



1 Top Gold Pick to Add for Diversification

Description

Volatility appears to be finding a way to creep back into the market today. Stocks with any sort of growth tilt are seeing greater selling pressure for a number of reasons. Inflation concerns have bid up bond yields to near the highest levels seen since the onset of the pandemic.

Accordingly, there's increasing demand for stocks that provide excellent diversification and a hedge to this uncertainty. In this environment, one of the top picks investors should consider is **Equinox Gold** ([TSX:EQX](#)).

Here's more on why this gold player is an intriguing pick right now.

Excellent growth profile and geographic diversity

Equinox is a gold miner with an excellent global presence. The company's assets are distributed across mining-friendly jurisdictions such as Canada, Mexico, the U.S., and Brazil. However, Equinox's focus in recent years has been on the U.S. market.

For Canadian investors, owning a gold miner outside Canada can provide greater upside if one thinks the U.S. dollar is expected to be weak. Indeed, this is one key driver of the price of gold generally. However, the double-dip investors pick up with Equinox is meaningful.

In total, Equinox has seven producing mines, four growth projects, and one of the largest gold reserves among its peers with similar market capitalizations. Given the rate at which Equinox could expand production over the long term, this is a company with great upside to the price of gold. The company's production is expected to increase from roughly 650,000 ounces this year to 1.1 million ounces in 2024.

In a rising commodity price environment, companies with high-quality gold reserves will be targeted first by investors. Additionally, the cash flow growth that's likely to materialize from such production growth over the next three years needs to be factored into investor models.

Accordingly, I'm a believer there's a good likelihood this stock has bottomed from here.

Smart asset management key to success for Equinox shareholders

As with any gold producer, investors are buying into the strength of the company's management team. Gold producers have languished in recent years for a variety of reasons. However, one of the key things many investors don't like about gold miners is the tendency for management teams to overinvest in good times and underinvest in poor times. Simply put, most gold miners haven't done a good job of creating value for shareholders.

However, I think Equinox is one of the better gold miners in this regard.

Indeed, this company has been making continuous efforts to optimize its asset-allocation strategy. For example, recently, Equinox sold its Brazil-based Pilar Gold Mine for \$38 million. This deal allows for Equinox to retain a 9.9% equity interest in this deal as well as a production-based royalty.

Why did the company do this? Well, Equinox has been working on increasing its stakes in other high-quality projects. The company recently increased its stake in the Greenstone project to 60%. Equinox also appears ready to focus on developing its other non-core assets in a bid to boost production.

Bottom line

Equinox is a gold miner with a high-quality management team and an asset portfolio that looks attractive today. For those bullish on where gold prices are headed, this stock is an interesting play at these levels.

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TICKERS GLOBAL

1. TSX:EQX (Equinox Gold Corp.)

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