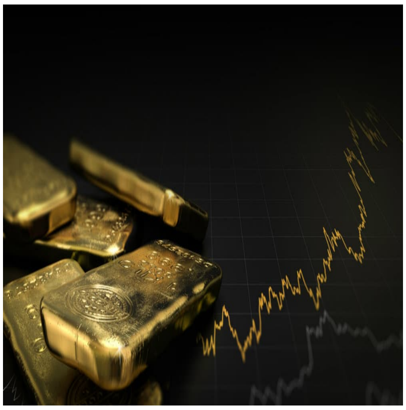

3 Gold Stocks Under $20

Description

When people talk about diversification, what they're often referring to is non-correlation. That is, investments that offset each other's volatility.

One of the most popular non-correlated assets is gold. In many bear markets, the price of gold has actually risen. When times get tough, it can pay to remain diversified.

If you're looking to diversify your portfolio with gold stocks, here are three quality gold miners trading at under $20 per share.

Centerra Gold Inc. (TSX:CG)

Centerra has been a great buy-and-hold stock over the past five years. Since 2014, shares have returned more than 30%, versus a 14% return for the TSX. With a $2 billion market cap, Centerra gives you a level of stability with plenty of room for profitable growth.

Last year, the company produced 730,000 ounces at an all-in cost of just $754 per ounce. In an industry where many competitors are still producing losses, Centerra has found a way to post consistent profits. The company has posted profits for four years in a row, cumulatively earning around $500 million.

Today, shares trade at just 12 times trailing earnings. In 2019, costs are expected to remain steady, while gold production should rise by an additional 10,000 ounces. Relative to expected profits, shares trade at just 10 times forward earnings.

If you're looking for diversification, it's hard to beat Centerra. The company is profitable, production is rising, and shares look cheap.

Detour Gold Corporation (TSX:DGC)

Over the last 10 years, Detour shares have tripled four times. Unfortunately, the stock has given up the gains in every instance. Still, Detour looks like a great way to diversify your portfolio.

Detour operates one of the largest gold mines in Canada, which produces roughly 630,000 ounces of gold per year. It should maintain this production for the next 12 years, after which annual production should rise to around 725,000 ounces per year.

The mine shouldn't stop producing until the year 2040, making this the definition of a long-term play.

Detour's cost structure isn't as attractive as Centerra's given its all-in costs are $1,200 per ounce. The thinner profit margin is what's made shares so volatile. If gold prices surge, profits explode. If prices fall, Detour's future is thrown into doubt.

While I wouldn't necessarily hold this stock for its upside potential, it does offer some unique diversification. Across several bear markets, Detour stock has *risen* in value. If you expect another bear market to occur, Detour shares could be a great place to hide.

Endeavour Mining Corp (TSX:EDV)

Endeavour is the strangest gold stock on this list given that it produces in West Africa. While this brings certain risk elements, it also introduces new ways to diversify your holdings across different geographies.

All-in production costs are low, around $770 per ounce. Costs have fallen every year sine 2013, suggesting a skilled, dedicated management team.

On average, the company only spends $13 in discovery costs to find one additional ounce of gold. Its peer group spends $76 per newly discovered ounce.

With a pipeline of two more long-life, low-cost projects in the works, Endeavor should be able to ramp cash flow over the next few years while delevering its balance sheet.

The stock has had a rough ride, but it has a proven ability to outperform during bear markets. During the tech crash of 2000, for example, Endeavour shares rose nearly 500%. This is a riskier play, but still offers a unique way to diversify your investments.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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2. TSX:EDV (Endeavour Mining Corporation)

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