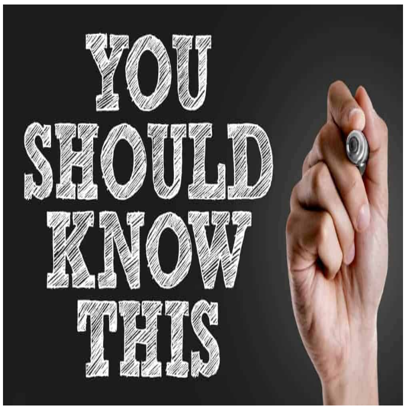

Build Long-Term Wealth With This Precious Metals Investment

Description

Have you considered investing in a gold miner recently?

Barrick Gold (TSX:ABX)(NYSE:ABX) became the largest gold miner on the planet following its recent merger with Randgold, transforming what was already an enviable portfolio of mines and one of the most efficient miners in the business into a powerhouse miner that owns half of the top 10 performing mines on the planet, and a portfolio of over one dozen mines that situated on five different continents.

That's impressive, but it's not the sole reason investors should consider gold miners, and by extension, Barrick. Here's a look at why you *should* consider Barrick.

Connecting the dots around the investment that is Barrick

When uncertainty hits the market, investors tend to offload riskier stocks and turn to either defensive investments or gold as a safer store of wealth, and there's plenty of uncertainty in the market at the moment. Everything from interest rates, the economy, Brexit, oil prices, political turmoil, and even far-off elections can wreak havoc on the market, each of which could send gold prices in either direction. With very few exceptions, gold prices have remained on an upward ascension throughout the years, with the one notable exception being back in 2011.

Back in 2011, gold prices were hovering around US$1900 per ounce, when they began their multi-year slump that left prices in 2015 in the sub-US$1100 per ounce levels. What that meant for Barrick and other miners was that they were left with a metal that had lost an incredible amount of value, and still mining in a very costly environment when compared to the new norm of gold prices.

In the case of Barrick, in the years following the 2011 drop, the company was straddled with billions of dollars of debt when it began a multi-year initiative to become more efficient in operations, slash costs across the board, and reduce its debt, if not completely. Impressively, Barrick accomplished much of that, and in many ways became the example of other miners to follow in terms of efficiency and debt reduction.

By example, all-in-sustaining costs, the measure by which precious metal miners showcase their efficiency of operations, was often closer to US$1100 an ounce in the years leading up to the crash in 2011. Today, Barrick's costs range from US$760 to US$800 per ounce, with the company continuing to strive for greater efficiencies.

To put it another way, Barrick is now running an incredibly efficient operation with a massive portfolio of some of the best-performing mines on the planet. The company was a key partner in one of the two mega-mergers across the precious metals sector. We also have gold prices inching forward, so far remaining above US$1300 this year, with experts pointing to further gains expected throughout the year.

It's not hard to see Barrick exercising some of that same grit it used following the collapse in 2011 to make its new assets much more efficient at a point where gold prices continue to rise.

Should you buy?

Every well-diversified portfolio should have some exposure to precious metals. Given the improving prospects for gold miners, a small position in your portfolio dedicated to Barrick could be profitable for long-term investors. Finally, if for no other reason, Barrick's quarterly dividend, which currently offers a 2.10% yield at the moment, could provide some appeal, especially given that Barrick's payout is far more generous than most of its peers.

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