3 Top Sweet Spot Stocks in the TSX Index

Description

Hey there, Fools! I'm back again to highlight three attractive mid-cap stocks. As a quick reminder, I do this because high-quality mid-cap stocks have the ability to grow much faster than stodgy old large-cap companies, and are also far less risky than speculative and volatile small-cap stocks.

Mid-cap stocks strike the perfect balance of reward and risk. In other words, they hit the "sweet spot" when it comes to size.

So, without further ado, here are three stocks I like with market caps of between $2 billion and $10 billion.

Under the boardwalk

Leading off this week is **Boardwalk Real Estate Investment Trust** (TSX:BEI-UN), which currently sports a market cap of $2.5 billion. Over the past year, shares of the residential REIT are up 21% versus a gain of 6% for the **S&P/TSX Capped REIT Index**.

With over 33,000 units in four provinces, Boardwalk is one of Canada's largest multi-family residential real estate operators. During the first six months of 2018, the company generated $55 million in funds from operations — a key metric in real estate — on rental revenue of $215 million.

With a dividend yield of 2.1% and beta of 0.2, you'd be hard pressed to find a more comforting mid-cap play than Boardwalk.

Make a U-turn

Next up, we have **Cameco Corporation** (TSX:CCO)(NYSE:CCJ), which has a market cap of $6.3 billion. Year-to-date, shares of the uranium producer are up an impressive 38% versus a loss of 13% for the **S&P/TSX Capped Materials Index**.

A favorable tax ruling last month fueled a nice quick pop in the stock, but there's good reason to bet on the long term. In its recently released Q3, Cameco earned $28 million, versus a loss in the year-ago period, on revenue of $488 million. While management remains cautious on uranium prices, they see steady growth in demand going forward — 55 reactors are currently under construction.

Right now, the stock sports a reasonable EV/EBITDA multiple of 11, along with a soothing three-year beta of 0.1.

Finding pennies

Rounding things out this week is **Ivanhoe Mines** (TSX:IVN), which currently has a market cap of $2.6 billion. Year-to-date, shares of the mining company are down 39% versus a loss of 5% for the **S&P/TSX Composite Index**.

Ivanhoe operates mainly in the Democratic Republic of Congo (DRC), so political risks have weighed heavily on the stock. But if you're willing to take on some uncertainty, the upside might be worth it. Early last month, Ivanhoe announced a major new discovery of high-grade copper on its 100%-owned Western Foreland asset in the DRC — its third significant find in the country.

While extremely volatile — the stock has a beta of 3.5 — Ivanhoe is a potent way to play the still-positive long-term outlook for copper.

The bottom line

There you have it, Fools: three attractive mid-cap stocks to help boost your wealth.

As is always the case, don't view them as formal recommendations. They're simply ideas to research further. Even the most solid mid-cap stocks can plunge on bad news, so homework is always required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. TSX:BEI.UN (Boardwalk Real Estate Investment Trust)
3. TSX:CCO (Cameco Corporation)
4. TSX:IVN (Ivanhoe Mines Ltd.)

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