



## 2 Mid-Cap TSX Stocks to Watch in the 2nd Half of 2021

### Description

Mid-cap stocks on the **TSX Index** have been on a [wild ride](#) of late. Beginner investors looking to gain a long-term edge over the markets should take advantage of such volatility.

As you may know, the smaller a stock's market cap, the less efficient Mr. Market is at pricing it at close to its intrinsic value. As such, self-guided Canadian stock pickers should allocate at least a portion of their portfolios to such names that can provide one more growth and a slightly higher chance of [putting the TSX to shame](#) over the long haul.

### Mid-cap TSX stocks that could pay major long-term dividends

Small- and mid-cap stocks aren't everybody's cup of tea. They tend to be thinly traded, and it can take some time before the market corrects undervalued shares to the upside. That's why investors need the conviction, temperament, and patience to gain the most from what Canada's top mid-cap companies have to offer.

In this piece, we'll have a look at two mid-cap TSX stocks to add to your radar today. Without further ado, consider the following:

### Spin Master

The demand for toys has really started to pick up traction amid COVID-19 lockdowns. Still, shares of **Spin Master** ([TSX:TOY](#)) are off 30% from their all-time highs last hit in mid-2018. Although TOY stock finds itself up over 250% from its March 2020 bottom, I still find there to be ample value for long-term growth investors with shares effectively back at their 2019 consolidation channel in the low-\$40 range.

With a discretionary spending boom on the horizon, Spin finds itself in an enviable position. Shopping malls have steadily reopened over the past several weeks, and with that, trips to the toy store. Undoubtedly, many parents are feeling obliged to load up on toys, if not to keep kids entertained from home but to reward them for having made it through a tough and confusing year and a half.

It's not mall reopenings and pent-up demand for toys that have me pounding the table on Spin stock, though. I'm incredibly bullish on the digital games business, which has enjoyed staggering triple-digit growth in recent quarters. While it's quite the stretch to compare the Canadian toymaker to the likes of a **Roblox**, I do think Spin can cut in on Roblox's turf over the next five years, as the firm ramps up efforts to give higher-margin digital games a boost.

With a \$4.2 billion market cap, Spin is definitely one of the more promising mid-cap stocks on the TSX, and I think young Canadian investors should stash the name in their TFSA before it can feel the full force of post-pandemic tailwinds to its back.

## Boyd Group Services

**Boyd Group Services** ([TSX:BYD](#)) is an auto-body repair shop that's grown primarily through M&A over the past several years. Growth-by-acquisition is Boyd's specialty, and while I do not doubt management's ability to drive synergies from every deal it makes, both COVID-19 headwinds and unfavourable longer-term trends could act as an overhang on the stock, despite any quality earnings growth reacceleration in the post-pandemic environment.

The COVID-19 headwinds are simple and temporary. Fewer cars on the road mean fewer accidents. As the economy reopens and things return to normal, I suspect Boyd will return to 2019 levels of business. The real risk is the rise of electric vehicles, which may be more complicated to repair and could take a bite out of margins. Moreover, the advent of autonomous driving may also pose a threat to Boyd. If self-driving vehicles are, in fact, safer, there goes a huge chunk of Boyd's business, which it may not be able to claw back.

In spite of such longer-term headwinds, I still think Boyd stock has many years' worth of high-quality growth left in the tank. The \$4.7 billion TSX stock is fresh off a 15% correction. So, investors should add the name to their radar and look to pick up shares if the weakness intensifies.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:BYD (Boyd Group Income Fund)
2. TSX:TOY (Spin Master)

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