Go for Growth Without Being Stupid: 3 Top Mid-Cap Stocks to Buy in May

Description

Hi there, Fools. I'm back to call your attention to three attractive mid-cap stocks — or, as I like to call them, my top "sweet-spot" stocks. As a quick refresher, I do this because mid-cap companies — those with a market cap of between $2 billion and $10 billion — have two key features:

- More upside potential than large "blue-chip" companies; and
- Less downside risk than speculative small-caps.

All things equal, mid-cap stocks offer investors an ideal risk/reward balance. Thus, they can be very useful in a RRSP account, where it's especially important to build your nest egg with care and caution.

Let's get to it.

HEX marks the spot

Leading off our list is cannabis company **HEXO** (TSX:HEXO), which sports a market cap of about $2.1 billion.

When investors think about the big players in the Canadian marijuana space, HEXO is often overlooked. But the well-capitalized company is quietly growing, steadily taking advantage of several favourable trends.

In March, the stock spiked after posting blowout Q2 numbers: gross revenue spiked 1,269%, dried cannabis production grew 39%, and grams sold jumped 142%.

"This quarter not only saw an exponential increase in gross revenue and production, but also saw us continue to execute on our promises including reaching a construction and licensing milestone on our 1,000,000 sq. ft. greenhouse expansion and listing on the NYSE.A," said CEO Sebastien St-Louis.

HEXO shares are up a whopping 119% in 2019.

Golden speculation

With a market cap of roughly $2.7 billion, **Yamana Gold** (TSX:YRI)(NYSE:AUY) is our next magnificent mid-cap.

Yamana shares have tumbled in recent months on disappointing revenue, so highly risk-averse investors might want to stay away. That said, Yamana might be providing solid value for contrarian Fools.

In Q1, gold production still managed to grow 18% to nearly 236 thousand oz. and silver output more than tripled. Meanwhile, the stock is trading near 52-week lows.

“We had a strong first quarter both operationally and from a sustainability standpoint,” said CEO Daniel Racine in a conference call. “Our total recordable injury frequency rate declined to 0.6 during the quarter from 0.72 in the first quarter of 2018.”

Yamana shares are down 11% so far in 2019.

Dividend double

Rounding out our list is Montreal-based telecom **Quebecor** (TSX:QBR.B), which sports a market cap of about $8.5 billion.

Quebecor continues to lean on its telecom subsidiary Videotron — which connects to over 2.8 million homes in Quebec and has over 900,000 wireless subscribers — to deliver consistent results for conservative investors. In 2018, revenue improved 1.4% and adjusted operating income jumped 35% mainly on the strength of Videotron.

Additionally, management more than doubled its quarterly dividend to $0.055 per share.

“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 Peladeau.

Quebecor shares are up 16% so far in 2019.

The bottom line

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

As always, they aren’t formal recommendations. 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.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:HEXO (HEXO Corp.)
3. TSX:QBR.B (Quebecor Inc.)
4. TSX:YRI (Yamana Gold)

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