3 Top Mid-Caps to Buy This Spring

Description

If you're keen on obtaining better-than-average performance over the long haul like so many investors, you'd be best served by looking to small- and mid-cap names, as they typically have wider discrepancies between their market value and their intrinsic (true) value.

Such a wide gap between a stock's true worth opens doors for investors to achieve excess risk-adjusted returns. And for those who do all their homework, huge rewards could be realized well before the general public catches on.

In this piece, I've compiled a list of three attractively valued mid-caps that growth-savvy investors may want to consider picking up this spring.

Spin Master (TSX:TOY)

The innovative Canadian toy maker has been in the doghouse over the past year. With shares now down 36% from the 2018 top, value hunters may have an opportunity to own the name with a fairly wide margin of safety. The Toys "R" Us headwind is likely already fully baked into the share price, as that's been the only talk of the town for well over a year now.

What investors may be discounting is management's abilities to overcome the void that Toys "R" Us's exit left in the toy industry. With many untapped global markets about to be entered, it'd be foolish to write-off Spin Master as a dud investment solely because of industry-wide headwinds that are gradually beginning to fade.

StorageVault Canada (TSXV:SVI)

Deemed by many as the best stock not on the TSX we have the M&A growth sensation StorageVault. The Canadian self-storage market is in a state of tremendous fragmentation, unlike our neighbours south of the border who have a handful of big-league self-storage players who control a large chunk of the market.

The untapped Canadian self-storage scene allows StorageVault the opportunity to consolidate and drive ample synergies thanks to management's experience with unlocking value in the self-storage space.

Moving forward, the demand for self-storage units is slated to increase thanks in part to the "six D's" — six secular tailwinds in the self-storage industry.

Park Lawn (TSX:PLC)

Sticking with the M&A theme, we have Park Lawn, an under-the-radar death-care play with a proven track record of smooth execution.

The underlevered company has been pursuing M&A opportunities as a main source of growth, and despite the impressive growth that's been clocked in over the years, there remains room for significant growth acceleration should management gain enough confidence to lever up the balance sheet to amplify returns for shareholders.

Park Lawn's management team has been rather prudent when it comes to acquisitions relative to most other industry consolidators who raise tonnes of debt with little consideration for maintaining a pristine balance sheet. While taking a slow-and-steady approach to industry consolidation may leave a lot to be desired, I think Park Lawn's unique positioning allows it time to grow with minimal risk.

As the world population continues to age, the demand for funeral services it just going to rise, and that's a generational tailwind that'll help propel Park Lawn to the top.

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