2 Mid-Cap Stocks in Canada That Are a Screaming Buy Today!

Description

Some stocks take unwarranted beating amid the broader market selloff, which would indeed disappoint investors. However, instead of panicking, it is time to look at the golden opportunity and work on it. As the legendary investor Warren Buffett rightly says, "We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful."

I have two mid-cap stock picks today ready to pop in the intermediate to long term. The coronavirus fears could continue to weigh on the broader markets in the short term; however, once the market stabilizes, these stocks could continue their upward climb again.

goeasy

goeasy (TSX:GSY) is a financial services company that provides non-prime leasing and lending services. The stock has fallen by approximately 20% in the last ten trading session.

Although coronavirus has severely hampered consumer sentiment and ultimately goeasy stock, I think the latter has been punished way too harshly. GSY stock is currently trading at nine times its estimated earnings for the next year.

Such a multiple for a company which has increased its bottom-line at an average 35% in the last three years is definitely a lucrative buy, in my view. Notably, analysts are hopeful for a similar growth from goeasy in 2020 as well.

goeasy stock is currently trading at a meaningful dividend yield of 2.7%. The company restarted paying dividends in 2015 after a break of six years.

Interestingly, it has increased dividends by an astounding 30% compounded annually in the last five years and will pay an annual dividend of $1.8 per share in 2020.

Enghouse Systems

Markham, Canada-based **Enghouse Systems** (TSX:ENGH) is a software company that develops and sells enterprise oriented applications software. Enghouse Systems stock has relatively stayed strong amid the recent market downturn compared to steep fall in tech stocks. ENGH stock has more than doubled since September 2017, mainly driven by its strategic acquisitions.

The company has a vast experience in acquiring software firms. It mainly acquires technology companies with a recurring revenue stream and revenue of greater than $5 million, aiming to generate positive operating cash flow to fund future acquisitions.

The company has reported fair top-line growth in the last few years, which effectively translated into profits as well. In the last five years, Enghouse Systems' profits have increased by 10% compounded annually.

If you had invested $10,000 in ENGH a decade ago, you would have made $145,000 with dividends reinvested.

However, in my view, it's still not late. The company will likely continue to report higher earnings, as it reaps synergy benefits from its latest acquisition of French software company Eptica. Analysts also look positive on the company's earnings for the next few quarters.

Enghouse Systems will release its Q1 2020 earnings on March 5. Apart from its earnings miss or beat, management commentary will likely drive the stock in the short term.

Both of the above stocks look poised for solid growth in 2020 given their strong fundamentals and expected earnings growth.

Once markets calm over these virus fears, these stocks could attain an upward trajectory again. So, this is a great time for investors to make the most of their corrected prices.

CATEGORY

1. Investing
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TICKERS GLOBAL

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2. TSX:GSY (goeasy Ltd.)

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