect Spin Master stock to be worth at least 30 times earnings, but it's not. It trades at nearly half that at 15.6 times forward earnings, which is absurd when you consider the magnitude of transparent growth that'll be on the horizon.

Once the markets come to its senses, I think Spin Master could be a double, so if you're looking for the best risk/reward trade-off, your search ends here!

Stay hungry. Stay Foolish.

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1. TSX:TOY (Spin Master)

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