15 Top Mid Caps to Buy in June

Description

We asked 15 of our Foolish writers for their top mid-cap stock picks. Here's what they chose:

Nicholas Dobroruka: Lightspeed POS

My top mid-cap stock for the month of June is **Lightspeed POS** (TSX:LSPD). The $3 billion company went public just under a year and a half ago and it's been a very volatile 18 months for the stock. Investors can pick up shares today at a discount as the stock is down by more than 30% from all-time highs.

The company has been hit extremely hard by the COVID-19 pandemic as the majority of the company's clients are small- to medium-sized brick-and-mortar retailers and restaurants.

For long-term investors that are willing to endure the likely short-term volatility, there is plenty of growth still ahead for this company.

Lightspeed is still mainly known as a POS provider across Canada, but the company has grown into so much more over the past few years. Lightspeed now offers support to customers through inventory management, staffing, data analytics, digital marketing, and loyalty program assistance.

Fool contributor Nicholas Dobroruka has no position in any of the stocks mentioned.

Ambrose O'Callaghan: Real Matters

My top mid cap stock for June is **Real Matters** (TSX:REAL). The company provides technology and network management solutions to mortgage lending and insurance industries in North America. Shares had climbed a whopping 220% year-over-year at the time of this writing.

In the second quarter, Real Matters showed resilience in the face of the COVID-19 pandemic. Consolidated revenues surged 73% from the prior year to $109.6 million. Adjusted EBITDA increased to $14.6 million over $2.8 million in Q2 2019. New client additions and a strong U.S. mortgage market contributed to this bump. Management remains confident that the current low interest environment will underpin revenue and earnings growth going forward on the back of a flurry of refinances.

Real Matters boasts a flawless balance sheet and recently broke into profitability. I'm bullish on this tech stock for June and beyond.

Fool contributor Ambrose O'Callaghan has no position in any stocks mentioned.

Jed Lloren: Boyd Group

One of the most interesting growth stocks in Canada comes from one of the least glamorous industries. **Boyd Group** (TSX:BYD.UN) is an operator of one of the largest non-franchised auto repair centres in North America. Its Canadian locations operate under the Boyd Autobody and Glass banner, whereas its American locations are listed as Gerber Collision and Glass.

In 2016, company management announced a target annualized growth rate of 15% over the next five years. However, Boyd Group is on pace to smash that as it is currently growing at an annualized rate of 27% since 2016. The company plans to continue accelerating its growth via new store locations and acquisitions.

Given the company's strong balance sheet and experienced management, Boyd Group should keep growing strongly even through a recession if we do find ourselves in that situation. The summertime is often a strong season for the auto repair industry, so now would be a good time to jump in.

Fool contributor Jed Lloren has no position in any stock mentioned.

Christopher Liew: CargoJet

CargoJet (TSX:CJT) is an Ontario-based $2.14 billion air cargo service corporation. The company performs the essential task of keeping the supply chain moving within Canada and the U.S.

The company has performed exceptionally well in 2020 despite the global pandemic. The stock price has more than recovered from the COVID-19 market bottom. Since the demand for e-commerce, healthcare, and essential supplies increased during the pandemic, CargoJet was well-positioned to not drop too much in value.

Now, the company must move to adapt to a country that is slowly coming out of lockdown. The company reported revenue of $123 million for the first quarter of 2020 and currently has a low beta of 1.10.

Cargojet is a solid mid-cap stock pick if you are predicting more pandemic related stock drops in the future but you still want to hold equity.

Fool contributor Christopher Liew has no position in any stock mentioned.

Kyle Walton: TMX Group Limited

TMX Group Limited (TSX:X) is a great mid-cap stock in the current environment. The TMX Group owns and operates all the major stock exchanges in Canada. This includes the Toronto Stock Exchange (TSX) and the TSX Venture.

Exchanges profit from trading volume, regardless of market direction. Therefore, TMX Group stands to benefit from increased trading volume through the end of 2020, regardless of which direction the markets head from here.

May 2020 equities volume, across all TMX exchanges, was approximately 45% higher than in 2019. As of May, on a year-to-date basis, 2020 trading volume was about 33% higher than 2019. TMX has already set a new all-time high in May and should be able to easily charge higher on the back of such intense trading volume.

Fool contributor Kyle Walton has no position in the companies mentioned.

Vineet Kulkarni: Premium Brands Holdings Corp.

