
3 Winning Strategies to Invest in Gold During This Market Crash

### Description

Don't be fooled by the massive upside swings we've had in recent weeks, interspersed between serious daily declines, as evidence we've "bottomed." I really don't think we'll see a true bottom until the end of this year (at the earliest) or 2021 (more likely).



Gold has not turned out to be the hedge most investors expected during this recent and extremely highly volatile period in the market. Gold often posted spot price declines alongside global market weakness. The price of gold is typically negatively correlated to equity market movements. This is precisely what makes gold a hedge.

All that being said, for investors who believe (as I do) that gold will eventually start to act as it should, here are three ways to gain exposure.

## Barrick Gold

Investors can gain maximum exposure to gold prices by investing in gold miners such as **Barrick Gold** . Barrick has one of the largest precious metal reserves in the world. For this reason, Barrick is well positioned to take advantage of higher gold prices over the long term.

Investors ought to focus on the long-term reserves of a given company. In addition, investors should consider expectations around the average price of gold. Thus, investors should include these two key inputs when modeling out the present value of all future discounted cash flows of a company like Barrick.

In my view, bigger really is better when it comes to gold mining companies. The ability to increase production on a large scale will allow for outsized performance as the price of gold rises. This is something that small- to mid-cap producers simply won't be able to do.

## Junior Gold Miners ETF

The junior gold miners space is one which has traditionally been a very high-risk, high-reward niche investment community for those with a high tolerance for volatility. That said, these companies tend to have the greatest potential upside for investors who believe the price of gold could skyrocket.

Thus, investing in these exploration companies in a basket-like fashion through an ETF like the **VanEck Vectors Jr. Gold Miners ETF** is a great way to go. Investors should note that this ETF has the same exposure to silver. Therefore, this pick provides some diversification.

## Physical gold

Buying physical gold and holding on to it is perhaps the oldest way to invest in anything. This is a time-tested way to save your dollars from depreciation while holding on to something physical. As it happens, there is now an ETF out there that allows investors to benefit from owning physical gold without having to incur the headaches and costs of insurance and storage. These costs are baked into the MER of the ETF.

The **Sprott Physical Gold Trust** buys and holds physical gold. This ETF also eliminates the idiosyncratic mine risk from holding gold miners. In addition, this ETF is even more highly correlated to the spot price of gold than other indices. This makes this pick a true “sleep-at-night” option for investors seeking safety in this recessionary environment we find ourselves in.



Stay Foolish, my friends.

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