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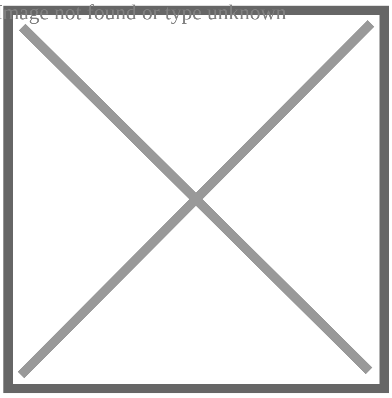

Shopify and Another Canadian Stock That Just Soared Over 80%

Description

The coronavirus pandemic has made a wreck of the stock market, bringing down stocks across the hardest hit industries by well over 50%.

While the damage has been extensive in names that are at ground zero for restrictions, there are others that are bucking the trend. These include stocks like **Shopify** (TSX:SHOP)(NYSE:SHOP), which is surging in the face of a recession. And **Spin Master** (TSX:TOY), which got beaten up and bounced sharply on the market rally off the bottoms reached in March.

Shopify and Spin are currently up 82% and 87% from their March lows, respectively. They may be compelling options for those expecting a V- or U-shaped market recovery. Let's have a look at both names to see whether they might be right for your portfolio in these most uncertain times.

Shopify

First up, we have Shopify, the stock that continues to defy the odds, even in the face of crisis. In a prior piece, I urged investors to nibble away at the stock before it broke out to all-time highs. The company is one of a few firms that is relatively immune from the coronavirus. If you bought on the breakout, you were quickly rewarded with a 23% gain in a matter of days.

Shopify is an expensive stock. It's also not for the faint of heart, as volatility will continue to be through the roof. But it is still tempting. The company's CTO touted "Black Friday-level traffic" at a time when most other firms are crumbling.

In an earlier piece, I noted that Shopify was a lifeline for many small- and medium-sized businesses (SMBs) that might not have been able to survive the coronavirus crisis otherwise. Shopify will take the role as saviour for such firms in these unprecedented times. Despite the recent run, I think risk-tolerant investors should consider nibbling their way into a full position.

Spin Master

Next up, we have a stock that got pummelled before and after the coronavirus. Spin stock imploded, losing 70% of its value from the February peak to the March trough. It lost around 81% from its 2018 all-time highs.

The initial decline on its own was because of industry headwinds and company-specific issues caused by management mishaps. With the coronavirus thrown in, many investors who didn’t sell got crushed.

Back in January, I decided to take profits in Spin. I threw in the towel on the company over my concerns about a lack of operational leadership.

“Logistics has its complexities, and although the [Spin] co-founders are excellent innovators, their operating track record leaves a lot to be desired, and I think it could prevent them from taking Spin to the next level.” I said in a piece outlining my reasons for selling all my Spin shares.

“As much as I wanted to hold onto my investment in Spin, I couldn’t justify doing so heading into what was expected to be a soft holiday season for toymakers. Add the distribution centre hiccup into the equation, and I think Spin could find itself stuck in a rut for yet another year.”

Fast-forward to today, and the stock is down to a fraction of what it was when I sold. Although the company still has its share of baggage, I do find the depressed valuation of $18 somewhat enticing. The stock looks to have bottomed and could be forming a turnaround. However, I also think the name could lead the next downward charge. It is possible the coronavirus could have a deeper impact than most analysts expect. As such, I’d prefer to wait for a meaningful pullback to $13 before I’d consider getting back in.

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