Premium Brands Holdings Corp. (TSX:PBH) is a $3 billion food processing company that manufactures specialty foods and operates a premium food-distribution business. It generates 60% of revenues from Canada, and the rest comes from the US.

The company has seen its revenues increase by a notable 24% compounded annually in the last decade. Though the COVID-19 is expected to dent its performance this year, the management expects superior growth through 2023.

Premium Brands offers a wide range of specialty food products and caters to a niche market. This enables lower competition and higher margins. The company might see relatively higher demand as cafes and malls re-open after weekslong lockdown.

Its stable dividend profile and attractive growth prospects make it a worthy bet for long term investors.

Fool contributor Vineet Kulkarni does not have any positions in the stocks mentioned.

Stephanie Bedard-Chateauneuf: Enghouse Systems

Enghouse Systems (TSX:ENGH), a Canadian software and services company, is my top mid-cap stock to buy now.

Enghouse provides enterprise software solutions designed for remote work. The pandemic has had a positive impact on the business, as sales of solutions that support work from home have increased to meet growing demand.

Sales of Vidyo, a video conferencing and telehealth/financial services platform, were especially strong in the second quarter.

Since many people will continue to work from home post-pandemic, the demand for Enghouse's solutions should stay high.

Analysts forecast for fiscal 2020 an increase in revenue of 356% to $523 million and a growth in earnings of 19% to $1.53 per share.

Fool contributor Stephanie Bedard-Chateauneuf owns shares of Enghouse Systems Ltd.

Ryan Vanzo: BlackBerry Ltd

My top mid-cap stock this month is **BlackBerry Ltd** (TSX:BB)(NYSE:BB). You might remember this company as a failed smartphone manufacturer, but think again. Today, BlackBerry produces some of the most advanced cybersecurity software on the planet.

Long after consumers ditched BlackBerry phones, high-profile users like celebrities and politicians continued to use the company's products. Why? For their ironclad security. BlackBerry leveraged this reputation to create security products that protect the millions of connected devices added to the world every day.

BlackBerry's tech is world-class. Its Cylance division, for example, uses artificial intelligence to detect threats *before* they occur. Despite this technology, shares trade at a 70% discount to peers like **Crowdstrike Holdings Inc**. As the market catches on, expect this discount to narrow quickly.

Fool contributor Ryan Vanzo has no position in any stocks listed.

Puja Tayal: Descartes Systems

My top mid-cap stock pick is **Descartes Systems** (TSX:DSG)(NASDAQ:DSGX), Canada's largest logistics and supply chain solutions provider. The COVID-19 pandemic has change consumer demand and stressed the logistics and supply chain. More companies are adopting Descartes's solutions to adapt their supply chain and logistics to the changing environment. The stock is trading near its 20-year high as the company is seeing growing demand from e-commerce customers.

Moreover, the U.S.-China trade war has created a lot of uncertainty around the supply chain. Descartes sees strong demand for is tariff and duty content and Denied Party Screening solutions. As the economy gradually re-opens, demand for Descartes's solutions will only grow. Data Bridge Market expects the global market for cloud supply chain management to grow at a CAGR of 20% between 2020 and 2025.

Fool contributor Puja Tayal has no position in the companies mentioned.

Debra Ray: SNC-Lavalin

My top mid-cap stock pick for June is **SNC-Lavalin** (TSX:SNC)(NYSE:SNC). The engineering firm has been working to regain its prior glory on the Toronto Stock Exchange after the conclusion of its legal troubles at the end of 2020.

SNC-Lavalin faces a long road blocked by restrictions to bidding on government contracts. Nonetheless, this year marks the beginning of its comeback and Canadian investors should take note.

SNC-Lavalin is a powerful political entity in Canada, and its power will aid the firm's recovery. Long-term investors can earn a 0.34% dividend yield while they wait for the company to restore its revenue stream.

Fool contributor Debra Ray has no position in any of the stocks mentioned.

Kay Ng: Air Canada

COVID-19 destroyed demand for air travel and triggered a stock crash of as much as 80% in **Air Canada** (TSX:AC) stock.

However, the company is in good financial shape to weather this storm. It entered the year with a decent balance sheet, and it was able to raise gross proceeds of $1.6 billion from the financial markets recently.

A recovery in the industry over the next three to five years can result in investors doubling their money from an investment at the current levels of $19 and change per share.

