



## 1 Dirt-Cheap Canadian Stock Atop My Watchlist

### Description

Dirt-cheap Canadian stocks don't come around all too often, especially one with valuations slightly tilted toward the higher end. In Canada, valuations, on average, seem far better than those offered by the names that trade on the states. Indeed, higher oil prices and a better macro outlook should have painted a rosier picture for the broader **TSX** Index as a whole. In any case, I do think that investors have more options to pay two or three quarters to get a full dollar, so to speak. And in this piece, we'll have a look at one that's at the very top of my watchlist heading into the final weeks of the year.

Mr. Market doesn't make pricing blunders all too often. But he *is* very inefficient at times. Whenever you can spot such a pricing blunder, investors need the patience and discipline to hold on before the moment Mr. Market realizes the magnitude of the pricing mistake he's made.

Undoubtedly, Mr. Market seems to be pricing many Canadian stocks on the lower end. Consider shares of **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), a [high-quality](#) gold miner that's waned considerably. Although shares have moved steadily higher amid the recent uptick in gold prices above US\$1,800, I still think the name ought to be worth a much higher multiple, even assuming gold prices don't climb higher than these levels for years.

### Barrick Gold: Still the gold standard in my book!

Gold is a confusing asset to many people. It moves in mysterious ways, and any attempt to predict where it's headed next is likely to be met with shocking disappointment. Indeed, cryptocurrencies and the rise of Bitcoin have taken a bit of wind out of gold's back in today's inflationary environment. Still, I believe that gold still has a spot in the portfolio of many prudent investors looking to get a solid Sharpe ratio, a gauge of risk-adjusted returns.

Gold holds its own when times get tough. Bitcoin, on the other hand, may or may not. In the 2020 stock market [crash](#), it certainly didn't. However, it did bounce back hand-in-hand with your average common stock. As the crypto speculative hype fades, I do think a lot of investors will get back to the gold standard. And Barrick is one of the best (and cheapest) ways to play the shining yellow metal that's due to get its lustre back at some point over the next five years.

Barrick is incredibly well-run. CEO Mark Bristow is arguably head and shoulders above the pack in the gold mining space. The man will only conduct M&A if it makes sense. Preferably, it's desired for Barrick to hold up should gold plunge, perhaps to the US\$1,200 mark.

Could it plunge to such a level?

Possibly. But it's a less plausible outcome, in my opinion. Regardless, such prudence and insistence on high-grade assets set Barrick apart from the crowd. And right now, the stock trades at a mere 17.45 times trailing earnings with a bountiful 1.85% dividend yield. There are many ways to bet on gold. And Barrick, I believe, is one of the very best options.

Stay Foolish, my friends.

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