



## Here's The 1 Best Gold Stock for Portfolio Diversification

### Description

[Diversification](#) is an essential element of investing and it is just as important today as it ever was.

It means ensuring that we have stocks from different sectors that are not correlated so that we can shelter our portfolios somewhat from the volatility of a given sector.

It's all about risk management.

It also means investing in sectors even when their outlook isn't great, as far as we can tell. The stock market moves in anticipation of the future, which we sometimes cannot see when we are looking at past results.

The gold sector comes to mind at this point.

It is a sector that has been in the doldrums for a long time now.

In late 2011, gold prices peaked at close to \$1,900 per ounce, then retreated steadily to levels of just over \$1,000 per ounce at the end of 2015, and are currently at just over \$1,220.

There are certainly many questions that remain with respect to where gold is going from here.

But one thing is certain: the industry has suffered through a period of record production and declining demand, and in response has worked hard at reducing costs and improving balance sheets, which leaves them well positioned to reap the rewards of rising gold prices.

For this diversification in our portfolios, I recommend you take a look at **Agnico-Eagle Mines Ltd.** ([TSX:AEM](#))([NYSE:AEM](#)), a \$11 billion market capitalization company that has been a leader in its industry, for your exposure to the gold sector.

Gold has many "[safe haven](#)" qualities that investors gravitate to in times of increased uncertainty and volatility as they did in October, when the markets were hit hard.

Agnico-Eagle stock has rallied more than 6% since early October, and the company's third-quarter

results can reassure us that this rally is supported by strong fundamentals, not only shifting sentiment.

Estimates were calling for the company to report a loss of \$0.04 per share, but it reported a gain of \$.01 per share, as well as an increase in production guidance and a slight decrease in cost guidance.

Agnico-Eagle is a high-quality gold producer with many positive features.

Historically, the company has been a consistent top performer, with solid operational performance and an industry-leading cost structure that has driven consistently better-than-expected results.

Agnico is currently on the verge of starting production from two new mines, Ameruq and Meliadine, with estimates for production growth of 31% from 2017 to 2021, according to some analyst estimates. This puts the company at the top of the list among gold producers of its size for production growth.

On the risk side, Agnico-Eagle has the lowest political risk profile of its peer group, with gold mines in politically safe areas such as northwestern Quebec, northern Mexico, Finland, and Nunavut, and exploration activities in Canada, Europe, Latin America and the United States.

## CATEGORY

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

## TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. TSX:AEM (Agnico Eagle Mines Limited)

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