



## 2 Gold Stocks to Buy That Are Unbelievably Cheap

### Description

Gold is something you don't want to allocate a large portion of your portfolio to. However, owning some gold in your portfolio can be a prudent long-term investment. Therefore, typically gold takes up about 5% to 10% of investors' portfolios, depending on the economic conditions.

The key to investing in gold stocks, though, is not to increase your exposure to the yellow metal when gold is in demand and prices are surging, but when it's out of favour and prices are falling, such as what we're seeing today.

Gold fluctuates and cycles in price just like any other commodity. But over the long run, it will continue to gain in price. So while several headwinds impact the price of gold today, the economic turmoil creates an excellent opportunity for savvy long-term investors.

Right now, the conditions are mixed for gold. On the one hand, risk and uncertainty have been increasing all year, which is typically positive for gold. However, on the other hand, interest rates and [yields](#) are rising rapidly, which often causes gold to fall out of favour in the short run.

So while many of these gold stocks trade at multi-year lows and are well off their highs, here are two of the best gold stocks to buy now.

### A massive gold producer with assets worldwide

Typically in sell-offs, smaller and more volatile producers see impacts on their share price, and that's been no different this year. However, even massive gold producers such as **Newmont** ([TSX:NGT](#))([NYSE:NEM](#)) have seen their prices impacted, with Newmont's stock down over 45% off its high.

This creates an excellent opportunity for investors to buy a massive gold producer while it trades below its historical averages. Right now, Newmont is trading at an enterprise value (EV) to earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio of just 6.9 times.

That's below its three-year average of 7.6 times at a time when Newmont's EBITDA is expected to stay

flat next year. So buying the stock now while it's [cheap](#) not only offers upside in the value of Newmont, but as gold prices eventually recover and Newmont's EBITDA margins improve again, the stock could see significant upside.

Furthermore, while the stock is seeing impacts on its operations, it's still earning tonnes of cash flow and paying a dividend that yields upwards of 5.1%.

Therefore, if you're looking for top gold stocks to buy now, Newmont is one of the best and largest producers to consider.

## One of the best gold stocks to buy now

While large producers can offer benefits due to the diversification they offer, owning several mines in many different regions around the world, they typically aren't the lowest cost producers, ones which you can have the most confidence owning for the long haul.

That's why one of the very best gold stocks to buy now is **B2Gold** ([TSX:BTO](#))([NYSEMKT:BTG](#)), which also offers a massive discount but could weather a fall in gold prices better than most of its peers.

First off, it too will be impacted as gold prices fall, but because it has lower costs, its EBITDA margins are higher than competitors like Newmont, and so it will be impacted less.

Furthermore, in addition to B2Gold's operational resiliency, the stock also has a significant cash position, which considerably reduces the risk for long-term investors. It's built this incredible cash position over the last three years as its EBITDA increased by 95% from 2018 through 2021, allowing it to reduce its debt and grow its cash stash substantially.

So while the stock trades just off the bottom of its 52-week range and at a forward EV-to-EBITDA ratio of just 2.8 times, BTO is ultra-cheap and a good choice for long-term investors. This compares to a gold industry EV-to-EBITDA – a way to compare the value of a company (with debt) to its earnings (less non-cash expenses) – in the 6-range, showing BTO is also undervalued relative to its peers.

Furthermore, while B2Gold's revenue is expected to be flat next year, the company is also active on the acquisition front, particularly because it has such a strong balance sheet. And if it were to find an attractive acquisition to make, its growth potential could rise significantly.

Therefore, if you're looking to take advantage of the major sell-off in gold stocks, then while B2Gold is unbelievably undervalued, it's certainly a no-brainer buy.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. NYSE:NEM (Newmont Mining Corporation)
2. NYSEMKT:BTG (B2Gold Corp.)
3. TSX:BTO (B2Gold Corp.)

4. TSX:NGT (Newmont Mining Corporation)

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