



## 2 Top TSX Gold Stocks to Buy for Dividend Growth

### Description

Investor demand for gold has fluctuated dramatically of late. The peaks and troughs investors have seen in the precious metals and mining space has been interesting, to say the least.

That said, this asset class still provides healthy diversification and hedging potential for investors. Accordingly, considering miners such as **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) and **Yamana Gold** ([TSX:YRI](#))(NYSE:AUY) is a great way for long-term investors to [hedge against volatility](#) on the horizon. Additionally, these two miners have shown an impetus to raise their dividends aggressively of late.

Here's why these two picks remain top-notch ideas for those considering dividend growth today.

### BMO sees dividend-growth potential in both

The ability for gold miners to continue to increase dividends relies on the thesis that cash flow growth will continue to surge. Indeed, analysts appear to be bullish on this idea.

Brian Belski, the BMO chief equity strategist, believes that the gold sector is poised to outperform this quarter. The resumption of normalcy puts Canadian companies at an advantage. It will help them distribute cash balances and cash flow as investment and cash distribution as required. Belski also states that gold miners will continue to shed their cash-preservation strategies as things go back to normal.

Both companies have reported excellent financials. Indeed, Yamana's reported revenues of \$422 million in Q1 2021 represented strong year-over-year growth. Earnings per share rose from \$0.05 to \$0.06 year over year, and cash flow surged to \$76 million. This equates to a 95% increase year over year. Yamana offers a 2% forward dividend yield — one of the highest among its peers. And expectations are that if cash flows continue to increase, its dividend will as well.

Barrick does not hold back either. After starting off 2021 with zero net debt, the company focused on strategic cost-cutting and selling non-core assets to generate free cash flow. The company has tripled its dividend yield post-2018 and is also giving a bonus payout of US\$0.42 per share in 2021. Add this

to an annualized dividend of US\$0.36, and investors are privy to a yield of around 3.7%.

## Bottom line

Gold's underperformance of late has led to some share price depreciation among gold miners in recent weeks. That said, these companies are continuing to dole out regular and special dividends like they're going out of style.

I think this dividend growth is likely to continue. Accordingly, I view gold miners such as Barrick and Yamana as sneaky income plays today.

Indeed, for those bullish on the medium- to long-term performance of gold as an asset class, these stocks should do well on this basis alone. Add in the dividends, and investors have a very attractive rationale for owning these stocks right now.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

### POST TAG

1. dividend
2. dividend stock
3. Gold
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### TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. NYSE:B (Barrick Mining)
3. TSX:ABX (Barrick Mining)
4. TSX:YRI (Yamana Gold)

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