3 Red-Hot Rocket Stocks to Buy Right Now

Description

Hello again, Fools. I'm back to highlight three stocks that have recently risen to new 52-week highs. As a reminder, I do this because rising stock prices

- are usually driven by an improvement in fundamentals (what we care about most here at The Fool); and
- tend to attract even more attention from buyers over the short term.

Valuation still matters, of course. But as long as you're careful not to pay too high of a price, quality momentum plays can provide satisfying gains.

So, without further ado, let's get to this week's red-hot ideas.

Rental income riches

Leading off our list is **InterRent REIT** (TSX:IIP.UN), whose shares hit a 52-week high of $12.27 on Friday. Over the past year, the multi-residential REIT is up an impressive 45% versus a gain of just 6% for the **S&P/TSX Capped REIT Index**.

InterRent continues to benefit from strong demand in its key markets. In Q2, net operating income spiked 25% to $20 million on a 17% increase in gross rental revenue. More importantly, funds from operations (FFO) — the key cash flow metric for REITs — clocked in at $10.9 million, a 31% jump over the year-ago period.

Thanks to that strength, management upped its distribution 11%. With the stock still sporting a decent yield of 2.3%, along with a comforting beta of 0.4, InterRent's downside looks limited even at these elevated levels.

Healthy momentum

Next up we have **Viemed Healthcare** (TSX:VMD), which managed to reach a 52-week high of $8.75 last week. Shares of the healthcare equipment specialist have gained a whopping 228% year to date, while the **S&P/TSX Capped Health Care Index** is up 36% over the same time period.

Viemed is adding patients to its therapy at a breakneck pace. In Q2, revenue spiked 42% to $15.5 million as its ventilator patient count jumped 35%. Meanwhile, gross margin expanded 44%, suggesting that its cost structure and competitive position are also improving. That performance is especially impressive given Viemed's rock-solid balance sheet.

Looking forward, management expects Q3 revenue growth of about 33% on similar margins.

The stock isn't dirt cheap after the monstrous run-up. But at a forward P/E of 24, Viemed's solid growth prospects remain priced very reasonably.

Golden gainer

Finally, we have **Wesdome Gold Mines** (TSX:WDO), whose shares climbed to a 52-week high of $4.18 on Friday. The small-cap gold miner has more than doubled over the past six months, while the **S&P/TSX Capped Materials Index** is down 8% during the same time period.

Wesdome's production continues to blow Bay Street estimates out of the water. Earlier this month, management announced that year-to-date production now stands at 54,371 ounces. The company is well positioned to achieve its raised guidance range of 70,000-75,000 for the current quarter. In other words, Wesdome's production is more than offsetting the weak price of gold.

When you couple that positive operating momentum with a rock-solid financial position — Wesdome has zero debt on its balance sheet — the stock's risk/reward tradeoff remains attractive.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)
2. TSX:VMD (Viemed Healthcare)
3. TSX:WDO (Wesdome Gold Mines Ltd.)

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