That said, Air Canada stock is not for the faint of heart as it's highly volatile and is above-average risky.

Fool contributor Kay Ng owns shares of Air Canada.

Sneha Nahata: Kinaxis

Kinaxis (TSX:KXS) is my top mid-cap stock pick. The company's both cloud-based and on-premise supply-chain management software and solutions are in high demand, thanks to the disruptions caused by the pandemic. Besides, its strong order backlog strengthens my bull case.

Kinaxis made investors rich ever since it listed on the exchange. Kinaxis stock generated a stellar return of about 466% in five years, as compared to the paltry 2.1% growth in the benchmark index. So far, Kinaxis stock is up about 75% this year, outperforming the broader market by a wide margin.

Kinaxis's multi-year subscription agreements with customers provide a steady recurring revenue base. Besides, its ability to acquire new customers accelerates its growth rate further.

Kinaxis trades at a premium when compared to the industry average. However, don't let its high valuation scare you. Given its above-average revenue growth, margin expansion, high customer retention rate, and solid growth prospects, Kinaxis's high valuation is warranted.

Fool contributor Sneha Nahata has no position in any of the stocks mentioned.

Joey Frenette: Spin Master

My top mid-cap stock for the month is **Spin Master** (TSX:TOY). The battered toymaker suffered a massive fall from grace, thanks to the perfect storm of problems. Management hiccups, industry headwinds, and most recently, the coronavirus crisis have decimated the stock, bringing it down over 80% from peak to trough.

Although the headwinds seem insurmountable, I do think, in due time, the innovative toymaker will rise again. The company has a strong balance sheet, a stellar portfolio of brands, and an innovative founder-led management team that I think is learning from their mistakes.

To this day, the company looks to lack operational leadership, but at today's depressed valuations, I'd say that's forgivable when you consider the bounce-back potential come the next bull market.

Fool contributor Joey Frenette has no position in any stocks mentioned.

Aditya Raghunath: Gildan Activewear

Retail stocks have taken a pounding due to the COVID-19 pandemic. As malls and retail stores are closed, demand has been subdued dragging shares of several companies lower. Canada-based retail giant **Gildan Activewear** (TSX:GIL)(NYSE:GIL) has underperformed the broader markets in 2020.

The stock is down 60% from record highs and provides an opportunity for investors to buy the dip. In fiscal 2020, analysts expect Gildan sales to fall by a massive 40% to US$1.7 billion. However, this decline has been priced into the stock.

What should excite investors is Gildan's estimated revenue growth of 32.4% and earnings growth of a whopping 422% in 2021. This means Gildan is trading at a forward 2021 market cap to sales multiple of 1.4 and a price to earnings multiple of 13.

Yes, the current situation remains grim and Gildan has suspended its dividend and share-repurchase program. However, the COVID-19 pandemic is likely to be a near-term headwind and the stock should move higher as normalcy returns.

Fool contributor Aditya Raghunath has no position in any of the stocks mentioned.

Mat Litalien: Inter Pipeline

Inter Pipeline (TSX:IPL) made headlines in late March when the company slashed its dividend 72%. This effectively ended its 11-year dividend growth streak and as a result, it lost its status as a Canadian Dividend Aristocrat.

Although a short-term shock, the dividend cut was a wise move. It is undertaking the biggest project in history, the Heartland petrochemical plant – a first of its kind in Canada. The project which is expected to enter operation by the end of 2021 will add materially to EBITDA. Once operational, Inter Pipeline is expected to enter a new period of significant cash generation. Short-term pain for long-term gain.

Fool contributor Mat Litalien is long Inter Pipeline.

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2. NYSE:BB (BlackBerry)
3. NYSE:GIL (Gildan Activewear Inc.)
4. TSX:AC (Air Canada)
5. TSX:ATRL (SNC-Lavalin Group)
6. TSX:BB (BlackBerry)
7. TSX:CJT (Cargojet Inc.)
8. TSX:DSG (The Descartes Systems Group Inc)
9. TSX:ENGH (Enghouse Systems Ltd.)
10. TSX:GIL (Gildan Activewear Inc.)
11. TSX:KXS (Kinaxis Inc.)
12. TSX:LSPD (Lightspeed Commerce)
13. TSX:PBH (Premium Brands Holdings Corporation)
14. TSX:REAL (Real Matters Inc.)
15. TSX:TOY (Spin Master)
16. TSX:X (TMX Group)

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motley-fool-staff