# A Top Canadian Stock to Buy as the Canadian Dollar Falls Further

## Description

Canadians have different ways of coping with the weak Canadian dollar, which continues to falter against the greenback. Some have chosen to postpone visits to the U.S.; others have opted to buy TSX-traded securities rather than venture to the NYSE or NASDAQ exchanges; and a pessimistic few have decided to hedge themselves from a further weakening of the loonie to the greenback, either by buying U.S. dollars and securities or by purchasing shares of Canadian companies that have a large presence in the U.S.



While a US$0.74 loonie may seem like rock bottom, there are some pundits out there that think the loonie could soon test the high US$0.60 levels. Given the recent retreat in Western Canadian Select (WCS) prices and the lack of meaningful catalysts, there isn't much for hoarders of the petrodollar (Canadian cash) to be excited about over the medium term.

So, if you're not ready for the loonie to test the depths at the $0.60 levels and don't want to feel the pain from converting your loonies to greenbacks for US$0.74 plus hefty currency exchange fees, it may be time to buy shares of attractively valued Canadian companies that conduct a considerable amount of business south of the border.

One such company to profit from the strengthening of the U.S. dollar versus the Canadian dollar is **Boyd Group Income Fund** (TSX:BYD.UN), a North American operator and consolidator of non-franchised collision repair shops that has a huge presence in the U.S. market under trade names like Gerber Collision and Glass and Glass America, among many others.

The stock has been on a heck of a run over the past year, soaring 46% at a time when the S&P 500 and TSX index clocked in gains under 4%. While it may seem risky to bet on a name that's recently hit fresh 52-week highs just to bolster one's U.S. exposure, I think the high rate of fairly predictable earnings growth and the wonderful managers are well worth the premium price of admission.

At the time of writing, Boyd trades at 31 times next year's expected earnings and 5.8 times book,which, while rich for any stock, is lower than the five-year historical average multiples of 56.3 and 6.6, respectively.

Management has found the perfect formula for growing quickly with minimal amounts of volatility in the highly fragmented auto repair market. As a result, Boyd is firing on all cylinders, and it's not about to slow down any time soon, as the company continues posting high double-digit top-line growth numbers.

Moving ahead, Boyd is going to continue pulling the levers on both organic and inorganic growth, making more strategic acquisitions while focusing on various comps-driving initiatives at its existing locations. With a healthy balance sheet and a continuously growing free cash flow stream, Boyd is in a position of power. Should the Canadian dollar drop a few more pennies, Boyd will get yet another big boost to its EPS.

In any case, Boyd is a terrific business with a lot going for it, so Canadian investors shouldn't fear the fact that the name is near its 52-week high.

Stay hungry. Stay Foolish.



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