



## Which Canadian Gold Stocks Are Best for Young Investors?

### Description

New investors turning to the **TSX Index** for some exposure to the yellow stuff have some solid options at the moment. With gold prices moving higher on U.S.-China trade war nervousness, it's a good time to follow the crowd and get invested in some [precious metals stocks](#). But which stocks are best for young investors hungry for upside in a competitive and sometimes risky sector?

One stock that's looking particularly desirable is **Wesdome Gold Mines** ([TSX:WDO](#)). Its past-year returns of 131.7% outperformed the Canadian metals and mining average (which itself was negative by 14.6%), and pulling in a considerable earnings growth of 482.2% for the same period. It's got a solid track record with an average growth in earnings of 28.3% for the last five years.

### Is this the TSX index's best gold stock?

At a glance, a PEG of 0.6 times growth and low debt at 6.5% suggest a cheap stock with a faultless balance sheet; however, there's always more data available to flesh out a picture, so let's take a look.

In terms of value, that PEG is a little misleading: Wesdome Gold Mines is actually overvalued at the moment, with a price-to-earnings ratio of 31 and a P/B of 3.7 times book. While this could indeed be worse, the value-minded investor looking to make money with cheap stocks would be barking up the wrong tree here.

Despite a respectable 49% expected annual growth in earnings on the way, the momentum investor may also want to look elsewhere: Wesdome Gold Mines' beta of 0.26 relative to the **TSX Index** overall indicates low volatility, while its share price is discounted by more than 50% compared to its future cash flow value.

### Stick with a champion stock instead

A decent start to the year has had some pundits asking whether **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) can keep the pressure on for the rest of 2019. Its recent performance would certainly

be a tough act to follow, that's for sure.

For an outperforming gold stock, [Barrick Gold](#) is also surprisingly healthy: it has brought its level of debt right down over the last half a decade, from 80.9% to a satisfactory 31.7%; furthermore, that debt is covered by plenty of cash. Its track record is also solid, with a five-year average earnings growth rate of 48.4% backed up with some inside buying that signals inner circle confidence.

Value-minded investors have some conflicting signals to contend with. While Barrick Gold is intrinsically overvalued by about 25% of its future cash flow value, a price-to-book ratio of 1.4 times book comes in below the TSX Index. Still, it's a decent investment at almost any price, and at \$16.37 a share and falling, it feels like a steal at the moment.

## The bottom line

Young investors seeking to make money with gold stocks should balance value with upside and look to the better-performing tickers. Barrick Gold has more momentum than Wesdome Gold Mines, and with its dividend yield of 1.28% paired with a forecast 25.4% annual earnings growth, it represents one of the best routes for investing in Canadian precious metals.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)
3. TSX:WDO (Wesdome Gold Mines Ltd.)

### PARTNER-FEEDS

1. Msn
2. Newscred
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