



A Top Stock That'll Obliterate the TSX Index Over the Next 3 Years

Description

Beating the TSX index is pretty easy if you know where the look.

The TSX index hasn't really gone anywhere over the last decade thanks to the undiversified mix of stocks that lean heavily on the energy and materials industries, both of which have been under substantial pressure over the past few years. By maintaining a diversified mix of quality businesses, you can not only outpace the TSX, but you can also put it to shame.

One market-beater that'll [keep on beating](#) is **Boyd Group Income Fund** (TSX:BYD.UN), the owner, operator, and consolidator of auto repair shops across North America.

The company has relied on a proven growth-by-acquisition model, and it's resulted in crazy EPS growth numbers over a prolonged period. Seeing as the North American auto repair scene is still very fragmented, with mom-and-pop shops heavily dispersed across the continent, there remains a high growth ceiling for the synergy-hungry consolidator whose market cap has now swollen to around \$3 billion.

Boyd's run has been nothing short of remarkable over the past five years. To this day, the company has been making huge splashes with its M&A model while remaining mostly under the radar of most investors and entirely out of the spotlight of the mainstream financial media.

Over the last five years, the stock has soared 278%, and since the depths of 2008, the stock is up over 7,000%. If you have a look at the longer-term chart, you'll see that it's been mostly a smooth ride up, and those who [took their profits](#) at any time ended up kicking themselves just months after as Boyd continued to rocket higher.

It's hard to stop Boyd, and with the growth runway clear, I see no reason why the hottest M&A star can't keep knocking baseballs out of the park. The top- and bottom line have grown at 24.4%, and 25.4%, respectively, over the last decade, which is outstanding when you consider the company isn't overleveraged as Valeant was during its rapid-fire M&A spree.

What Boyd's secret sauce?

Management is the best in the world at operating auto repair shops on a massive scale. And as they continue learning how to drive efficiencies in existing shops and more significant synergies from acquisitions, the company has an opportunity to accelerate growth further.

As a \$3 billion company, there's still room for massive growth, and with ROEs hovering around the 15-16% levels over the past three years, investors can be sure they're getting exceptional stewards that know how to unlock long-term value for shareholders.

Foolish takeaway

Acquire, drive synergies, pay off debt, repeat. It's a ridiculously boring strategy in an even more boring market, but it works. And it'll continue to work as long as accidents happen.

Now, safer self-driving cars may hurt Boyd's business at some point down the road, but for the next three years out, it's going to be a smooth ride through the green for investors.

Stay hungry. Stay Foolish.

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Author

joefrenette

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