



Invest in These 2 Top Gold Stocks for TFSA Portfolio Diversification

Description

In a well-diversified portfolio, investors should hold some [gold stocks](#), as these stocks act as a buffer with little correlation to the rest of the market. They rally when the U.S. dollar weakens, when there is a lot of uncertainty in the market, and when investors are looking for a “safe haven” in their portfolios.

Strong U.S. economic data, a strong US dollar, and a return of investor optimism has put a damper on gold prices recently.

When interest rates rise, the U.S. dollar appreciates, and gold, as a consequence, falls. So we are left with this set of data points that are difficult to forecast.

But investing in gold stocks for [portfolio diversification](#) is a good bet to ensure stability of returns for your investment portfolio.

Here are two gold stocks that are trading at or near 52-week highs, as they have been rallying of late due to strong company-specific performance, as well as macro forces and expectations for the gold price.

Kirkland Lake Gold (TSX:KL)(NYSE:KL)

\$7.4 billion Kirkland Gold is achieving production momentum, as it surpasses 2018 production targets and achieves a 21% increase. Couple this with strong free cash flows driven by rapidly declining costs and we have a real business for investors to invest in for gold exposure.

In fact, the company has been free cash flow positive for five years now, with free cash flow of \$165 million in 2017, a more than 50% increase from 2016.

With mines in Canada and Australia, Kirkland also represents a lower-risk way to play the gold space.

This is a high-quality stock that has shown operational excellence and that can be expected to continue to see strong production growth, decreasing costs, and a rising dividend.

With its rising free cash flows, investors can expect further dividend increases.

SSR Mining Inc. ([TSX:SSRM](#))([NASDAQ:SSRM](#))

\$2 billion SSR Mining is still attractively valued, as the company remains a top notch performer with rapidly growing cash flow and production.

SSRM has had an impressive performance in the last few years, with strong cash flow generation and strong cost performance.

2017 free cash flow was \$111 million, and while in 2018 spending has accelerated to fund future growth, the company remains very well positioned to benefit from rising gold prices.

With a track record of beating expectations, industry leading margins and returns, a healthy balance sheet with \$475 million in cash and a debt to total capitalization ratio of just 20 times, the shares are a good buy for investors seeking exposure to a jackpot of gold.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NASDAQ:SSRM (SSR Mining)
2. TSX:SSRM (SSR Mining)

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