Buy This 1 Cheap TSX Gold Stock for Years of Growth

Description

The risks to the markets are many — in fact, the outlook for stocks is so complex this year that pundits are offering wildly different predictions. It seems as though just about every letter of the alphabet has been considered for a recovery model. From an L-shaped recession to a V-shaped recovery, no two projections coming from analysts match up right now.

The only thing to bet on, therefore, is change. Investors should know that change is inevitable given the current economic and market conditions. Everything about the current situation is ephemeral. From social distancing to the inhabitants of the White House, nothing about 2020 is permanent. But every change in 2020 will have profound implications. The only sure way to play this situation is to get defensive.

Watch out for election disruption

Gold and utilities are among the most sound of investment theses right now. In fact, gold has effectively overtaken cannabis as a go-to momentum asset. The fact that the yellow metal is also the classic safe-haven asset only makes rocketing names such as **Barrick Gold** (TSX:ABX)(NYSE:GOLD) all the more appealing. Pundits are divided as to the effect that a Democrat win could have on the markets come November. Gold is a solid catch-all, therefore.

For investors eyeing a Donald Trump win (or Mike Pence, should the president himself drop out of the race), the opposite tack might be appealing. Canadians could lean into a Republican win. For adherents to this latter strategy, TSX investors could target dual-listed stocks among the strongest blue-chip North American businesses. But frankly, every election outcome contains risk.

Play it safe and buy gold stocks

Consumer sentiment is likely to be depressed for some time, as households claw back on outings. Indeed, Canadians are likely to clamp down on unnecessary expenditure to rebuild savings ravished by the pandemic. This is why safe-haven assets are likely to remain popular on the TSX for some time.

Names like Barrick also satisfy a buy-and-forget play for passive income, with a 1% dividend up for grabs.

Barrick had been undervalued for some time, which explains how it can still be deemed a cheap stock after rocketing 80% in 12 months. Its price-to-earnings (P/E) ratio of 11 is lower than the sector's P/E of 13. Meanwhile, a price to book of just over twice book also suggests a decent valuation in terms of real-world assets and is also in line with the mining sector average.

This name is a solid gold choice for long-term portfolio builders. But investors looking for the best returns over a shorter time frame also have a strong play with Barrick. By 2025, the projected total returns for this name could top 200%.

Stashing one's cash in gold is a relatively fail-safe strategy that allows investors to continue creaming passive income while steadily growing their wealth through capital appreciation. A solid play to shield TSX investors from election fallout would be to buy up those classic safe-haven names. In summary, adding Barrick to a portfolio packs the classic defensive qualities of gold with a dividend-paying super-stock.

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