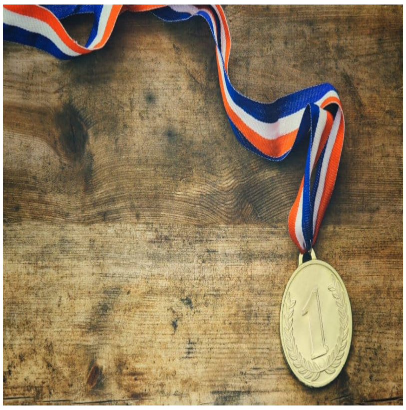

3 Top Mid-Cap Stocks to Buy Right Now

Description

Hey there, Fools. I'm back again to highlight a few mid-cap stocks that are worth looking into. As a reminder, I do this because quality mid-cap stocks tend to have

- much more room to grow than larger mega-cap blue chips; and
- much less risk than more speculative, less established small-cap stocks.

In other words, mid-cap stocks often strike the perfect balance between risk and reward.

So, without further ado, here are three companies — with market caps between $2 billion and $10 billion — that I find particularly interesting.

Bombarded shares

Kicking off our list is **Bombardier** (TSX:BBD.B), which, after a recent slump, now sports a market cap of $9 billion. Over the past three months, shares of the aircraft manufacturer are down a significant 30% versus a loss of just 4% for the **S&P/TSX Capped Industrials Index**.

Investors are worried about Bombardier's rail division and overall financial position, but there's reason to remain bullish. In Q2, earnings climbed 18% as revenue increased 3% to $4.3 billion. Moreover, the company's EBIT margin expanded 80 basis points to 6.4%.

Looking forward, management reaffirmed its sales, earnings, and cash flow targets for both 2018 and 2020. So, as long as you can handle the swings — the stock is about two times as volatile as the overall market — Bombardier seems like a mid-cap stock with decent earnings visibility.

Ritchie riches

Next we have **Ritchie Bros. Auctioneers** (TSX:RBA)(NYSE:RBA), which currently has a market cap of $4.7 billion. Over the past year, shares of the industrial equipment auctioneer are up 24% versus a loss of 2% for the **S&P/TSX Composite Index**.

Despite the solid one-year return, Ritchie Bros. shares have slumped in recent weeks, making it a solid way to buy some growth on the cheap. In Q2, the company's gross transaction value — a key metric for auctioneers — climbed 14% to $1.4 billion, fueling a 22% increase in revenue. The strong results even prompted management to bump its quarterly dividend by 6% to $0.18 per share.

Over the past five years, Ritchie Bros.'s top line has increased 135%. When you couple that track record of growth with a decent 2% yield, the stock certainly looks GARP-y.

Fair exchange

Our final mid-cap this week is **TMX Group** (TSX:X), which sports a market cap of $4.7 billion. Shares of the Toronto Stock Exchange operator are up 18% year to date, while the S&P/TSX Composite Index is down 5% over the same time period.

TMX continues to see strong growth across all of its segments. In Q2, earnings per share jumped 44% as revenue increased 20% to a record $209.5 million. Moreover, operating cash flow grew 38% to $119.7 million.

Currently, TMX shares sport a reasonable forward P/E of 14 along with a solid dividend yield of 2.7%. The stock might not be ideal for the highly risk averse — it has more than double the volatility over the overall market. But for enterprising investors looking to add some solid upside to their long-term returns, TMX seems like a good choice.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RBA (Ritchie Bros. Auctioneers)
2. TSX:BBD.B (Bombardier)
3. TSX:X (TMX Group)

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1. Investing

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