



The 2 Best Gold Stocks to Buy Today

Description

Among the sectors that I think hold [tremendous value](#) right now is the precious metals space. Accordingly, gold stocks (specifically gold miners) look very attractive at these levels.

Given where the price of gold is at right now, gold miners are trading at a fantastic discount to their underlying value, in my view. Sure, gold dipped today and most miners are seeing red right now. However, over the longer term, I expect gold prices to remain elevated for various reasons.

Accordingly, two of my top picks right now in this sector continue to be **Kirkland Lake Gold** (TSX:KL)(NYSE:KL) and **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). Here's why.

Top gold stocks: Kirkland Lake Gold

Kirkland Lake continues to be my number one pick for investors seeking leverage to the price of gold. Indeed, this gold miner boasts some of the best fundamentals in the sector and is one of the highest-margin miners out there.

This reality has led Kirkland Lake to go on a giving spree to investors. The company has continuously raised its dividend yield, as the company is swelling with cash. Over time, I expect some of this cash to be used to replace some high-grade production that will be lost from a key Australian mine. However, until that happens, Kirkland Lake will continue to become cheaper and cheaper in the absence of a massive spike in its share price.

Indeed, this is a company I've viewed as being undervalued for some time. Currently, Kirkland Lake trades at a [valuation multiple](#) of only 13 times earnings, despite the company's growing cash flow profile. Additionally, a 1.7% dividend yield really is the cherry investors get with this stock. I see more room for dividend increases on the horizon, making this a top gold stock I'd invite investors to consider right now.

Barrick Gold

One of the largest gold miners in the world, Barrick Gold is a great way to play the long-term trend higher in gold prices. This is a company with world-class reserves and a market capitalization to back this up.

Additionally, Barrick Gold stands as the only gold stock investor Warren Buffett has ever been invested in. Yes, he sold his stake a while back. However, this vote of confidence for Barrick Gold stock from a value perspective should not be lost on readers.

This is a gold stock I think continues to remain undervalued, relative to the overall market. Barrick's valuation multiple is slightly higher than that of Kirkland Lake. Additionally, the company's balance sheet isn't as pristine as that of its smaller peer. However, size matters and Barrick is one of the biggest gold miners on the globe. That matters to institutional investors looking to get into the gold mining space.

Overall, both companies are excellent picks for long-term investors seeking diversification and defensiveness. If I had to pick one, it would be Kirkland Lake, though both are great long-term holdings.

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