



3 Gold Stocks to Buy on the Dip

Description

There are many opinions on the strategy around investing in gold and gold stocks. Some argue the precious metal isn't worth it since it doesn't yield any cash flow. Others argue it has intrinsic value and can be an important part of the portfolio. However, most investors agree that it's always a good idea to have a small gold position in your portfolio.

When times are good, you can lessen the position, and when times are bad you can increase the position. A good rule of thumb investors use is roughly 5%-10% of your portfolio.

In today's environment, we're at the point where investors should be approaching a significant gold position.

First, because of the uncertainty in markets. However, also because the macroeconomic environment is very accommodating to assets like gold at the moment — but gold stocks have taken a dip the last few months.

Investors have been selling off gold as they position themselves for a recovery in the pandemic. And while the recovery is likely to occur, it doesn't mean gold won't rally along with it.

The current discount in gold stocks gives long-term investors another opportunity to increase their exposure ahead of the next rally in the sector.

So if you are looking to increase your gold holdings while the stocks are still attractive, here are three of the best stocks to buy now.

One of the cheapest gold stocks to buy

The first stock to consider is one of the cheapest in the sector, **B2Gold Corp** ([TSX:BTG](#))(NYSE:BTG). B2Gold is one of the lowest cost gold miners in the world, meaning the company has benefitted heavily from the rally in the precious metal the last few years.

B2Gold is an ideal investment for investors who want a safer alternative when investing in the gold sector. The stock has no net debt and pays out a significant amount of its cash flow through a dividend. The dividend yields 3.25%, quite a significant amount for a gold stock.

Although it won't have as much upside as most of its peers, that doesn't mean it's not attractive. As well as being a lot safer, the stock is also trading more than 35% off its 52-week high, making it a top [value stock](#) to buy today.

Large-cap gold stock

If you're looking for a gold stock that can offer you a bit more growth potential but is still on the safer side, consider **Barrick Gold Corp** ([TSX:ABX](#))(NYSE:GOLD).

Barrick is one of the biggest gold miners in the world. With assets all over the planet, its operations are well-diversified, making Barrick a relatively safe investment.

The company has more debt than B2Gold Corp, which naturally gives the stock more leverage to the price of gold. This means it'll typically grow at a faster rate than B2Gold when the price of gold is rising.

Barrick offers investors a great balance between a safe investment and one with considerable upside. So it's no surprise that it's the gold stock [Warren Buffett](#) decided to buy in the middle of 2020.

High-growth gold stock

The last stock to consider is easily the one with the most growth potential on the list, **Equinox Gold Corp** ([TSX:EQX](#)). Equinox is an exciting stock that has grown rather quickly from its inception in 2018. The stock is already an intermediate gold producer, and it's targeting a lot more growth over the next few years.

The growth in operations couldn't have come at a better time, as gold prices have been increasing considerably over the last two years. So with Equinox planning to ramp up production to 1 million ounces a year by 2023, there is some real potential for investors.

Already the stock will offer tremendous leverage as the price of gold is rising. But if it can improve profitability two-fold by producing more gold at the same time that gold is increasing in value, investors could see big returns.

Bottom line

Gold is always an important part of a diversified portfolio, but even more so today. So if you're looking to add some exposure to the precious metal, these are the three gold stocks I would recommend.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSEMKT:BTG (B2Gold Corp.)
3. TSX:ABX (Barrick Mining)
4. TSX:BTO (B2Gold Corp.)
5. TSX:EQX (Equinox Gold Corp.)

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