



A Top TSX Stock That Quintupled Investors' Wealth in the Last 3 Years

Description

Gold and gold miner stocks have been notably strong this year amid the pandemic. Gold miner stocks are up almost 25%, while the **TSX Index** has lost more than 8% so far this year. The yellow metal prices have been rallying for the last few months, which has prominently driven these stocks higher.

Top TSX stock: Kirkland Lake Gold

Kirkland Lake Gold (TSX:KL)(NYSE:KL), an \$11 billion senior gold producer, has thrashed peers in the last three years. What's striking about it is the stock has been outperforming peers for the last few years, even when the yellow metal as an asset class was underperforming.

The stock was trading below \$10 in mid-2017, while it has now breached \$51 levels. While that accounts for more than 400% surge, peer TSX stocks **Barrick Gold** and **Kinross Gold** have rallied approximately 50% in the last three years.

Kirkland's strong market performance was driven by growing low-cost production, robust cash flow growth, and a strong balance sheet. In the last three years, it's production almost tripled while costs roughly halved. That's a massive feat compared to the peer gold mining companies. Its net income [grew](#) by an astounding 98% compounded annually in this period.

High-quality assets and strong fundamentals

Kirkland Lake Gold operates two low-cost, high-quality gold mines, including the Macassa Mine in Ontario and Fosterville Mine in Australia. With the acquisition of Detour Gold early this year, Kirkland has added a large mineral reserve base, which should enable higher production.

A lot of miners might see lower output this year compared to 2019, mainly driven by the [pandemic](#). However, production should revert back to normalcy in the next few quarters. Thus, even if lower production hampers Kirkland's bottom line in the short term, its long-term growth potential remains intact. Analysts expect Kirkland Lake Gold's strong financial performance to continue for the next few

years.

Mining is a capital-intensive business, and many gold miners have a big pile of debt on their books. However, Kirkland Lake Gold differentiates itself from peers. It has no debt on its books, which improves its profitability further.

TSX miner stocks and gold rally

Investors should note that Kirkland Lake Gold stock has lagged peer gold miner stocks so far this year. Since the beginning of 2020, Kirkland stock has lost almost 8%, while the yellow metal has gained nearly 12%.

Thus, it is trading at a discounted valuation against its historical average as well as against its peers. Kirkland's superior growth at a discounted valuation makes it an attractive investment proposition for long term investors.

Interestingly, higher gold prices, which was an important trigger for miners' rally this year, could continue trade even higher in short to intermediate term.

Broader markets might witness even greater volatility with increasing U.S.-China tensions and U.S. presidential elections in the second half of 2020. These anxieties, along with near-zero interest rates, could prove to be highly beneficial for the yellow metal. TSX stock Kirkland remains one of the best options to bet on the metal's expected upside with its strong fundamentals and a discounted valuation.

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