Top 4 Mid-Cap Stocks to Buy Now

Description

Mid-cap stocks tend to outperform their larger peers and the overall market over time, making them attractive long-term bets. However, one must take caution while investing in mid-cap stocks as they are highly volatile.

Nevertheless, the improving economic trends, recovery in demand, and revival in corporate earnings suggest that Canadian mid-cap companies could deliver robust financials in the coming years, which could drive their stock price higher.

Let's dig deeper into four such Canadian mid-cap stocks that I believe have robust growth prospects and could deliver superior returns.

goeasy

Let's start with the subprime lender **goeasy** (TSX:GSY) that has handily outpaced its banking peers with its growth. goeasy stock is up about 120% this year, reflecting strong growth in its revenue and earnings. Higher origination and increased loan volumes amid improving demand boosted goeasy's financials. Furthermore, its wide product offerings, geographical and channel expansion, and strategic acquisitions further accelerated its growth and supported the uptrend in its stock.

I believe the large and underpenetrated sub-prime consumer credit market, new products, strong balance sheet, solid credit, and payment performance position it well to deliver double-digit growth in its top and bottom line. Meanwhile, goeasy will likely enhance shareholders' returns through higher dividend payments.

Dye & Durham

Dye & Durham (TSX:DND) is another reliable mid-cap stock with solid growth potential. The stock has trended higher since listing on the exchange in July 2020. Moreover, it has consistently delivered robust revenue and adjusted EBITDA growth on the back of strong demand for its products and services and strategic acquisitions.

I believe Dye & Durham's large and diversified blue-chip customer base, lower churn, rising economic activities, and expansion in high-growth markets will likely accelerate its adjusted EBITDA growth rate. Meanwhile, increased revenues from existing customers, a strong balance sheet, and a robust M&A pipeline indicate that Dye & Durham is well-positioned to outperform the broader markets in the coming years.

Enghouse Systems

Besides Dye & Durham, **Enghouse Systems** (TSX:ENGH) is another technology company in the mid-cap space that looks attractive. Its ability to consistently deliver profitable growth and strong operating cash flows support my bullish outlook.

The company's diversified product offerings, solid recurring revenues, and zero-debt balance sheet indicate that Enghouse could continue to deliver superior returns in the coming years. Meanwhile, its large cash reserve and strategic acquisitions will likely accelerate its growth rate and support its dividend payouts.

Cargojet

Let's wrap up with **Cargojet** (TSX:CJT) stock that has consistently delivered stellar returns in the past and made its shareholders very rich. While tough year-over-year comparisons and normalization in demand have led to selling in Cargojet stock, I am bullish over its long-term prospects.

I see the pullback in Cargojet stock as a solid opportunity to buy. The sustained momentum in its core business, continued demand from the e-commerce vertical, high customer retention rate, and long-term contracts augur well for growth. Further, its next-day delivery capabilities to over 90% of the Canadian population, network optimization, and cost management provide a strong competitive advantage.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Tech Stocks

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:DND (Dye & Durham Limited)
3. TSX:ENGH (Enghouse Systems Ltd.)
4. TSX:GSY (goeasy Ltd.)

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