Time to Pounce! 3 Mid-Cap Stocks to Take Advantage of the Selloff

Description

Hi, Fools! I'm back to call your attention to three attractive mid-cap stocks. As a reminder, 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.

In other words, if you want to take advantage of the recent market selloff while limiting your downside, mid-cap stocks offer a reasonable way to do it.

Let's get to it.

Roll for it

With a market cap of roughly $9 billion, specialty retailer **Canadian Tire** (TSX:CTC.A) leads off our list.

Canadian Tire continues to offer a potent combination of growth and dividend income. Its massive scale (over 1,700 locations across Canada), iconic brand, and blossoming e-commerce segment should keep shareholders happy for many years to come. In 2019, for example, EPS jumped 18% to $12.58 as retail sales improved to $384 million.

More importantly, same-store sales increased 3.8% over 2018.

"Through our Triangle Rewards program, customers are engaging with us more frequently, both in our stores and digitally, driving our top-line growth as well as making us one of Canada's largest eCommerce players," said CEO Stephen Wetmore. "Our ability to deliver remarkably consistent growth at CTR is due to our strong partnership with our Associate Dealers and their knowledge of our customers' expectations in virtually every community in Canada."

Canadian Tire currently offers a dividend yield of 3.2%.

Golden opportunity

Next up, we have gold producer **Kinross Gold** (TSX:K)(NYSE:KGC), which currently sports a market cap of just under $10 billion.

Kinross's investment case continues to be supported by the still-rising price of gold, strong gold prices, and a rock-solid balance sheet. In the most recent quarter, for example, EPS of $0.13 topped expectations, as revenue jumped 27% to $996 million. Management cited higher gold prices and total production growth of 6% for the market-topping results.

Looking ahead, management expects 2020 production of 2.4 million gold equivalent ounces.

"In 2019, our portfolio of mines performed strongly, as we increased production and lowered costs year-over-year and generated robust free cash flow," said President and CEO J. Paul Rollinson. "Our strong performance ensured we met our production, cost and capital guidance for the eighth consecutive year."

Kinross shares currently sport a very comforting beta of 0.6 and trade at a P/E in the low teens.

Follow the chart

Rounding out our list is senior home operator **Chartwell Retirement Residences** (TSX:CSH.UN), which currently sports a market cap of about $3 billion.

Despite Chartwell's modest market cap, it remains the largest senior housing operator in Canada. The company continues to utilize its stable business model, reliable cash flows, and impressive scale — over 200 quality retirement communities in four provinces — to keep shareholders happy.

Over the past five years, Chartwell has grown its revenue, operating cash flow, and dividends at a rate of 38%, 56%, and 13%, respectively.

"[R]esults continue to be affected by the increased competition from new developments in a number of our markets," said President and CEO Paul Binions. "We expect the impact of this competition to moderate in 2020 and in future years by the expected growing demand for accommodation and services resulting from the accelerated growth in the seniors population."

Chartwell shares offer a healthy dividend yield of 4.4%.

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:KGC (Kinross Gold Corporation)
2. TSX:CSH.UN (Chartwell Retirement Residences)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:K (Kinross Gold Corporation)

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