12 Top Mid-Cap TSX Stocks to Buy Now

Description

We asked our Foolish writers for their top mid-cap stock picks for July. Here are their choices:

Stephanie Bedard-Chateauneuf: Premium Brands Holdings

Premium Brands Holdings (TSX:PBH) is my top mid-cap TSX stock to buy now. This company is engaged in the manufacture and distribution of specialty foods.

Premium Brands stock has gained nearly 30% year to date.

The company posted record sales of $1 billion in the first quarter of 2021, up 8% from the prior-year quarter. Earnings per share came in at at $0.72 — up 36% from the first quarter of 2020.

For the second quarter, Premium Brands's sales and EPS are expected to grow by 17.3% and 93%, respectively.

This mid-cap company also distributes a quarterly dividend of $0.635 per share. The dividend yield is currently close to 2%. With a five-year price-to-earnings-to-growth ratio of only 0.27, Premium Brands stock is very cheap.

Fool contributor Stephanie Bedard-Chateauneuf has no position in any of the stocks mentioned.

Nikhil Kumar: BlackBerry

BlackBerry (TSX:BB)(NYSE:BB) has an incredible opportunity to turnaround the business and return to profitability. The company's CEO John Chen has indicated that BlackBerry intends to continue to increase and enhance the company's product and service offerings through both organic investments and strategic acquisitions. The company is on track to remain a leader in target enterprise markets by continuing to extend the functionality of BlackBerry's secure platform and deliver innovative solutions focused on strategic industry verticals.

The acquisition of Cylance in late fiscal 2019 has provided BlackBerry with a leading artificial intelligence and machine learning-based platform. The combined platform features industry-leading threat prevention modules to help organizations cope with the significant growth of cyber attacks. This enables organizations to employ a prevention-oriented strategy to ensure that threats do not run on a system. This is a service that companies need and higher revenues could serve as a catalyst for the lagging stock price.

Fool contributor Nikhil Kumar has no position in any of the stocks mentioned.

Puja Tayal: Descartes Systems

Descartes Systems (TSX:DSG)(NASDAQ:DSGX) is a resilient stock with a market capitalization of $5.82 billion. It enjoys the benefit of both small- and large-cap stocks. The COVID-19 pandemic has accelerated the adoption of supply chain management (SCM). *ResearchAndMarkets* expects the SCM market to increase at a compounded annual growth rate (CAGR) of 11.2% from 2020 to 2027.

As the seventh-largest SCM solutions provider in the world, Descartes is benefitting from the overall market growth. Moreover, it has the opportunity to tap market share. It is a peak time for Descartes, as the reopening of the economy brings back demand from airlines and industrial clients. The stock is riding the recovery rally, rising over 23% from June 1 to July 15. It has the potential to continue the rally towards the end of the year and beyond.

Descartes stock surged at a CAGR of 20% between 2016 and 2020. The growing adoption of SCM solutions could accelerate its growth in the coming years.

Fool contributor Puja Tayal has no position in any of the stocks mentioned.

Robin Brown: Cargojet

Cargojet (TSX:CJT) has returned an amazing 2,489% return (not including dividends) for shareholders who have held it since 2012. While that is very impressive, this stock only has a market capitalization of $3 billion. That means its growth story is still far from finished.

This year, its stock has pulled back, but largely because of tough comparable earnings from a very strong 2020. Yet this appears like a pretty attractive buying opportunity for long-term investors.

Cargojet has a railroad-like competitive moat. It has the aircraft, infrastructure, staff, and networks to maintain a leading position in the Canadian overnight air freight market. Contracts with the likes of **Amazon**, DHL, and Canada Post certainly help insure its position.

This stock is exciting, because Cargojet is now setting its target on international markets. This year it will start adding new planes to its fleet that are specifically designed for international and e-commerce opportunities. We all are getting more and more packages at the door daily. Cargojet should be one stock that wins from this trend for many years ahead.

Fool contributor Robin Brown has no position in any of the stocks mentioned.

