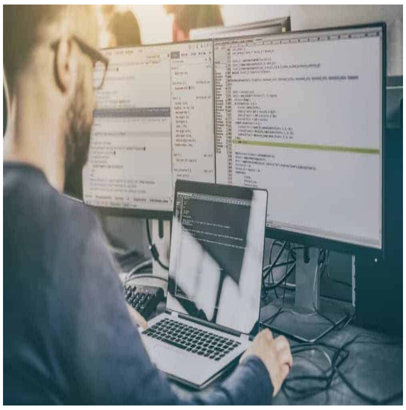

# Trade the Crash: 3 Mid-Cap Stocks to Capitalize on Now

### 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 volatility (without being reckless), this is a good place to start.

Let's get to it.

## Autocorrect

Leading off our list is auto parts specialist **Linamar** (TSX:LNR), which currently sports a market cap of $2.4 billion.

The stock continues to slump on a mix of economic uncertainty and industry-specific weakness, but now might be an opportune time to pounce. In the most recent quarter, free cash flow clocked in at a solid $90 million even as revenue declined.

Moreover, Linamar's market share in its core markets continued to grow while its Transportation segment showed solid increases, suggesting that the company's competitive position remains strong.

"We are very pleased to report growth in our Transportation segment earnings despite the impact of the General Motors strike and challenging markets," said CEO Linda Hasenfratz.  "We continue to focus on market share growth in all of our businesses to offset weak markets as well as cost control and cash generation and are delivering on every front."

Linamar shares trade at a cheapish forward P/E of 5.1.

## Gift exchange

Next up, we have Toronto Stock Exchange operator **TMX Group** (TSX:X), which currently sports a market cap of $6.5 billion.

The stock has been beaten down along with the rest of the market, providing Fools with an attractive opportunity. After all, TMX's long-term bull case continues to be underpinned by an asset-light business model and robust cash flows.

In fact, management recently announced that it plans to repurchase up to 560,000 of its common shares, suggesting that the current price is too good to pass up.

"As we continue further into 2020," said interim CEO and CFO John McKenzie, "TMX's senior leadership team and all of our employees are focused on building on our organization's success by serving our clients across the world with excellence, executing against our global growth strategy and creating value for shareholders."

TMX shares currently offer a decent dividend yield of 2.4%.



## Husky value

Rounding out our list is oil and gas producer **Husky Energy** (TSX:HSE), which currently sports a market cap of about $6 billion.

Weak drilling activity and overall economic concerns have weighed heavily on the stock, but Foolish value hounds might want to take a closer look. Despite declining revenue, Husky's balance sheet and cash flow generation both remain solid.

In 2019, for example, funds from operations (FFO) — a key cash flow metric — clocked in at $3.3 billion even as revenue for the year slumped 9%.

"We delivered on critical milestones during the year, including our top priority of improved safety performance," said CEO Rob Peabody. "We met our production and capital guidance, achieved first oil at the 10,000 barrel-per-day Dee Valley thermal bitumen project and have completed the safe startup of the Lima Refinery crude oil flexibility project."

Husky currently offers a tempting dividend yield of 7.7%.

## 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. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. TSX:LNR (Linamar Corporation)
2. TSX:X (TMX Group)

**PARTNER-FEEDS**

1. Business Insider
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**Date**
2025/08/13
**Date Created**
2020/03/08
**Author**
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