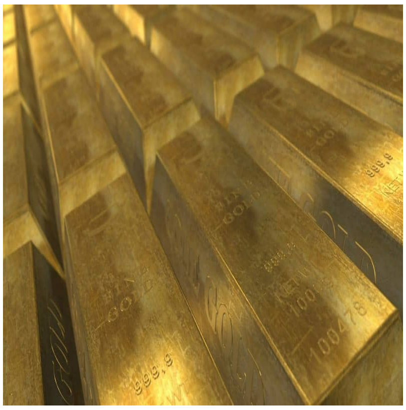

Why Precious Metals Should Remain in Your Portfolio

Description

Have you invested in Bitcoin, Ethereum, Litecoin, or any of the other hundreds of cryptocurrencies that have exploded into the market in recent years?

As great as the perceived profits from cryptocurrencies are, the problem with these emerging investment types is that they are extremely volatile; thus, they can drop just as significantly as they appreciate. Bitcoin investors saw as the price of a Bitcoin plummet from nearly US$20,000 to fall under US$10,000 over the holiday season.

That has prompted many investors to question which is the better investment, and in many cases turn to another investment type that was increasingly overlooked in the latest crypto craze: precious metals.

Is there still an allure to gold?

Precious metals were long viewed as a safe and secure store of wealth for investors; previous metals were rare, in demand, and, for the most part, increasing in value. The flip side of that argument often cited by crypto enthusiasts is that as physical as a bar of gold or bullion coin may be, it isn't divisible and can't readily be used as a form of payment.

Gold is still viewed in an increasing number of circles as a secure store of wealth. While gold prices have for the most part appreciated over time, there were times in the past decade when the price of gold dropped substantially. By way of example, in 2011 gold was trading at near US$1,900 per ounce, but fell to sub-US$ 1,100 levels within three years.

The price of gold has since recovered to over US$1,300 per ounce, and pundits now see the price pushing past US$1,400 per ounce over the course of the next two years. For investors contemplating a precious metals investment, this opens up a realm of investment possibilities.

One such investment opportunity is **Barrick Gold Corp**. (TSX:ABX)(NYSE:ABX). Barrick is the world's largest gold miner, with operations in several countries across the Americas as well as in Australia and Papua New Guinea.

One of the things that really impresses me about Barrick is the company's focus on reducing its debt. In the years following the 2011 drop in gold prices, Barrick was left with over US$10 billion in debt. As of the most recent quarterly update, that debt is now down to US$6.4 billion, and the company is attempting to get that down to US$5 billion by the end of the current year. In fact, over the course of the past year, Barrick wiped out nearly one-fifth of its debt.

The other area in which Barrick has excelled is that of efficiency. After the 2011 price drop, miners adopted a method of reflecting their costs in terms of producing an ounce of gold, commonly referred to as *all-in sustaining costs*. The lower those costs are, the more profit the miner earns. Even better, with gold appreciating in price, margins on mining gold are set to further increase.

Barrick's all-in sustaining cost for 2017 averaged in the US$750 to US$800 range.

Should you invest in Barrick?

Barrick didn't have the best of years in 2017, and is forecasting lower guidance for 2018, which is being primarily attributed to lower production estimates across several mines.

Despite that, there's still plenty of upside to investing in Barrick. The company's lackluster performance this year is bound to improve somewhat in 2018, and Barrick is investing in exploratory investments that are bound to produce growth prospects.

Additionally, gold prices are likely to continue their upward trajectory given the growing likelihood of another correction, interest rate hikes, and increased political turmoil.

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