



## 1 Gold Company That Could Double in 2020

### Description

Most of the stock market is extremely expensive today. While there may be some upside, it seems to me that massive global debt loads and inflated asset prices put the odds in favour of a sharp downturn in stock prices. We never know when tough times are going to hit global markets, but the one thing we do know from past experience is that when things go bad, they go bad in a hurry.

One way to protect your portfolio from a massive downturn in stock prices is through an investment in precious metals. If there is one thing the last year has proven, it is that gold can move in a hurry when there is even a hint of uncertainty.

Often, I would recommend a couple of my favourite gold stocks, the royalty streamer **Franco Nevada** and the producer **Agnico Eagle Mines**. These are both fantastic companies with diversified assets and large shareholder bases. Their dual-listing on both Canadian and American stock exchanges also make their shares very liquid.

While I would still recommend having a portion of your portfolio allocated to these stocks, they have already moved significantly and will not have the leverage other producers may be able to provide. Furthermore, start focusing on silver: a metal that has more industrial uses than gold that has not yet jumped in price to the same degree.

For this reason, I have started building a position in **Pan American Silver** ([TSX:PAAS](#))(NASDAQ:PAAS), a company that may have significantly [more upside](#) than Franco Nevada or Agnico Eagle if silver prices make a huge move.

### There are great reasons to buy today

One thing I like about this company is the fact that it is located in North, Central, and South America, giving it a wide array of geographic diversification. It is the largest silver mining company by free float, which gives it a certain amount of credibility with investors.

Another reason to think about this producer is its approach to environmental and human rights

concerns. The company states that it implements Canadian tailing standards at all of its operations, outlines the benefits of silver in a low-carbon economy, and maintains that it has had zero environmental incidents in its history.

## Smart operators

The stock has had a significant run over the past year, but there is likely a lot more to go if silver continues to rise. Higher gold and silver prices and sales volume powered its revenues up 88% year over year as of the Q3 2019 report. Since prices have continued to be high, there will likely be more of the same in Q4, leading to an improved year-end report.

Pan American also has the benefit of paying a small, U.S. dollar-denominated dividend. It is not huge at 0.64%, but it provides investors with \$0.035 per share on a quarterly basis.

The company has a total debt load of US\$360 on its balance sheet, which is not ideal, but it also has \$US177 in cash to offset some of the leverage.

## Not just silver

Even though the company is primarily a silver producer, it does have a fair amount of gold as well. The recent Tahoe acquisition increased silver per share by nearly 50% but also increased its gold reserves as well.

As was already stated, the company's gold reserves have helped increase revenues while waiting for an increase in silver prices.

## This is a gold company to own

Pan American is a great company to capitalize on a move in silver. With [silver's potential](#), it pays to own shares of a company that focuses on that metal.

While I wouldn't ever dump my life savings into a commodity play, I would recommend buying some Pan American to add to your defensive precious metals portfolio component.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. NYSE:PAAS (Pan American Silver)
2. TSX:PAAS (Pan American Silver Corp.)

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