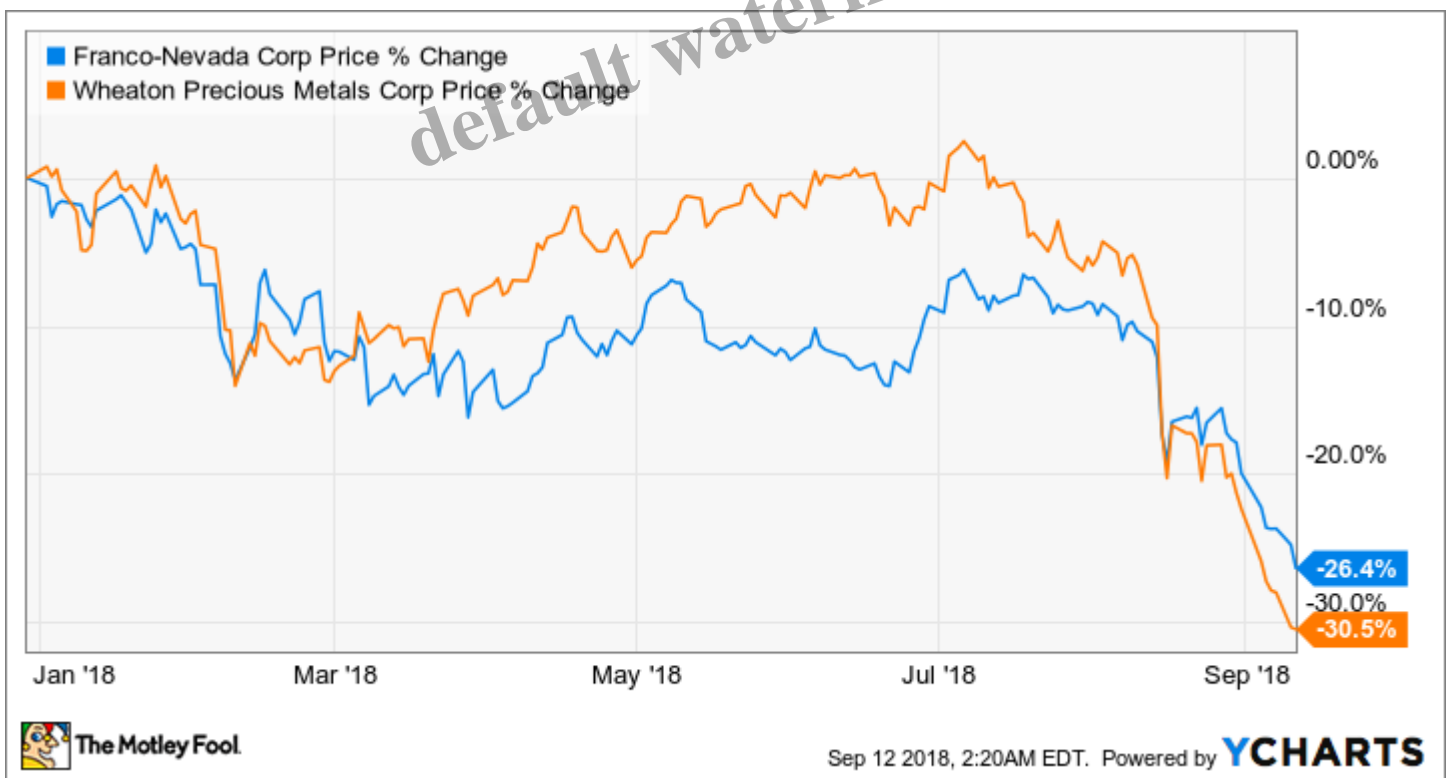




2 Stocks to Protect Your Portfolio

Description

The market has been awfully brutal with the stocks of **Franco-Nevada** ([TSX:FNV](#))([NYSE:FNV](#)) and **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)). Both stocks have corrected about 30% from their 52-week highs.



FNV data by YCharts – The year-to-date performance of FNV and WPM stocks

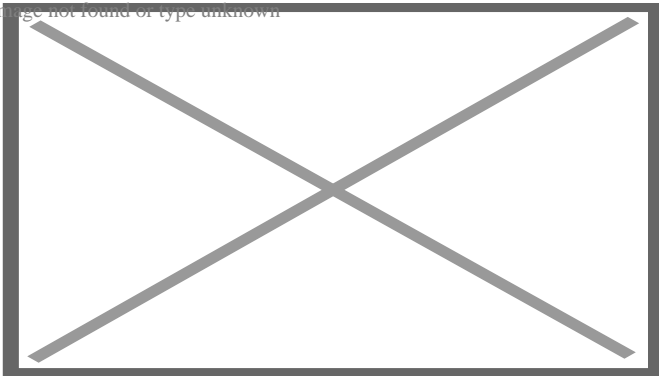
However, Wheaton Precious Metals stock's correction has been much more furious, as the slide has lasted for about two months so far, while Franco-Nevada's downward trend has been in motion for about nine months.

So, the title of the article might sound like a joke, but it's not.

When most stocks perform horribly, Franco-Nevada and Wheaton Precious Metals will have a good chance to shine. In the last recession, the stocks bottomed far earlier than the market did, and from a bottom, they swung much more strongly than the market.

Coming out of the recession, in about two years' time from its recession bottom, the market delivered total returns of about 64%, or roughly 27% per year. On the other hand, Franco-Nevada delivered total returns of about 107%, or about 44% per year from its recession bottom, while Wheaton Precious Metals delivered total returns of +800% or roughly 187% per year.

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A business overview of Franco-Nevada

Franco-Nevada is primarily a gold royalty and streaming company with a large and diversified portfolio of assets. As explained on Franco-Nevada's website, royalties are ongoing economic interests in the production or future production from a property, while streams are metal purchase agreements that provide, in exchange for an upfront deposit, the right to purchase all or a portion of one or more metals produced from a mine at a preset price.

For its precious metals portfolio, Franco-Nevada has about 44 producing assets, 28 projects in advanced stages, and 139 in the exploration stage.

Last year, Franco-Nevada's commodity diversification based on adjusted EBITDA was 89% precious metals (66% gold, 16% silver, and 7% platinum-group metals), 8% oil and gas, and 3% other minerals. Its geography diversification was 42% in Latin America, 18% in the U.S., 21% in Canada, and 19% in the rest of the world.

A business overview of Wheaton Precious Metals

[Wheaton Precious Metals](#) is a precious metal streaming company with leverage to increases in silver or gold prices as well as growth via new stream agreements.

Currently, Wheaton Precious Metals has streaming agreements with 20 operating mines. Its partners are some of the largest miners in the world, including **Barrick Gold**, **Glencore**, **Pan American**, **Vale**, etc.

Investor takeaway

The stocks of both Franco-Nevada and Wheaton Precious Metals have appreciated today thus far, and in time we shall see if it's the start of a turnaround or a relief rally. I believe these precious metals stocks should serve as some [protection for a diversified portfolio](#).

They both look very cheap, with **Thomson Reuters** analysts calling for upside of about 37% for Franco-Nevada and 73% for Wheaton Precious Metals over the next 12 months.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

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1. NYSE:FNV (Franco-Nevada)
2. NYSE:WPM (Wheaton Precious Metals Corp.)
3. TSX:FNV (Franco-Nevada)
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