



2 Market-Beating Growth Stocks That Have Flown Under the Radar

Description

If you're looking to whack the markets, you may want to consider adding small-cap growth names into your portfolio to jolt your long-term returns.

The two stocks I'm about to present to you in this piece are relatively unknown growth kings that have absolutely obliterated the TSX and will continue to do so for the foreseeable future, as they're both still in the early chapters of their respective growth stories. The average Canadian investor has probably never heard of either "oddball" stock; however, over the next five years or so, I think both names will grow big enough to become household names, as their growth stories gradually become difficult for the mainstream media to ignore.

Either of these "uncovered gems," I believe, has the potential to become the next **Spin Master Corp.** ([TSX:TOY](#)) and over the next decade and beyond; if you own these stocks, you could have a serious multi-bagger on your hands!

Without further ado, here are the stocks:

[Boyd Group Income Fund](#) (TSX:BYD.UN)

Technically, Boyd isn't a stock; it's an income fund. But investors are about the price appreciation and not really about the distribution, which currently yields a mere 0.49%. Over the past five years, Boyd has been on an absolute tear, soaring over 460% with minimal volatility, putting the TSX (and the S&P 500) to shame!

Despite doubling up multiple times over the last few years, Boyd is still reasonably valued at 28 times forward earnings, and with strong momentum at the stock's back and a high ceiling for growth, I find it very likely that the outperformance will continue, given the fund's impressive growth-by-acquisition strategy in the North American auto-body collision repair market.

As long as accidents happen, Boyd will continue to rake in the free cash flow, allowing the company to finance even more acquisitions. The management team are M&A experts. They know how to spot value, and they know how to juice major synergies by bringing in their own expertise.

[StorageVault Canada Inc.](#) (TSXV:SVI)

StorageVault Canada is the only publicly traded self-storage firm and is arguably the best stock that trades on the TSXV. The company owns over 90 stores and 3,500 portable storage units across the country. It is a great way to play four secular tailwinds, oftentimes referred to as “the four D’s”: death, divorce, downsizing, and dislocation.

As the population continues to surge in urban areas, many Canadians will be forced to downsize, and that means the “real estate for belongings” demand will surge. For instance, if you work in Vancouver or Toronto’s downtown core, you’re probably wanting to live there to avoid hours of traffic during rush hour! Both markets are absurdly overpriced, and odds are, you’ll probably only be able to rent a 500-square-foot shoe-box condo, so, you’ll definitely need a place to store a majority of your belongings if you’re coming from a larger place in the suburbs. And by downsizing, you’re going to need to pay rent, not just for yourself, but for your stored belongings!

Furthermore, StorageVault is a fundamentally sound business with strong fundamentals and is geared to grow through via acquisition in what appears to be an extremely fragmented market, as the top 10 self-storage firms only control ~16% on the total self-storage store market. Moreover, the Canadian self-storage market is nowhere near as mature as its counterpart in the U.S. and therefore offers more in the way of growth.

The stock is up over 600% over the past five years, and moving forward, StorageVault has a fantastic opportunity to become a leader in an industry that’s on the verge of rapid consolidation.

Bottom line

Both stocks are proven market beaters that are clear long-term leaders in their respective industries. Given each stock’s impressive momentum and below-average beta, I think both qualify as small-cap “smart beta” stocks that could give your portfolio the edge if you’re looking to beef up your returns over the next three to five years.

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1. TSX:SVI (StorageVault Canada Inc.)
2. TSX:TOY (Spin Master)

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Date

2025/08/20

Date Created

2018/03/19

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