Jed Lloren: Docebo

The business world has been gradually shifting towards a more digital way of operating for many years. Today, we can see many companies offering products and services that aim to help accelerate this shift for the employee onboarding process, payroll, accounting, and so on. When it comes to learning management systems, **Docebo** (TSX:DCBO)(NASDAQ:DCBO) may provide one of the most advanced platforms.

Docebo's platform is cloud-based and AI-powered, allowing training managers to assign, monitor, and modify employee training programs more easily. Currently, more than 2,300 businesses around the world rely on Docebo to train their employees. In Q3 2020, Amazon announced that Docebo would power its AWS Training and Certification offerings worldwide. This is a major feather in Docebo's cap and speaks to its quality. At a market cap of only $2.4 billion, shareholders could see massive gains from here.

Fool contributor Jed Lloren owns shares of Docebo.

Nicholas Dobroruka: Dye & Durham

My top mid-cap stock right now is **Dye & Durham** (TSX:DND). The tech company could be on the verge of being acquired. Buy-out or not, this $3 billion company should be on every Canadian growth investor's radar.

Dye & Durham has carved out a lucrative niche for itself. Its cloud-based software helps its global customers dramatically improve efficiency and accuracy when dealing with public records. It might not be the most exciting area of the market, but it is a fast-growing one.

Shares are up a market-crushing 200% since it joined the TSX one year ago. The tech stock is trailing the market year to date and down more than 10% from all-time highs, though. So, if you're looking to add some growth to your portfolio, now is an opportunistic time to be loading up on shares of Dye & Durham.

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

Kay Ng: TMX Group

TMX Group (TSX:X) is a quality business with diversified revenues. Last year, despite uncertainty in the economy and financial markets due to pandemic impacts, TMX's revenue rose 7%. During the year, more than half of its revenue was recurring, which is high-quality revenue.

Its global solutions and data analytics segment, which includes real time data and data delivery and technology solutions, has been a core and resilient business.

The company also generates revenue from new listings (e.g., stocks, exchange-traded funds, and closed-end funds) and financing activities on the Toronto Stock Exchange and TSX Venture Exchange.

It benefits from higher equities trading volume, which was up 50% in Q1 versus a year ago. This helped boost revenue by 14% and adjusted earnings per share by 23% for the quarter. It also takes care of fixed income and derivatives trading and clearing.

The dividend-growth stock is a Canadian Dividend Aristocrat for having increased its dividend every year since 2016. Specifically, its five-year dividend-growth rate is about 11%, which is quite good.

TMX stock's five-year returns are about 20% per year, thanks to becoming better quality, making strategic acquisitions, and an expanded price-to-earnings ratio from approximately 14 to 21.

Fool contributor Kay Ng has no position in any of the stocks mentioned.

Sneha Nahata: Enghouse Systems

I am bullish on **Enghouse Systems** (TSX:ENGH) in the mid-cap space, thanks to its profitable growth and strong operating cash flows. Enghouse has consistently performed well, even in the pre-pandemic phase, reflecting benefits from its two-pronged growth strategy (organic and acquisitions). While Enghouse's top line increased at a CAGR of 10% in the last five years, its adjusted EBITDA per share grew by a CAGR of 17% during the same period. Furthermore, its dividend has increased at a CAGR of 13.5% since FY16.

Looking ahead, Enghouse's diversified product base, growing recurring revenue streams, debt-free balance sheet, and large cash reserve position it well to grow organically as well as accelerate its growth through strategic acquisitions. Moreover, its dividend could continue to increase at a double-digit rate owing to its high-quality earnings.

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

Amy Legate-Wolfe: Spin Master

On the surface, **Spin Master** (TSX:TOY) doesn't look like much of a deal. The $4.89 billion toy company currently sports a 52.51 price-to-earnings ratio, selling discretionary items that, frankly, only parents need. Right?

But even during the pandemic, Spin Master saw an incredible increase in share price, as the company continued its stellar performance. Shares are up 89% in the last year and 304% since the crash of 2020. So, where's the deal in that?

