



Got \$5,000? Buy This 1 TSX Mining Stock

Description

Not many stocks have everything an investor needs all in one place. However, **Lundin Mining** ([TSX:LUN](#)) offers TSX investors some instant diversification, while also paying a small dividends. This name satisfies a long-term capital appreciation thesis, too. And all of this is rolled into a single defensive stock.

Why is this stock defensive?

Lundin is a solid all-rounder when it comes to metals exposure. Lundin's main commodity is copper, though it also covers zinc, nickel, gold, and silver. Copper brings access to a range of industries, including [renewable energy](#). Given the reliance of green energy on copper, buying shares in Lundin can also satisfy a high-growth strategy. But access to a whole range of industries is on offer from Lundin.

Zinc has medicinal properties, for instance. It's a mineral supplement that helps boost the immune system. Construction-wise, everything from brass to aluminum solder uses zinc, making Lundin a fitting name for the materials segment of a stock portfolio. Nickel, meanwhile, is mostly used for stainless steel production as well as other alloys.

Finally, we come to gold. Exposure to this safe-haven metal comes via a 100%-owned copper-gold mine in Brazil bought from **Yamana Gold** in 2019, while the Candelaria Copper Mining Complex in Chile also produces gold and silver. The case for buying gold in 2020 has been strengthening steadily, with some names gathering incredible momentum. Given the possibility for another sharp market correction, packing some extra gold in a portfolio is a defensive move.

A key stock for strong returns

Investing \$5,000 into this name could see a shareholder glean some serious rewards by the middle of the decade. Holding Lundin shares through 2025 could see shareholders reel in total returns of 96%. That shakes out at \$9,800. With the chance to double an investment, given current conservative

estimates, investors can instantly diversify a stock portfolio while looking forward to [steep capital appreciation](#).

Bear in mind that around 12% of those returns will be comprised of regular dividend payments. While this passive income is nice to have, it means that investors could still see over 80% capital gains, even if that dividend is suspended — not that there are any indications that this is about to happen. But this is 2020 we're taking about, and it's the rare distribution that looks set in stone at the moment.

With operations in Chile, Brazil, Sweden, Portugal, and the U.S., Lundin is diversified in geographical locations as well. Each location brings its own unique qualities to the table, as with the Chapada copper-gold mine touched on above. This multi-stream revenue feeds a dividend yield of 1.9%, making Lundin a solid play for defensive passive income.

The fundamentals for this name check out, too. Selling at 61% below fair value, Lundin is still technically undervalued. Its price-to-book (P/B) reflects this, with a P/B of 1.2 times book lower than the sector average of 2.5. Conversely, Lundin's earnings outlook is very positive, with 44% annual growth estimated over the next one to three years. In summary, investors have a solid all-rounder here that matches value with an impressive outlook.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

TICKERS GLOBAL

1. TSX:LUN (Lundin Mining Corporation)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

Date

2025/08/14

Date Created

2020/07/19

Author
vhetherington

default watermark

default watermark