



Diversify Your Portfolio With These 2 Top Gold Stocks

Description

In a market fast approaching all-time highs, soaring 13.5% year-to-date, it may seem like it is a useless exercise to think about investing in defensive stocks like [gold stocks](#). Why? Well, we've been in a market that has rewarded growth stocks, with low interest rates propping up and supporting stock prices and encouraging high growth investments and high risk for high reward.

But be warned, if we look at history, it is often in times like these, when the market and investors are eternally bullish, that the other shoe drops. So in the interest of maintaining a properly [diversified portfolio](#) in order to protect your savings today and well into the future, let's take a look at two top gold stocks today.

Agnico-Eagle Mines Ltd. (TSX:AEM([NYSE:AEM](#)))

The \$14 billion Agnico-Eagle provides investors with exposure to the safe haven qualities of gold, as well as the safe haven qualities of a top- performing stock that has been reliable and predictable throughout the years.

Agnico has paid out a dividend since 1983, and has consistently performed better than expected, as the company benefits from operational excellence and its politically safe profile 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.

The company has provided shareholders with a growing dividend and has a three-year compound annual growth rate of its dividend of 16%.

Finally, with the commissioning of the company's Meliadine mine and commercial production achieved in May, and Ameruq starting production in the third quarter of 2019, Agnico will see rapidly rising production in the next few years, with estimates calling for a 31% increase in production from 2017 to 2021.

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

Kirkland Lake Gold has been a great outperformer in recent years, with a 143% return since January 2018.

I see no signs of it stopping. With gold topping \$1,320 per ounce, this metal has certainly found a floor and seems to be waiting for the next catalyst to send it higher, namely an investor shift to safer investments.

Kirkland has also been a gold name that has been performing well above expectations, and while this \$10.5 billion company is smaller than Agnico, it is also a low-risk way to play the gold sector, with mines in Canada and Australia, a strong balance sheet, and free cash flow generation.

In fact, in the first quarter of 2019, Kirkland reported a cash balance of \$416 million (up from \$332 million in December 2018), and free cash flow generation of \$93 million.

Additionally, the dividend was increased to \$0.04 Canadian to US\$0.04, and while the dividend yield is very small, I think this speaks to what we can expect from the company as free cash flow generation accelerates.

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

Owning gold stocks in your portfolio is a good strategy to protect it from difficult times ahead. Diversification offers this protection. More specifically, gold stocks offer that safe haven that we may be looking for sooner than we think.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. TSX:AEM (Agnico Eagle Mines Limited)

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