



TFSA Investors: Hedge Your Portfolio With This Leading Gold Stock That's up 55% in 2019 With More to Come

Description

Back in January, gold stocks were the [undervalued and ignored stocks](#) of the market. Investors were eternally optimistic and wanted little to do with them. These days, gold stocks are rallying along with gold prices, as investor sentiment slowly deteriorates and TFSA investors look for a safe haven for portfolio protection.

Agnico-Eagle Mines ([TSX:AEM](#))([NYSE:AEM](#)) stock has significantly outperformed this year, as this dynamic has increasingly taken hold. With a year-to-date return of approximately 55% and continued solid operating results, Agnico stock can be expected to continue to provide its shareholders with above average long-term returns.

Full exposure to rising gold prices...

Gold prices have been rallying big since June, and after years of going nowhere, we can see that gold has finally hit its stride. Supporting factors include plunging interest rates, an increased probability that we are headed for a recession, an increasingly fearful investor, trade wars, and other geopolitical events that have heightened risk levels globally.

Hence, the attractiveness of gold as a safe haven has been soaring. The price of gold has soared more than 20% since June and naturally, gold stocks have followed suit. For those TFSA investors that have not increased their exposure to gold stocks, it is not too late.

Agnico-Eagle stock has given investors much to be happy about this year, as this rise in gold prices goes straight to the company's revenue line. This leverage to rising gold pieces is made possible by the fact that the company operates without hedging the price of gold. So, these are good times for the company.

... With a high-quality, low-risk portfolio of assets

Agnico-Eagle stands out in the gold space as having assets only in low-risk, politically and economically inviting areas such as northwestern Quebec, northern Mexico, Finland, and Nunavut, and exploration activities in Canada, Europe, Latin America, and the United States. This is always an attractive feature, but these days, it stands out as even more attractive given the global turmoil that we are seeing.

This year, two of the company's mega projects in Nunavut are beginning commercial production, and with this we can expect to see an almost 25% production growth rate from 2018 to 2020, with a corresponding ramp-up in cash flows of more than 80%.

Expect dividend increases

Agnico-Eagle has declared a dividend every year since 1983 — not bad for a commodity stock that is subject to the volatility of an industry that is at the mercy of gold prices.

With a current dividend yield of a mere 0.80%, a payout ratio of 85%, and a quickly growing production and earnings/cash flow profile, I think that we can reasonably expect Agnico [management to increase the dividend in the short term](#).

Foolish bottom line

Agnico-Eagle Mines stock offers TFSA investors a safe haven that can help your portfolio come through this period of turmoil with fewer battle scars. There is always hope, and there is always a sector that is thriving and generating shareholder value.

These days, gold is one of these sectors, and Agnico-Eagle is one of these stocks. TFSA investors should get in ahead of dividend increases in order to maximize their returns.

CATEGORY

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

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