



Lower Your Portfolio's Risk With These 2 Top Gold Stocks

Description

The Tax-Free Savings Account (TFSA) and the contribution that comes with it is sacred space for investors. You only get a certain amount of tax-free room, so you'll want to use it as wisely as possible.

It's a difficult balance between wanting to be aggressive enough to truly take advantage of the tax-free capabilities, without risking too much and losing not only your hard-earned capital, but also all that contribution room along with it.

That's why it's paramount that all investors, regardless of your investment strategy and risk tolerance have some diversification in their portfolios. One of the best ways to mitigate risk is to gain exposure to high-quality [gold stocks](#) such as **Kirkland Lake Gold Ltd** (TSX:KL)(NYSE:KL) or **Wesdome Gold Mines Ltd** ([TSX:WDO](#)).

Kirkland Lake

Kirkland Lake has long been one of the best gold miners in the industry. It's low-cost productions display continued growth that render it one of the most attractive companies when looking at potential gold investments.

Its all-in sales costs have been decreasing dramatically, from roughly \$950 an ounce in 2016 to 2019's expected total of less than \$550 an ounce.

This is the main reason why Kirkland is earning industry-leading profits and cash flows, which it uses to reinvest and grow its production further. For 2019, Kirkland is estimating to produce nearly one million ounces of gold.

Plus, it has a number of future growth opportunities, including its pending acquisition of Detour Goldcorp.

If the deal is approved, it will solidify Kirkland Lake as one of the biggest and best gold producers in the world, while adding major synergies that could save up to \$100 million USD per year.

For the first three quarters of 2019, Kirkland Lake had revenue just under \$1 billion, and earnings of just under \$400 million giving it a net margin of more than 40%, an absolutely massive profit margin.

If the price of gold continues to rise, as many expect, these margins will grow even bigger, making Kirkland Lake a must-own stock for an investor looking for exposure to gold.

Wesdome

Wesdome is much smaller than Kirkland Lake, with a market cap of just \$1.2 billion and annual production levels of between 90,000 to 100,000 ounces.

One of the main reasons why I like Wesdome is that similar to Kirkland Lake, the company has no debt.

Although its costs are slightly higher than that of Kirkland Lake, Wesdome has still generated decent net margins north of 20% in the first three quarters of 2019 — and profit numbers that are more than double from the same period in 2018.

The company is able to take a low-risk, low-capital intensive approach to maintaining and growing its production that it can fund internally.

Plus, with its pipeline of development projects, Wesdome will have years of opportunity for continued production growth.

The company's stated goal is to grow into the next Canadian mid-tier gold producer, and it's well on its way.

The stock is up more than 100% in the last 12 months, as investors recognize Wesdome's ability to generate attractive profit margins and bid up the shares.

Despite this massive growth, there is still a lot more runway for the share price to grow, so if you like Wesdome grab some shares today, as the stock only continues to appreciate.

Bottom line

Regardless of which gold stock you add to your portfolio, giving yourself some diversification is key to minimizing risk and ensuring the success of your investments long term.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:WDO (Wesdome Gold Mines Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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