



Young Investors: 2 Mid-Cap Stocks to Power Up Your Gains

Description

There are a lot of reasons to look to the mid-cap universe after one of the most grueling bear markets in recent memory. Undoubtedly, stocks don't always trade at their fair value, especially after a brutal round of selling activity. In any case, mid-cap stocks tend to go longer at prices that are further from their intrinsic value. For investors, that means there's more opportunity to get a better bang for your buck. On the flip side, though, you can also get into more trouble if you don't put in the homework, given mid-cap stocks tend to be a tad more volatile than larger-cap stocks on average.

In any case, I think young investors can and should look to mid-caps, not only for greater undervaluation, but for better growth prospects over the long haul. Simply put, it's easier to grow earnings or sales as a relatively smaller company.

In this piece, we'll have a look at two intriguing names in the mid-cap space that young investors may wish to buy or watch. Indeed, the bear market has not been kind to the names. And there could easily be more pain ahead as the recession finally touches down. Though we have no idea how severe the recession will be, investors should brace for choppiness as corporate earnings season comes in full swing.

With that, I'd look to be a buyer of any post-earnings dips to position for that inevitable post-bear bounce. A new bull market is always around the corner. While it may or may not start this year, young long-term investors need not concern themselves with timing.

If you've got a time horizon beyond 10 years, you will be around to enjoy the gains that could accompany the next bull run. As the bear continues to claw down stock valuations, it's arguable that investors should rejoice and put money to work gradually over time. For young investors, bear markets are great times to punch your ticket into solid names at modest valuations.

Currently, **Badger Infrastructure Solutions** ([TSX:BDGI](#)) and **First Majestic Silver** ([TSX:FR](#)) are intriguing mid-cap names that may be too cheap for their own good.

Badger Infrastructure Solutions

Badger is a firm that provides a niche service. In essence, the firm delivers mobile soil excavation services using a device called a hydrovac. Industrial hydrovacs use pressurized water to dig up the soil. Badger's trucks have hydrovacs installed, and they bring services to clients, many of which are in the energy business.

Things have been rough for Badger of late. Margin woes and other headwinds have dropped the stock quite a bit from its peak. Down around 38% from its all-time high, I view Badger as an intriguing comeback play. The firm clocked in \$163.5 in revenue for the third quarter. That's up from \$136.2 million year over year. As the firm looks to improve its operating track record, look for BDGI stock to come roaring back. At 1.4 times price to sales, Badger looks like a terrific deal for long-term thinkers.

First Majestic Silver

First Majestic is a miner that's not for the faint of heart. The stock plunged around 63% from peak to trough. Though the recent rally, driven by surging precious metal prices, is encouraging, I believe the main attraction to the name is the depressed valuation. First Majestic reported a new quarterly production record late last year.

Looking ahead, I expect the stock, which trades at under two times price to book, could be in a spot to outperform. Indeed, precious metals are a great portfolio diversifier. Further, miner stocks like FR seem to be a more rewarding bet for those bullish on precious metals.

As a smaller player with a \$3.1 billion [market cap](#), I'd look for FR stock to really [lead](#) the charge.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
2. TSX:FR (First Majestic Silver)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
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joefrenette

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