



Screening for Top Stocks to Buy in 2020

Description

One practice that I regularly attend to is the quantitative screening for stocks that meet certain criteria that suggest they are top stocks to buy. The criteria that I look for are low debt, high and growing cash flows, high returns, and low valuations. This strategy has proven to be successful in my search for top stocks to buy in the past; the only caveat being that patience is required as well as confidence to go against wide-held beliefs.

This screening system has flagged companies like **Labrador Iron Ore Royalty Corp.**, which appeared on my screen back when it was trading below \$13. Today the stock is trading at almost double that, at almost \$26, and it has been providing its shareholders with ample amounts of regular and special dividends in this time frame.

Please continue reading to discover which top stocks are ranking high on my screening. These are companies that are not only screening well on a quantitative basis, but that I also believe are doing well in their fundamental outlooks.

Without further ado, let's take a look at the two [top stocks to buy in 2020](#) that my screening has uncovered.

Kirkland Lake Gold exceeding expectations

Kirkland Lake Gold Ltd. (TSX:KL)(NYSE:KL) continues to exceed expectations, delivering strong cash flow growth and solid operational returns. Cash flow growth exceeds 150%, return on equity is north of 30%, and the company has no debt.

Fundamentally, Kirkland Lake enjoys a lower risk profile for a variety of reasons. Most notable is the fact that the company has no debt, and the fact that its operations are in areas with very low political risk and extensive infrastructure. That is Canada, where 30% of Kirkland's production is from the Macassa mine in the town of Kirkland Lake, and Australia, where 47% of Kirkland's production comes from its mine in the state of Victoria.

Additionally, these mines are high-grade mines that have performed well on a number of fronts, such as the grade of the ore, as well as costs.

Westshore Terminals Investment Corp. is a steady grower with zero competition

High barriers to entry, little to no competition, a strong balance sheet, and strong cash flows – these are all very attractive qualities to look for in a company. **Westshore Terminals Investment Corp.** ([TSX:WTE](#)) provides all that for investors. Along with soaring cash flows that are benefiting from higher pricing, higher shipments, and higher throughput, Westshore provides high returns and little competition. This trend is expected to continue in the next couple of years, and as a result free cash flows are expected to climb higher still in 2019 and 2020.

Westshore's healthy balance sheet, its dividend yield of 3.46%, its payout ratio of only 30%, along with its accelerating cash flows place the stock in an attractive category for investors looking for some stable and secure income.

While Westshore is in the coal business – not the best business for environmental reasons – the financials of this company are healthy as the world continues the process of shifting from coal to cleaner sources of energy. This shift will continue, but in the meantime Westshore Energy provides an opportunity for investors to take advantage of low valuations and a pretty secure business.

Foolish bottom line

Quantitative screeners help investors to narrow down their list of stocks to consider based on some very important numbers. One of my screens looks for [companies with low debt levels, high cash flow growth, and high returns](#).

Two companies that meet the test of my screen are discussed in this article, and I believe I have highlighted their fundamental strengths as well as their quantitative strengths. Kirkland Lake Gold and Westshore Terminals are the two stocks highlighted here that investors should consider as top stocks to buy for 2020.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:WTE (Westshore Terminals Investment Corporation)

PARTNER-FEEDS

1. Business Insider

2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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