



TFSA Investors: Don't Forget Gold Stocks!

Description

When the March 2020 crash first happened, investors were quick to pick up gold stocks. This is what's happened ever crash that's ever happened, so it was likely to happen yet again. But investors were then also quick to drop them once they saw the tech stocks were actually where the money was.

But I urge investors looking to invest in strong gold companies to reconsider these stocks. Gold is a solid bet if you can find the right company to get behind. And right now gold is changing. Here's how.

M&As

It's not just the enormous companies that are starting to create mergers and acquire mines from around the world. Gold mining companies have been doing this for the last few years, creating diverse portfolios that any company in any industry would be jealous of.

This is the future of mining. With globalization it means you don't have to have one mine in one country. Successful miners can purchase multiple mines and create a diverse portfolio that can pick up the slack in one area when another is faltering. This proved especially beneficial during the pandemic. When one mine was closed in one country due to restrictions, another was likely open and could continue mining.

Gold is still gold

No matter what, gold is still gold. Its value has been strong for thousands of years, and that's not going any where. In the last year, the price of gold has risen by about 6% as of writing. That was after rising 27% from the crash to a peak price in August. But gold may be due for a rebound as the market starts to correct itself.

So while gold is still strong, and is likely to even rise to above US\$2,000 before the decade is done, it's the companies that provide the best investment prospect. Let's look at **Kirkland Lake Gold Ltd.** (TSX:KL)(NYSE:KL) as an example.

The company went through a series of acquisitions around 2018. These all came online just as the pandemic hit, leading it to see a massive increase in revenue while others were struggling. The stock has been on a bull run since about 2019 after the announcement of these growth strategies. The company has seen massive revenue increases, averaging around 77% for the last few consecutive quarters.

Kirkland Lake stock ticks the boxes for being a gold stock that underwent a series of acquisitions leading to an increase in revenue. But if you're just interested in the company's share price, you'll also be impressed. Shares are up 120% in the last three years, but came down as the price of gold shrunk. Yet with revenue continuing to rise with these acquisitions coming online, it's a great time to take advantage of the dip.

Bottom line

Gold is gold is gold. If you're a long-term investor looking to diversify your portfolio, gold is a great way to do that. While no one wants to see the economy do poorly, gold will also soar [when that happens](#). This will create a major boost for your gold stocks. But these strong companies are going through a change to become even stronger. Rather than investing in small mines you can invest in large companies with multiple mines. This creates the diversification necessary that should make investors want to hold onto [these stocks](#) for decades.

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