



3 Canadian Stocks That Look Good Heading Into 2020

Description

The year 2019 is coming to a close, and the **TSX Index** has been on fire.

Rising for six consecutive days, Canada's biggest index has set record highs.

The gains come after a weak summer that saw North American markets hammered by trade tensions between the U.S. and China.

Now, with cautious optimism regarding the prospect of a trade deal, markets have regained their footing.

While further U.S./China conflict risks sending markets lower, there are some stocks that are poised to perform well into 2020—with or without a deal. The following are three that may have upside in the year ahead.

Kirkland Lake Gold

Kirkland Lake Gold Ltd (TSX:KL)(NYSE:KL) is a Canadian gold miner that owns several highly productive mines in Canada and Australia.

Its stock has been on fire over the past several years, rising 750% since the start of 2017.

KL's gains have been [driven by rising output](#) and bullishness in gold. Over the past 12 months, the price of gold has risen over 20%. Over the same period, Kirkland Lake has increased its gold output dramatically, cranking out 248,000 ounces of gold, up from 180,000 in the same quarter last year.

The two factors combined have led to an explosion in earnings. In Q3, Kirkland Lake delivered earnings of \$0.83 a share, up from \$0.26 in the same quarter a year before—approximately tripling its income.

The company also increased revenue by 71% year over year. Free cash flow and operating cash flow

also increased. On the strength of these results, Kirkland Lake hiked its dividend by 50%.

Constellation Software

Constellation Software Inc ([TSX:CSU](#)) is a diversified software company run by [former venture capitalist Mark Leonard](#).

The company acquires small-to-medium sized software startups that operate in well-defined niches, and has accumulated over 300 such companies since it was founded. Constellation does not have any one massive offering, but is a major player in countless small software fiefdoms.

In its most recent quarter, Constellation Software posted \$82 million in net income, up 24% year over year. The company also increased its cash flows from operations by 14% compared to the same period in 2018.

Over the years, CSU has been a market beating stock, rising over 6000% since it was founded. The stock also pays a dividend that yields 0.41% at current prices.

Alimentation Couche-Tard

Alimentation Couche-Tard Inc (TSX:ATD.B) is Canada's largest convenience store operator, a nation-wide behemoth that dominates the convenience store gas station market.

The company's Circle K store spent much of the past decade sweeping across the country, with franchises leasing gas stations and adding their own branding. Circle K has also been pushing into the United States, where it has a 6.4% market share.

Driven by strong results at its convenience stores, Alimentation Couche-Tard grew EPS by 11.5% in the most recent quarter. The company also announced that it had converted 5800 gas stations across North America to its Circle K brand. These results show a growing company that's poised to succeed in 2020 and beyond.

CATEGORY

1. Dividend Stocks
2. Investing
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1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:CSU (Constellation Software Inc.)

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