



1 Overlooked Stock Offering Safety, Income, & Growth

Description

There has been a lot of drama on the **TSX** lately. Investors have been worried, and rightly so. Inflation continues to rise, the **Evergrande** crisis continues, and, meanwhile, several top tech stocks have come under fire. But in all this, there are several overlooked stocks that offer stability for Motley Fool investors. In fact, there is one undervalued stock you can pick up today for safety, income, and growth. That trifecta comes at a reasonable price to boot! So, here's what you should consider and why.

First, the sector

Mining and minerals are honestly always fairly safe bets. This sector allows long-term investors to ride a wave of steady growth throughout market crashes. As long as Motley Fool investors choose the right company, you can be sure your shares are safe with a long-term investment.

But that's especially true today for some companies. That includes companies on the TSX today like **Agnico-Eagles Mines** ([TSX:AEM](#))([NYSE:AEM](#)) that have been consolidating the gold and mining industry. These mining companies were already strong on their own. However, they're buying up mines all around the world, creating powerhouses that will see production, even while another area of the world is down.

In a recent purchase, Agnico bought up major gold producer **Kirkland Lake**. Shares of Agnico originally fell at the news, but have recently started climbing again. Kirkland, meanwhile, climbed at the news but has since [stabilized](#).

That means there is still a deal to be had from this strong company on the TSX today. Here's how.

Now, the deal

Agnico purchased Kirkland, which has one of the most solid balance sheets in the gold mining industry and zero debt on the books. The \$13 billion all-stock deal has made this already mega company into one that will rival the other two massive mergers since 2018: **Newmont** and **Barrick**.

Kirkland adds significant reserves to Agnico, even while diminishing its returns on the TSX today over the past two years, along with purchasing Detour Gold for \$4.9 billion in 2019. The latter deal became a money pit.

But again, Kirkland balanced the books, making it a prime deal for Agnico to swoop in and pick up the company. In fact, it wasn't alone in eyeing Kirkland, with several other mining companies allegedly vying for the miner. But Agnico won out and didn't even pay much of a premium. Shares were valued at around \$50 per share, which was actually lower than the trading price at time of purchase of \$55.70.

Kirkland definitely got something out of it, with Agnico's CEO stepping down to executive, and Kirkland's CEO taking the big seat. And now, with the addition of life-long assets, Agnico can add its 48 million ounces of gold from the deal to its reserves. This will therefore combine two of the most highly valued companies in the gold mining industry on the TSX today.

Finally, the numbers

This stock is such a steal. For those buying Agnico stock on the TSX today, you can pick it up for a valuable 16.71 P/E ratio. It also has a very [valuable](#) EV/EBITDA of 8.68 as of writing. Finally, you get a solid dividend yield of 2.76%, or \$1.78 per share per year. Then there's the potential upside to consider. The *average* share price for the next year sits at \$101.71 as of writing. That's current potential upside of 55% as of writing! So, investors can buy one of the safest and largest mines in the world for a cheap price, with a strong future outlook, solid growth, and income to boot. Honestly, I don't know why Motley Fool investors aren't talking about this stock more on the TSX today!

CATEGORY

1. Investing
2. Metals and Mining Stocks

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