



Need to Protect Your Portfolio From a Potential Market Crash? Start With This Golden 9.1% Gainer

Description

“Do you think Bitcoin is a good hedge against a stock market crash?”

My buddy Robert asked me that question last week. He’s not overly worried about the market, but he’s curious about different ways to protect his downside.

I’m not a “doom-and-gloom” kind of guy. I’m optimistic to a fault. But I do understand the value of dedicating a small percentage of your portfolio to hedging. As I told Rob, though, Bitcoin is not the prudent way to do it.

Instead, I suggested the conventional method of crisis protection: gold. I also suggested he go with [established gold miners](#) that have a bit of operating momentum behind them.

Miners aren’t quite the hedge that gold itself is. I know that. But if cash flows are improving, they can add some amazing “pop.”

Here’s one timely example: **Yamana Gold Inc.** ([TSX:YRI](#))([NYSE:AUY](#)).

Golden gainer

Why am I singling out Yamana? Well, on Friday, the shares popped 9.1% on strong Q2 results. Let’s quickly break down the quarter.

Gold production clocked in at 224,083 ounces, up 8.1% over the year-ago period. Silver production rose 11% to 1.31 million ounces. The company also produced 31.1 million pounds of copper, up 7% from last year.

All of these figures were far better than Bay Street expected.

Precious outlook

But here's why investors are *extra* excited about Yamana: management's positive outlook for the rest of 2018.

Remember, the stock has performed awfully over the past few years. As my fellow Fool Neha Chamaria [pointed out](#), disappointing production — along with falling gold prices — has weighed heavily on the shares.



But as of right now, Yamana's mines are humming. Moreover, the ramp-up of its new "low-cost" Cerro Moro mine has been highly favourable. In fact, management now sees 2018 gold production exceeding its previous estimate of 900,000 ounces.

"Precious metals production is ahead of plan and tracking to above guidance and gold and silver, individually, will track and are tracking well to meet our guidance," said chairman and CEO Peter Marrone on the conference call with analysts.

That's not all. Yamana is also bullish on copper as well as its costs.

"On the copper side, copper production is well above planned and on track to exceed our guidance. And our costs are tracking to the low-end of the range of guidance for our costs."

What does all of that add up to? Improved long-term cash flow. And for us Fools, cash is what counts.

Now what?

I'll never be the biggest gold bug. The stock market tends to move up on a long-term basis. I don't like the idea of guarding against a crash (and possibly missing out on gains) when the odds are on my side.

But if you want *some* turmoil protection, do it with gold. It's a proven hedge. Even better, do it with

beaten-down gold producers with operating momentum on their side. That way, you expose yourself to a recovering business — and not just the price of gold itself.

After its most recent results, Yamana seems like a solid way to do that.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:YRI (Yamana Gold)

PARTNER-FEEDS

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

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/08/16

Date Created

2018/07/30

Author

bpacampara

default watermark