Well, shares of the company are still down 15% since the highs experienced before the fall. On top of that, we are now entering a phase where consumers want to spend. That's great news for a company coming out with more new products and even a *Paw Patrols* movie. It's even signed up football star Russell Wilson to launch Sonic football. On top of that, it's entered the gaming industry, where there was an increase in demand during the pandemic that's carried on to today.

All this is to say that Spin Master has a strong, diversified road ahead. With sales likely to continuing to grow by double digits in the next year and beyond, it's still a deal, in my books.

Fool contributor Amy Legate-Wolfe has no position in any of the stocks mentioned.

Jitendra Parashar: Air Canada

I consider **Air Canada** (TSX:AC) to be one of the best mid-cap stocks to buy right now. The company has a market cap of $9 billion, as its stock currently trades with only 11% year-to-date gains. While the airline industry has suffered a lot since the global pandemic started, a recent surge in travel demand could be pointing towards a brighter future for airline companies.

Air Canada announced its Q2 results on July 23. In my recent article, I talked about four reasons why its stocks could be worth buying, despite its slightly lower-than-expected second-quarter revenue. More important factors, like an improving bookings trend, better-than-initially-guided cash-burn rate, and management's decision to proactively call back its staff to meet the rising demand could lay the foundation of Air Canada's sooner-than-expected financial recovery. These factors could boost investors' confidence in the near term, triggering a rally in its stock.

Fool contributor Jitendra Parashar has no position in any of the stocks mentioned.

Daniel Da Costa: InterRent REIT

The top mid-cap stock I'd recommend for Canadian investors today is **InterRent REIT** (TSX:IIP.UN), an impressive growth stock. InterRent owns a growing portfolio of high-quality residential real estate assets.

Residential real estate is one of the most defensive industries there is. So, the fact that InterRent has a proven and repeatable growth strategy makes it one of the best long-term investments you can make today.

For years, InterRent has bought undervalued assets in Ontario and Quebec. It's then used its topnotch expertise to renovate and upgrade these assets. The improvements it's made, such as renovations to the suites and common areas as well as significant upgrades of amenities, have helped InterRent substantially grow the value of its units and the cash flow they can generate.

And now, with the company most recently entering the Vancouver real estate market for the first time, it looks like it will continue to have years of growth potential ahead of it, which is why it's the top mid-cap stock I'm recommending today.

Fool contributor Daniel Da Costa owns shares of INTERRENT REAL ESTATE INVESTMENT TRUST.

Karen Thomas: SNC Lavalin (TSX:SNC)

Although **SNC Lavalin** (TSX:SNC) has been embroiled in controversy, it's emerged today as a solid infrastructure play with a bright future. Infrastructure is in need of repair and modernization in many parts of world. SNC Lavalin is helping to make this happen with its many services, such as design and engineering, and project and construction management.

SNC Lavalin has recently been holding firm — financially and operationally. It's regrouping after corruption scandals, losses, and writedowns. Today, the stock actually looks undervalued. Net income has turned positive, the backlog is strong, and the infrastructure trade is alive and well.

In fact, SNC has plenty of long-term growth drivers. Infrastructure is old in North America, needs replacing and improvements, and a rapidly changing world will mean increasingly more work will need to be done on newer infrastructure to support renewables, technology, and nuclear power.

Fool contributor Karen Thomas has no position in any of the stocks mentioned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NASDAQ:DSGX (Descartes Systems Group)
3. NYSE:BB (BlackBerry)
4. TSX:AC (Air Canada)
5. TSX:ATRL (SNC-Lavalin Group)
6. TSX:BB (BlackBerry)
7. TSX:CJT (Cargojet Inc.)
8. TSX:DCBO (Docebo Inc.)
9. TSX:DND (Dye & Durham Limited)
10. TSX:DSG (The Descartes Systems Group Inc)
11. TSX:ENGH (Enghouse Systems Ltd.)
12. TSX:IIP.UN (InterRent Real Estate Investment Trust)
13. TSX:PBH (Premium Brands Holdings Corporation)
14. TSX:TOY (Spin Master)
15. TSX:X (TMX Group)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

PP NOTIFY USER

1. kduncombe

Category

1. Investing

Date
2025/06/28
Date Created
2021/07/28
Author
motley-fool-staff