RRSP Sweet Spot: 3 Top Mid-Cap Stocks for an Early Retirement

Description

Hello Fools. I'm here again to highlight three attractive mid-cap stocks. As a reminder, I do this because mid-cap stocks — those with a market cap of between $2 billion and $10 billion — have two important qualities: more appreciation potential than massive "blue chip" companies; and less downside than speculative small-cap stocks with unproven track records.

Mid-cap companies can offer investors a great balance of risk and reward. Thus, mid-caps can be very useful in a RRSP account, where it's particularly important to build your nest egg with care.

Let's get to it.

Staying grounded

Leading off our list is airline operator **WestJet Airlines** (TSX:WJA), which sports a market cap of about $2.2 billion.

WestJet recently suspended its 2019 financial forecasts due to the groundings of Boeing 737 MAX aircraft. Naturally, Bay Street doesn't take kindly to uncertainty, so the stock has slumped a bit of late.

That said, the company's March traffic results point to a buying opportunity: load factor increased 1.4 percentage points to 87%, traffic improved 7.3%, and capacity grew 5.5%.

"We have adjusted our schedule to minimize guest disruption in response to the grounding of our 13 MAX aircraft and continue to work closely with all parties to enable a safe return to the skies," said President and CEO Ed Sims.

WestJet shares are up 7% in 2019 and offer a yield of 2.8%.

Getting into gear

With a market cap of $3.3 billion, auto parts specialist **Linamar Corporation** (TSX:LNR) is next on our list.

The stock slumped in 2018 amid NAFTA-related uncertainty, but recent results suggest that business is firming up. In Q4, sales increased 10% to $1.7 billion, operating earnings improved 8.2%, and free cash flow continued to bring down debt levels.

Based on that strength, management declared a quarterly dividend of $0.12 per share.

“2018 was our 9th consecutive year of double digit earnings growth, a record we are very proud of,” said CEO Linda Hasenfratz. “We are confident in our ability to continue to drive growth at Linamar as we have so consistently done over the past decade.”

Linamar shares are up 12% in 2019 and sport a cheapish P/E of 5.7.

Sound communication

Rounding out our list this week is Montreal-based telecom **Quebecor** (TSX:QBR.B), which sports a market cap of $8.4 billion.

Quebecor continues to use its diversified base of cash-generating assets — in telecom, media, sports, and entertainment — to deliver consistent results for shareholders. In 2018, revenue increased 1.4% to $4.18 billion, adjusted EBITDA improved 7.1%, and EPS improved 4.3%. The results were fueled mainly by solid performance at Videotron, Quebecor’s key telecom segment.

“Our positive results in the fourth quarter of 2018 cap what was an excellent year in many respects, driven once again by Videotron’s strong numbers,” said President and CEO Pierre Karl Péladeau.

Quebecor shares are up 14% so far in 2019 and sport a comforting beta of 0.5 (or about 50% less volatility than the market).

The bottom line

There you have it, Fools: three attractive mid-cap stocks worth checking out.

They aren’t formal recommendations, of course. View them instead as a jumping off point for further research. Even the best mid-cap stocks can face serious trouble from time to time, so plenty of due diligence is still required.

Fool on.

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