



## 1 Underrated Canadian Income Fund That Deserves Your Attention

### Description

**Boyd Group Income Fund** (TSX:BYD.UN) has quietly soared over 600% over the last five years, but still, very few investors have the fund on their radars. The fund currently trades at a 48.73 price-to-earnings multiple with a mere \$1.76 billion market cap and a minuscule 0.53% yield. You may be thinking, “Why on Earth would anybody pay such a high price for a small-cap income fund that only pays a 0.53% yield?”

While the security is called an income fund, many investors buy it for the capital appreciation, which has been on a tear over the last few years. Boyd is an automotive collision repair company which owns and operates auto repair and glass shops all over North America.

Accidents will always happen, no matter the location, and this is a huge opportunity for Boyd to grow since the auto collision repair industry is very fragmented right now. Boyd has been actively acquiring its smaller competitors and driving synergies by integrating its own business practices and strategies. The growth-by-acquisition strategy has been successful, and both free cash flow as well as earnings have continued to soar along with the fund's price.

### Growth by acquisition at its finest

When Boyd makes an acquisition, it will drive a huge amount of value for shareholders. This is why the company recently jumped almost 10% in a single day following an announcement that Boyd will be purchasing Assured Automotive for \$193.6 million. The deal adds 474 North American locations under Boyd's belt and significantly beefs up Boyd's presence in Ontario with 68 locations being added. The management team at Boyd is also welcoming some Assured Automotive executives on board with the hopes that the maximum amount of synergies can be unlocked from the deal.

### More growth ahead

More acquisitions can be expected as the management team is shooting to double in size from 2015 to 2020 assuming a constant-currency basis. That's an explosive amount of growth, and I believe the positive momentum will continue over the next few years.

## Is the income fund a buy today?

Boyd definitely isn't a cheap name right now, especially after the single-day surge following the Assured Automotive acquisition.

Prudent growth investors keen on getting a piece of the explosive growth offered by Boyd will do well by buying a small position now with the intent to buy more on any signs of weakness that may happen in the future.

Stay smart. Stay hungry. Stay Foolish.

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