



## Are Gold Stocks the Best Investments to Buy Now?

### Description

Gold stocks have been quite volatile recently, as they follow the price of the yellow metal. Initially, gold prices were flat to start the year. Then after Russia invaded Ukraine and the war broke out, gold stocks got a bump and looked like they may have become some of the best stocks to buy.

Despite the war continuing to rage on, though, and a market environment that's full of risk, gold stocks have struggled to outperform and have recently been falling.

Therefore, with many high-quality gold stocks trading [undervalued](#), you may be wondering if it's a good time to buy. After all, gold is a safe-haven asset.

If you're worried about its volatility, though, that's understandable. However, it's important to remember that an investment in gold stocks must be approached like every other investment. You can't try and speculate. And the best way to mitigate volatility with any stock is to invest for the long haul.

## Is now a good time to invest in gold?

If you're thinking about adding some of the best gold stocks to your portfolio, it's important to remember that gold plays a specific role.

Gold is a safe-haven asset that is a hedge against inflation. Not only do investors look to buy and hold gold through periods of higher inflation, but, over the long run, the increase in expenses for producers pushes the marginal cost for gold higher, which, in turn, will continuously send the price of gold higher.

So, it's crucial that if you're looking to buy the best gold stocks for your portfolio, you find investments that you plan to hold for years.

Typically, gold only makes up about 5% of investors' portfolios. So, you can add a high-quality gold stock or two to your portfolio now, and as your portfolio grows in value over time, you can look for opportunities when gold stocks are cheap, such as today, to increase your exposure.

And if you're looking for gold stocks to buy now, here are two of the best investments to make in this environment.

## What are the best gold stocks to buy now?

There are several high-quality stocks to consider in Canada, but one of the best gold stocks to buy now has to be **B2Gold** ([TSX:BTO](#))(NYSE:BTG).

First off, B2Gold is one of the lowest-cost producers putting it in an advantageous position relative to its competitors and giving investors the confidence to hold the stock over the long haul.

Having lower-cost operations allows it to stay profitable longer than its peers if the price of gold was to fall significantly. And with the price of gold trading around US\$1,850, it allows B2Gold to be highly profitable.

In addition, because B2Gold is so profitable and generates attractive cash flow, it pays one of the most attractive dividends in the industry.

Therefore, not only is the stock trading unbelievably cheap at just 0.9 times its estimated net asset value and just 3.3 times its expected [EBITDA](#) for this year, but it also offers an attractive dividend yield of roughly 3.85%, making it one of the best gold stocks to buy now.

No matter which stock you choose, though, there will always be some risk. If you're looking for an investment with even less risk, you could consider an ETF of gold producers, such as **iShares S&P/TSX Global Gold Index ETF** ([TSX:XGD](#)).

The XGD offers investors exposure to numerous gold stocks with operations all over the world. It still allows investors to see the massive growth potential that gold stocks have when the price of the metal increases, while also reducing single-stock risk severely.

In total, the ETF offers exposure to 48 holdings, and the fund currently has a price-to-earnings ratio of roughly 20.8 times.

So, it certainly doesn't offer as much value as B2Gold stock. However, because it's an investment with less risk, it's still one of the best gold stocks you can buy today.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. NYSEMKT:BTG (B2Gold Corp.)
2. TSX:BTO (B2Gold Corp.)
3. TSX:XGD (iShares S&P/TSX Global Gold Index ETF)

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