



## Mid-Cap Stocks: My Top 3 Picks for October 2021

### Description

With the increasing economic activities, recovery in demand, and revival in corporate earnings, I believe the Canadian mid-cap stocks could deliver strong returns in the coming years.

Mid-cap stocks are those with a market capitalization of between \$2 billion and \$10 billion. As mid-cap companies are relatively more mature than the small-caps, shares of these companies are usually less risky and volatile. Moreover, mid-cap stocks tend to perform better than their larger peers, making them excellent long-term bets.

So here, I'll discuss three Canadian mid-cap stocks that could deliver solid returns and are worth buying at current levels.

### Mid-cap stock #1: Dye & Durham

**Dye & Durham** ([TSX:DND](#)) is one of the [top mid-cap stocks](#) you could consider buying now due to its rapid growth. The company's revenues and adjusted EBITDA have been growing at a solid pace backed by robust demand for its products and services, strategic acquisitions, and its large customer base.

I expect the demand for Dye & Durham's products and services to remain elevated as the reopening of courthouses and increase in economic activities augur well for growth. Meanwhile, the strength in its base business, increased revenues from existing customers, strong renewal rate, lower churn, and expansion in high-growth provide a solid growth foundation.

Interestingly, Dye & Durham is focusing on diversifying its revenue base while its balance sheet remains strong. The overall selling in tech stocks has led to a decline in Dye & Durham stock. It is trading about 21% lower on a year-to-date basis, providing an opportunity to go long at current price levels.

## Mid-cap stock #2: AltaGas

**AltaGas** ([TSX:ALA](#)) is another reliable mid-cap bet that investors could consider buying. Shares of this utility company are on an uptrend, [outpacing the benchmark index](#) by a wide margin over the past year. Besides the appreciation in value, AltaGas has enhanced its shareholders' returns through higher dividend payments, reflecting the strength of its resilient cash flows.

I believe the uptrend in AltaGas stock would likely sustain in the coming years, backed by its high-quality utility assets and high-growth midstream operations that would continue to drive its revenue and earnings. Meanwhile, customer acquisitions and the integration of Petrogas could further accelerate its growth rate. Also, the improved energy demand, higher export volumes, and increased utilization rate will likely support its future growth and drive shareholders' returns.

It pays monthly dividends, and its stock is yielding about 4% at current price levels. I believe, AltaGas could be an excellent stock for those who seek regular income along with growth.

## Mid-cap stock #3: Cargojet

The third stock on my list is **Cargojet** ([TSX:CJT](#)). It has made its shareholders very rich and has consistently outperformed the broader markets. Its competitive advantage over peers, market-leading positioning, and robust network augur well for growth.

The sustained momentum in its core business, its next-day delivery capabilities to over 90% of the Canadian population, and cost management position it well to capitalize on the increased demand from the e-commerce segment and deliver strong profitability in the coming years. Furthermore, its network optimization, high customer retention rate, and long-term contracts augur well for growth.

While the Cargojet stock witnessed a healthy correction owing to an expected normalization in demand and tough year-over-year comparisons, I am bullish over its long-term prospects and see this pullback as a solid opportunity to buy.

### CATEGORY

1. Coronavirus
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:CJT (Cargojet Inc.)
3. TSX:DND (Dye & Durham Limited)

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